

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 21st June, 2006

The House met at 9.00 a.m.

*[Mr. Deputy Speaker in the Chair]*

### PRAYERS

### COMMUNICATION FROM THE CHAIR

#### LIMITATION OF QUESTION TIME

**Mr. Deputy Speaker:** I want to draw the attention of the hon. Members to the fact that Question Time will last only until 9.30 a.m. Therefore, we will observe time strictly.

### QUESTION BY PRIVATE NOTICE

#### DESTRUCTION OF BUMULA FYM PRIMARY SCHOOL CLASSROOM ROOFS BY WIND

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, I beg to ask the Minister for Education the following Question by Private Notice.

(a) Is the Minister aware that the roofs of ten classrooms at Bumula FYM Primary School were blown off by wind on 30th March, 2006?

(b) What plans does he have to assist the community repair the school?

**The Assistant Minister for Education (Dr. Mwiria):** Mr. Deputy Speaker, Sir, I am aware that the roofs of seven, and not ten classrooms, at Bumula FYM Primary School were blown off by wind on 15th February, 2006, and not on 30th March, 2006. The school had adequate and fairly good infrastructural facilities.

(b) The Ministry has already allocated some money through the maintenance programme for repairs, maintenance and improvement for the Financial Year 2005/2006. The school's management committee should utilise the money towards the repairs. The District Education Officer in Bungoma has instituted discussions with the parents and the local community on how to assist the school.

The Ministry recognises that the communities, as we have said before, are our invariable partners. The Ministry, the parents and the community have to support these kinds of emergencies. We have said many times that we should stop getting Questions about roofs being blown off. These are emergencies and we have emergency funds within the CDF. We realise that if we treat these as emergencies and the Ministry does not react in any way, this does not help the school.

**Mr. Manoti:** On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Assistant Minister to say that the Ministry cannot give any money for emergencies to support such calamities because we have the CDF?

**Mr. Deputy Speaker:** That is not a valid point of order!

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, the fact of the matter is that roofs of ten classrooms were blown off. I repaired three roofs with money from my pocket. That does not mean that the roofs were not blown off. The emergency funds are normally given to every school under the Free Primary Education Programme.

However, how much money will the Ministry give to the school from the Disaster Management Fund? This money is usually given to friendly and politically well-connected schools.

**Dr. Mwiria:** Mr. Deputy Speaker, Sir, that is a very outrageous accusation! Which are the friendly and politically well-connected schools, if the ones in hon. Bifwoli's constituency are not some of them, him being a good partner in the GNU? There is nothing like that! There is already a mechanism to allocate whatever resources that are there. A lot of the money is available for the Arid and the Semi-Arid (ASAL) areas, outside the money that is available to all schools in this country.

**Mr. Ojaamong:** Mr. Deputy Speaker, Sir, when the NARC Government was formed, I was also friendly to the Government. In one year, I was given Kshs800,000 from the Disaster Management Fund, which went to four schools. What happened to these funds?

**Dr. Mwiria:** Mr. Deputy Speaker, Sir, we had a similar Question from hon. Ojaamong yesterday and I said that the resources that are there are allocated on the basis of certain criteria. In addition, if there are cases that are in great need, especially in specific communities of this country including parts of Pokot and others, the money is available for those disaster-prone areas.

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, the Assistant Minister has said that he is going to ensure that normal learning in FYM Primary School in Bumula continues as usual. How will learning continue as usual without classrooms? How normal will that be?

**Dr. Mwiria:** Mr. Deputy Speaker, Sir, the only thing that we can do is to continue to partner with the local hon. Members including hon. Bifwoli and the District Education Board (DEB) to ensure that we can do whatever we can as partners, so that learning resumes.

## ORAL ANSWERS TO QUESTIONS

### *Question No.140*

#### AMOUNT OF MONEY HELD BY POLICY HOLDERS PROTECTION FUND

**Mr. Mukiri** asked the Minister for Finance:-

- (a) how much money is currently held by Policy Holders Protection Fund established under Cap.487 in September, 2004;
- (b) whether he could inform the House the amount of money contributed to the Fund by insurance companies; and,
- (c) how many people have so have benefitted from this Fund.

**The Vice-President and Minister for Home Affairs** (Mr. Awori): Mr. Deputy Speaker, Sir, I spoke to my colleague only this morning and I was expecting him. I do not know what has happened. However, I have the written answer here and, unless the Questioner makes it very complicated, I can give him the answer.

**Mr. Deputy Speaker:** Would you like to answer the Question, Your Excellency?

**Mr. Mukiri:** Mr. Deputy Speaker, Sir, this is a technical Question and I would prefer the Minister himself to answer it. There are some issues I want to get from the Minister.

**Mr. Deputy Speaker:** Well, I will defer the Question.

**Mr. Mukiri:** Mr. Deputy Speaker, Sir, the Minister can answer the Question later.

**Mr. Deputy Speaker:** If he comes, yes he will. But if he does not come before the end of Question Time, the Question will stand deferred until tomorrow. Is that okay?

**Mr. Mukiri:** Yes, Mr. Deputy Speaker, Sir.

*(Question deferred)*

*Question No.082*

NON-PAYMENT FOR DESIGN/PRODUCTION  
OF PRESIDENT MUSEVENT'S 1996  
CAMPAIGN POSTERS

**Mr. Munya:** Mr. Deputy Speaker, Sir, I wanted to ask your indulgence for me to ask this Question next week. I need some vital information which I want to use in asking supplementary questions.

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** Mr. Deputy Speaker, Sir, I am ready to answer the Question. The Question is quite straightforward.

**Mr. Deputy Speaker:** Mr. Munya saw the Chair earlier and indicated that he has some supporting documents which he forgot and if the Assistant Minister can agree, we will defer this Question until tomorrow.

**The Assistant Minister for Foreign Affairs (Mr. Wetangula):** Mr. Deputy Speaker, Sir, I have no problem.

**Mr. Deputy Speaker:** Very well, the Question is deferred to tomorrow afternoon.

*(Question deferred)*

**Mr. Deputy Speaker:** Next Question by Mr. Oparanya!

*Question No.019*

TARMACKING OF EKERO-EBUYANGU ROAD

**Mr. Arungah,** on behalf of **Mr. Oparanya,** asked the Minister for Roads and Public Works:-

(a) whether he is aware that Ekeru-Ebuyangu Road is impassable; and,

(b) when the road will be tarmacked.

**The Assistant Minister for Roads and Public Works (Eng. Toro):** Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am aware that the 30-kilometre Ekeru-Ebuyangu Road is impassable during the rainy season. My Ministry has already contracted the road for improvement and upgrading to gravel standards at a contract sum of Kshs123,063,515.

(b) The design of the road for upgrading to bitumen standard is being looked into for the 2006/2007 Financial Year.

**Mr. Arungah:** Mr. Deputy Speaker, Sir, it is true that I saw some contractor on this road when I was coming from home. However, yesterday the Assistant Minister told us that it costs Kshs30 million, or thereabouts, to tarmack one kilometre of a road. This particular road is about 33 kilometres long and in the financial Estimates for the year 2006/2007 I saw that only Kshs100

million had been allocated for it. Could the Assistant Minister tell us how many kilometres of this road he intends to tarmack?

**Eng. Toro:** Mr. Deputy Speaker, Sir, if I were to give the genesis of this road, initially we worked out a design for upgrading it to gravel standard and we advertised it in the media. A contractor by the name Bridgestone won the tender. He was awarded the contract and was told to move to start construction. He started construction but he has been very slow on it. In the process, we had already commissioned Kass Consultants to do the design to upgrade the road to bitumen standard at a cost of about Kshs9.2 million. At the moment, Kass Consultants have given the preliminary design report and they have already finished the draft final design report which they are going to give to the Ministry. So, the Ministry has addressed the contractor because he was slow in mobilisation. We are intending to terminate the gravelling contract so that we can save the Kshs120 million and then we go ahead and advertise for bitumenization of this road. The Kshs100 million hon. Arungah is talking about is the amount that we anticipate we could use this financial year although the cost of the construction will be substantially higher. We cannot use all the money in one financial year taking into account that by the time we go to tender, it will be about August or September in the next financial year.

**Mr. Odoyo:** Mr. Deputy Speaker, Sir, I think the Assistant Minister is being insincere. We have a Budget that has been brought to this House which specifies how the Kshs100 million is to be utilised. Here is a clear case of the Ministry taking this House for a ride. How is the Assistant Minister going to use Kshs120 million only for design work and yet he has not done any budget for the tarmacking he claims is going to be done on this road? Could the Assistant Minister assure this House that this road will be tarmacked and he will have a budget prepared which can be discussed and tabled later at some point?

**Eng. Toro:** Mr. Deputy Speaker, Sir, I think my friend, hon. Odoyo, was not attentive. I said the consultants have already finalised the design and they are going to submit the final draft design report at a cost of Kshs9.2 million. The Kshs123 million that was awarded was from the fuel levy. The allocation for the next financial year is in the Development Estimates. We are not going to use the Kshs123 million from the fuel levy since it will be allocated elsewhere. However, by the time we advertise and we go through the procurement procedure, we will be talking about awarding the contractor the tender about October. However, when the contractor is on the ground and he spends about Kshs100 million, we will have gone to the Supplementary Estimates. If there is need to allocate the contractor more money before the end of the financial year, we will go ahead and allocate more funding for this particular road.

**Prof. Oniang'o:** Mr. Deputy Speaker, Sir, without a proper transport system this country cannot develop and the many times we get answers from this Ministry it appears like it is all haphazard. Could the Assistant Minister tell us whether we have a national plan to actually improve our road network in this country?

**Eng. Toro:** Mr. Deputy Speaker, Sir, yes, there is a plan to improve the standard of roads in this country and we have managed, in the next financial year, to convince the Minister for Finance to give the Ministry more money so that we are able to finish all the ongoing projects to which we did not have proper allocation. When I say we did not have a proper allocation it is because we had started a lot of projects using fuel levy money at the expense of maintenance. The Minister has agreed to start giving us development funds for those roads so that the fuel levy money is used mainly for maintenance of the roads that require to be maintained. The programme is there and we are working on it and you will see the change in the next financial year because we have got additional funding.

**Mr. Manoti:** Mr. Deputy Speaker, Sir, a majority of road contractors encounter problems of non-payment even when they have submitted their certificates for payment. What is the

Assistant Minister going to do to make sure that these contractors are paid when they submit their certificates for payment? Secondly, could he make sure that the amount allocated for any road is available within the contract period?

**Eng. Toro:** Mr. Deputy Speaker, Sir, I said yesterday that we are improving on project management and one of the key parameters of project management is paying the contractors when they submit their certificates. I would also seek the indulgence of the hon. Members that they give us a breathing space so that we are able to finish the ongoing projects. There is a lot of pressure from hon. Members of Parliament on us to undertake so many roads and consider so many constituencies and when we do that, we end up with a shortage of funds. You will find that where we had said that a road will take about two years and we do not have adequate allocation, it takes about four years. We are trying to avoid that problem now and that means that if we are going to pay the contractors on time, we will have to cope with fewer roads than the hon. Members of Parliament would want us to.

**Mr. Arungah:** Mr. Deputy Speaker, Sir, I am prepared to give the Assistant Minister the benefit of the doubt and assume that what he has told us is the whole truth. However, could the Assistant Minister give the House a timetable as to when he exactly envisages this road will be tarmacked?

**Eng. Toro:** Mr. Deputy Speaker, Sir, we are now in the process of terminating the gravelling contract, which we have to do officially and, if all goes well, we intend to advertise it in August. Once we advertise it in August, then the normal procurement process will begin. As I said, we have already been allocated Kshs100 million in the next financial year which is enough to start the project.

*Question No.302*

NON-PAYMENT OF COMPENSATION  
TO MR. ELISHA K. SEREM

**Mr. Choge** asked the Minister for Agriculture:-

- (a) if he is aware that Mr. Elisha Kiptanui Serem, an employee of the National Animal Husbandry Research Institute in Naivasha was severely injured by a wild animal on 17th October, 2000 at 11.05 a.m. while on duty within the Research Centre's precincts;
- (b) if he is further aware that the victim has incurred enormous expenses while undergoing treatment, and;
- (c) when he will process payment under the Workmen's Compensation Act and reimburse the victim all expenses incurred.

**The Assistant Minister for Agriculture** (Mr. Kembu-Gitura): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am aware that Mr. Elisha Kiptanui Serem, an employee of the National Animal Husbandry Research Institute (NAHRI) in Naivasha, was severely injured by a wild animal on 17th October, 2000 at 11.05 a.m. while on duty within the Research Centre's precincts.

(b) I am further aware that Mr. Serem incurred enormous expenses while undergoing treatment.

(c) Mr. Serem has duly been paid under the Workmen's Compensation Act a total of Kshs117,906 through the District Labour Office in Naivasha vide cheque No.014975 in June, 2001.

**Mr. Choge:** Mr. Deputy Speaker, Sir, the Question may look strange because the

instructions I have from my constituent is that he has not been paid any money. Could the Assistant Minister table any documents relating to the payments he alleges?

**Mr. Kembi-Gitura:** Mr. Deputy Speaker, Sir, I am afraid I did not hear what Mr. Choge said. He will have to speak a little bit louder.

**Mr. Deputy Speaker:** Mr. Choge, could you repeat your question?

**Mr. Choge:** Mr. Deputy Speaker, Sir, could the Assistant Minister table the documents relating to the payments he alleges to have been made in June, 2001?

**Mr. Kembi-Gitura:** Mr. Deputy Speaker, Sir, I have the computation of the payment done by the relevant labour officer, a Mr. Barrack, on 18th April, 2001. I also have the payment voucher duly signed by Mr. Serem. I do not know if Mr. Choge wants me to table the documents or he wants me to give him copies of the documents.

**Mr. Deputy Speaker:** Mr. Choge, would that not be fine if he gives you copies of the documents?

**Mr. Choge:** Mr. Deputy Speaker, Sir, I requested that he tables the documents so that I can show them to my constituent.

**Mr. Deputy Speaker:** Mr. Kembi-Gitura, those documents are now the property of the House. Therefore, please, table the documents.

*(Mr. Kembi-Gitura laid the documents on the Table)*

**Mr. Bett:** Mr. Deputy Speaker, Sir, the payments were made in June, 2001. A cheque is normally valid for six months. Is that cheque still valid?

**Mr. Kembi-Gitura:** Mr. Deputy Speaker, Sir, if the hon. Member is alleging that the cheque was not collected, then the question of six months would be valid. We paid the money on the said date, vide the cheque number I have indicated. If Mr. Serem did not collect the cheque at all, then that is an issue that can be dealt with administratively.

**Mr. Deputy Speaker:** Yes, and since the documents have been laid on the table, it is better the hon. Member examines the documents. If he has further queries then he can raise them with the Assistant Minister.

Last question, Mr. Choge!

**Mr. Choge:** Mr. Deputy Speaker, Sir, is the Assistant Minister satisfied that the payments that were made under the Workmen's Compensation Act were sufficient to cover the injuries that were sustained by the victim?

**Mr. Kembi-Gitura:** Mr. Deputy Speaker, Sir, the hon. Member is a lawyer by profession and he knows how payments are quantified. Although that is not the main Question, if that is the issue that the hon. Member wants to raise, I would say that this is a totally different issue. However, we did not just pay the Workmen's Compensation on Mr. Serem's behalf, we also paid his hospital bills totalling to Kshs65,000.

**Mr. Deputy Speaker:** Next Question, Prof. Oniang'o!

*Question No.113*

STRATEGIC SUPPORT TO  
KENYA BROADCASTING CORPORATION

**Prof. Oniang'o** asked the Minister for Information and Communications what

strategic support he plans to give to the Kenya Broadcasting Corporation to enable it renew its position as a premier electronic communication network in the country.

**The Assistant Minister for Information and Communications** (Mr. Wamwere): Mr. Deputy Speaker, Sir, I beg to reply.

The Government is committed to revitalizing the Kenya Broadcasting Corporation (KBC) to enable it reclaim its position as the premier broadcasting network in the country. To this end, the Government has increased its funding to the public broadcaster over the past three financial years.

In the Financial Year 2003/2004, the Government supported the KBC to the tune of Kshs165 million and Kshs100 million in the Financial Year 2004/2005 respectively. During the current financial year it has funded the KBC to the tune of Kshs390 million for the purpose of a restructuring programme whose main components are:-

(i) Reduction of KBC's workforce by retrenching hundreds of superfluous staff that were hired just to give them an income.

(ii) Improving the pay of KBC's workforce to ensure their retention.

(iii) Introducing modern technology in KBC's management systems and signal distribution.

(iv) Repairing KBC's buildings and other infrastructure, including furniture and replacing obsolete and analogous equipment with state-of-the-art digital radio and television equipment.

**Prof. Oniang'o:** Mr. Deputy Speaker, Sir, first let me commend the Assistant Minister for not only giving me the answer in good time, but also for taking time to consult me on this issue. I wish all Ministers could do the same.

The reason I am asking about the KBC is because every country has a public communication station which reaches every citizen. The KBC should be such a station. It does not reach every Kenyan. The KBC is also a training ground for other stations. So, we find that many of the professionals in other stations are poached from the KBC. I am not sure if the money that keeps being allocated to the KBC has made any difference. Could we be told when the KBC will become the leading broadcaster with the best journalists and communication experts?

**Mr. Wamwere:** Mr. Deputy Speaker, Sir, I agree with the hon. Member that the KBC could do better to make sure it is heard in all corners of this country. The Government is looking into the possibility of funding the KBC to the extent that the KBC will be in a position to retain the best staff instead of being used by private broadcasters as a training ground where they poach KBC staff. There is no doubt that the Government is aware of the problem. The Government is looking for the monies it needs to improve the situation both for the staff and the equipment.

**Mr. Lesrima:** Mr. Deputy Speaker, Sir, in my constituency, the most visible television station is Citizen Television. Could the Assistant Minister consider employing the services of Citizen Television staff to improve the KBC facilities?

**Mr. Wamwere:** Mr. Deputy Speaker, Sir, again, I agree with the hon. Member that there are areas, including my constituency, where KBC radio and television waves do not reach. However, it is a bit far-fetched to ask the Government to hire Citizen Television staff to work for KBC in order to improve services. The improvement we are talking about will make KBC a better performer than Citizen Radio and Television.

**Mr. Deputy Speaker:** Last question, Prof. Oniang'o!

**Prof. Oniang'o:** Mr. Deputy Speaker, Sir, could Assistant Minister inform this House when he last visited the KBC premises and whether he has done an audit of the condition of the facilities, including the quality of the personnel and the incentives they get?

**Mr. Wamwere:** Mr. Deputy Speaker, Sir, I visited the KBC premises two weeks ago. I am fully informed of the state of dilapidation of the buildings and their equipment. I am also aware that the KBC journalists and other staff need training in order for them to improve their services. It is in the interest of the Government to make sure that the KBC is the best performing television and

radio station in the country.

**Mr. Deputy Speaker:** Order, hon. Members! That is the end of Question Time! Question No.140 by Mr. Mukiri will be deferred. Although the Minister for Finance has come, we do not have time for it. We will, therefore, defer it to tomorrow afternoon.

*Question No.140*

AMOUNT OF MONEY HELD BY POLICY  
HOLDERS PROTECTION FUND

**Mr. Mukiri:** On a point of order, Mr. Deputy Speaker, Sir. Could you, please, defer it to Tuesday next week?

**Mr. Deputy Speaker:** Very well! The Question is deferred to Tuesday next week. Mr. Minister, please, note that!

*(Question deferred)*

**COMMITTEE OF WAYS AND MEANS**

**MOTION**

*(Order for Committee read)*

THAT MR. SPEAKER DO NOW  
LEAVE THE CHAIR

*(The Minister for Finance on 15.6.2006)*

*(Resumption of Debate  
interrupted on 20.6.2006)*

*(Second Day of Budget Debate)*

**Mr. Deputy Speaker:** Capt. Nakitare, you were on the Floor? You still have five minutes!

**Capt. Nakitare:** Mr. Deputy Speaker, Sir, I will continue with my contribution to the Budget Speech.

I rise to say that my people in Trans Nzoia live under squalid conditions. Much has been said but I will talk about this year and the recent displacement of squatters by the Government. We have forgotten what the previous Government did to my people from 1992 to 1996. Thousands of people were displaced and they are still in the marketplaces. The Kenyan Government is not sensitive! Trans Nzoia District is marginalised in the sense that the Government is not sensitive enough to the plight of the children, parents, farmers and the administration in that part of the country.

On the issue of administration, agriculture has been neglected yet we are the granary of this country. These people were displaced by the Provincial Administration. The method of displacing people was well-organised.

Mr. Deputy Speaker, Sir, I will now turn to the recent events which touch on land grabbing in Trans Nzoia District. When the community decided to take arms and repossess one of the



grabbed institutions of this country, the Provincial Administration kept quiet. However, when the grabber went to the same Government to block this take-over, they ordered the General Service Unit (GSU) and the regular police to go and take away the common man's rights of ownership. Do we live in a different country? The plight of squatters and the promises the Government has been making towards settling displaced people is questionable. Why are we paid lip service in Trans Nzoia? Why are people in Likia being treated humanely and as more Kenyan than the people in Trans Nzoia who feed the same country? This must be addressed!

Mr. Deputy Speaker, Sir, little was spoken about the National Youth Service (NYS). The NYS and the Starehe Boys Centre were institutions meant to rehabilitate street children. However, nothing was said about this matter. When you look at the NYS now, it is admitting children of well-to-do people. Instead of rehabilitating street children, disabled and destitute people, the Government has completely neglected them. They live in ghettos!

Mr. Deputy Speaker, Sir, as for the Starehe Boys Centre, that was an institution that was introduced to take care of the displaced children and those in dire need of help, the institution was turned into a rich man's school where rich people take their children for education. Nothing touching on this matter has been raised in the Budget Speech.

We are still talking about the high cost of fuel. It must be said, loud and clear, that it is going to hurt the agricultural sector more than it has done before. There will be less food production as long as fuel prices go up day in, day out. The Government does not realise this! Instead of containing the fuel prices, the Government is supporting the private sector to increase the prices. How are we going to afford US\$2 per litre of diesel to plough our land? It is unproductive and senseless that the Government looks in the direction of white-collar jobs. They are not promoting agriculture yet, Kenya is an agricultural country. We are not an industrialised nation. Why do we have to promote industries which we do not own? I am completely perturbed by the Budget.

Mr. Deputy Speaker, Sir, although a lot has been said about the introduction of appropriate technology, by giving incentives for solar energy, we still have more to say.

With those few remarks, I beg to support.

**Mr. Billow:** Mr. Deputy Speaker, Sir, the Budget by the Minister clearly had a few pre-election posturing and populist ideas. In the Budget, the Minister also clearly reflects that there is lack of wisdom. There is also a clear expression of greed which is one of the common characteristics of this Government.

When you look at poverty in this country *vis-a-viz* the growth mentioned by the Minister, he said that the growth of the economy is 5.8 per cent. In 2002, when they took over, the growth was 1.2 per cent. One would expect, therefore, that with the remarkable growth in the economy, the living standards of Kenyans would have changed and that poverty would have been reduced. However, the opposite is what is happening. Poverty levels have increased; from 56 per cent to 57 per cent. Inequality in income distribution among Kenyans is also going up. Our per capita has also stagnated. When you look at the United Nations Global Report on Human Development Index, the situation in Kenya is deteriorating. When you look at the Public Service, efficiency in service delivery has not changed. What is happening?

Mr. Deputy Speaker, Sir, this is a Government where expenditure has grown in the last three years from about Kshs250 billion, when they took over, to Kshs550 billion. This is an increase of Kshs300 billion in public expenditure yet we do not see any change in the lives of Kenyans except for the worse. We also do not see any change in service delivery. The reason why this is so, in my view, is because much of this expenditure by the Government is in consumption; Recurrent Expenditure. Even this year, out of the Kshs550 billion, Kshs461 billion goes into Recurrent Expenditure. Clearly, we have seen the degree of extravagance and wastage by this

Government.

The second reason why there is no change in the lives of Kenyans is because the expansion in Government expenditure has fuelled inflation. If you look at the inflation figures for 2002, when this Government took over, you will see that inflation was 2 per cent. It increased to 9.8 per cent by 2003, and 11.6 per cent by 2004. Last year, the average inflation rate in this country exceeded 13 per cent. I will be looking at the consequences of this inflation rate briefly later.

So, we need to change that trend. What this Government needs to do is to allow more disposable income in the pockets of Kenyans. It is not necessary for this Government to continue taxing Kenyans directly, or indirectly, through increases in the fuel prices or VAT. At this rate, Kenyans will be left with no money to save. The best way to develop this country is not to continuously increase public expenditure. The best way is to allow more disposable income in our pockets so that we can save money. Savings can then be used as investment by our business community. It can also become investment in our capital markets. That is the way in which we can go around problems.

Mr. Deputy Speaker, Sir, the other issue is that the Government should increase its allocation to areas of priority. Although there is an increase in the Development Vote, it represents only 17 per cent of the total expenditure by the Government. Even of the 17 per cent, only 50 per cent of the total Development Vote will be spent during the year. There is need, therefore, to rationalise expenditure by Ministries in order to enhance efficiency in service delivery.

On challenges posed by inflation, I have already mentioned that there is no way we can expect to have significant economic growth. The Minister said that we need to grow at 7 per cent in the medium-term to be able to address poverty in this country. We cannot achieve the 7 per cent growth rate if inflation continues to rise to above 7 per cent, and foreign exchange rate continues to fluctuate. This is hitting hard our productive sectors. For instance, last year sectors that are essential to economic growth like tea, coffee and horticulture were adversely affected by fluctuations in the exchange rate.

Thirdly, unless we address the issue of unemployment, we will not get very far. The Government has not been able to establish the correlation between the growth in the economy and job creation. We have seen the economic growth rate going up from 1.2 per cent in 2000 to 5.8 per cent last year. Yet, the number of jobs created in the economy has actually gone down. If you look at the figures in the Economic Surveys for 2000 to 2006, you will see that the number of jobs created in 2000 was 458,000. This was at the time when economic growth was negative. In 2001, about 495,00 jobs were created. In 2002, about 462,000 jobs were created. In 2004, a total of 284,000 jobs were created. Last year we recorded only 459,000 jobs, yet the economy had grown from 0.6 per cent to 5.8 per cent over the last three years. This clearly shows that there is no correlation between the growth in the economy and creation of jobs, because of our policies. The sectors which registered growth are not the sectors which are of help to the common man and help in job creation. Horticulture, tourism, telecommunications and mobile phone service providers are the sectors which recorded growth. We need to review our policies.

One of the issues raised by the Minister is public expenditure. As I have already mentioned, our public expenditure has grown drastically. Last year alone, Government expenditure increased by 16.4 per cent, according to the annual Economic Survey. This was against growth in revenue of only 11 per cent. In other words, the rate at which the expenditure by the Government is going up will lead to this country becoming debt-ridden. What will happen is that, in order to cover that expenditure, Government Budget deficit will continue to grow, and so the Government will continue to borrow. According to the Economic Survey, last year alone, net borrowing increased to Kshs70 billion because of the over-expenditure by this Government.

Mr. Deputy Speaker, Sir, the Minister talked about restraining expenditure growth. He said

that this Government will try, as much as possible, to make sure that her expenditure does not grow. But the facts that are in the public domain point to the contrary. I want to cite a few examples to show clearly that this Government is not committed at all to reducing its expenditure. Let us look at the size of the Government. In 2003, when it came to power, it pledged that the number of Ministries would be 17, but today it has 34 Ministries. This a 100 per cent increase in the number of Ministries. How do we expect Government expenditure to decrease when the number of Ministries is increased? Early this year, this Government created 27 additional districts in the country. Allocation to these districts will be billions of shillings. Where is the rationalisation of Ministries pledged by this Government? The Government is, indeed, becoming bloated every day.

Mr. Deputy Speaker, Sir, waste of public funds has also reached new heights. We have seen shady investors in the name of the Margaryans, and others in this country being given Government vehicles to drive around our country. The Government spent money on people who were not genuine investors. The Minister has also not factored the Anglo Leasing debts into his proposed expenditure. The Public Accounts Committee (PAC) recommendations we adopted here showed that there were contracts worth Kshs55 billion that were signed with Anglo Leasing companies. According to the figures given to the PAC by the Treasury, Kshs15 billion was due for payment by February 2006 to Anglo Leasing-related companies. Yet up to today, of the 18 Anglo Leasing contracts, only five have been cancelled. So, there are principal payments to be made and interest amounts are piling up. But the Minister has conveniently decided not to deal with this matter completely. Last month, one of those companies went to court in the Netherlands and attached properties of the Kenyan Government, including the Kenyan Embassy. How many more companies will go to court to attach the properties of this country? The Minister has made no mention of how he is going to deal with the liabilities arising from the Anglo Leasing contracts!

Mr. Deputy Speaker, Sir, the Minister did not also mention the issue of the pending bills. The pending bills by this Government, and the previous one, amounted to Kshs18 billion as at 2004. Last year, the Government set up a committee known as "Pending Bills Verification Committee". It should have submitted its report by now, but the Minister did not mention anything to do with that. Contractors continue to charge interest every day and month on the pending bills. The Minister did not mention this, except for a small provision of Kshs200 million to pay the most urgent pending bills. This matter is another time-bomb related to public expenditure, which the Minister did not explain.

Mr. Deputy Speaker, Sir, the Public Procurement and Disposal Act is yet to be operationalised. It was assented to by the President in October, 2004, but the Minister has not put in place regulations to operationalise it. To the extent that the Public Procurement and Disposal Act is not operational, we will continue seeing Anglo Leasing kind of scandals going on in this country. With the clock ticking closer to 2007, what we saw during the 2005 referendum will be repeated. The haste with which this Government dished out goodies to people in order to get votes during the referendum will be repeated this year and next year. So, public expenditure will go up.

The Minister also talked about reducing the number of Government motor vehicles. It is a positive thing that the Minister wants to reduce the number of vehicles per Minister and Permanent Secretary (PS). This move is welcome. However, what does not make sense is that, before he has effected that policy, he has provided for savings of Kshs1.3 billion. We know that in this country there is no political commitment, particularly by the Ministers and Assistant Ministers, who are the major beneficiaries of these motor vehicles, to adhere to policy. There has been no political commitment in this matter. All the previous Ministers for Finance tried to implement this policy but failed. So, it was wrong for the Minister to quickly provide for savings to the tune of Kshs1.3 billion in this Budget to come from reduction in the number of Government vehicles in use.

The same Minister, because he wants to reduce expenditure, is proposing the sale of these

motor vehicles. Ironically, he is also providing Kshs4.5 billion for transport allowance. Where is the wisdom in this exercise? You are reducing expenditure of the Government by getting rid of vehicles and at the same time you are providing billions of shillings for transport allowance! That does not really make sense and I think the Minister for Finance should look at some of these things.

Mr. Deputy Speaker, Sir, the Minister for Finance mentioned that the Budget deficit is Kshs57 billion and that the Government will borrow Kshs29.5 billion domestically. He also mentioned that there will be privatisation proceeds of Kshs18.2 billion. I have a problem with these proceeds from privatisation. In 2003, the same companies that are to be privatised were mentioned in the Budget Speech. They include Telkom Kenya, Kenya Ports Authority, Kenya Reinsurance Corporation and so on. All these companies have been mentioned repeatedly in the Budget Speeches of 2003, 2004, 2005 and now 2006. So, proceeds worth Kshs18.2 billion, in my view, is not money that is likely to be realised. It will only increase the deficit by that amount. Mr.

Deputy Speaker, Sir, the Minister needs to tell Kenyans the true reality of the huge public expenditure. We have a total public expenditure of Kshs550 billion. The total revenue is only Kshs375 billion. Therefore, the shortfall between the public expenditure and the revenue is Kshs175 billion. The Minister does not want to bring this larger picture out. We are living beyond our means. In addition to the Kshs57 billion that he is going to borrow domestically, he does not tell Kenyans that there is an additional Kshs2 billion which is going to be a debt. That money will mature this year and it will be rolled over. In other words, loans which were taken in the previous years and which are going to mature this year will be rolled over as new debts again. Domestically, this Government will have borrowed close to Kshs100 billion. Of course, there will be loans obtained externally from donors in excess of Kshs30 billion. I will address that matter shortly.

The Minister is very clear in his Statement that there is no donor money factored in the Budget. In fact, some of the Ministers in the Government actually believe that there is no money from donors that is factored in this year's Budget. That is not true at all. In the Printed Estimates, under the Development Vote alone, there is Kshs73 billion in grants and loans from external multilateral and bilateral donors. If you open the first ten pages of the Printed Estimates you will see the list of the projects that the money is going to finance. What we are being told is that donor money is not being factored. However, the money that is not being factored is the little money that normally the International Monetary Fund (IMF) and other multilateral institutions provide to balance the Budget whenever there is a deficit. In fact, it has never been more than Kshs5 billion. It is that amount of money that donors refused to give to the Government when the scandal of Anglo Leasing and Finance Company Limited came up. Thanks to the money. There is a lot of fanfare about that and we are now not factoring any donor money in the Budget.

What we are not telling Kenyans is that 80 per cent of the Development Vote, which is Kshs137 billion, actually comes from donors. In fact, to be precise, out of the Kshs137 billion, Kshs73 billion is from donors. Those donors have conditionalities that we hear of every time. So, the money that is being used to construct the Northern Corridor bypass or other roads in your constituency is from donors. The money used in projects being undertaken in the energy sector, and even to supply water, comes from donors.

Mr. Deputy Speaker, Sir, my concern in all these issues is that, for this country to achieve the Millennium Development Goals (MDGs) and to exit from the poverty trap, we will continue requiring assistance from our donors or development partners. That is not a fact only for this country, but also for all countries in the Third World. So, I believe that if such aid is directed to productive sectors such as agriculture and infrastructure, it will boost the development of this country. The money should be used effectively. The concerns raised by donors are about the effective and proper use of the money given to us.

The decision, therefore, to exclude budgetary support from donors should be based on a

genuine desire to move to internal revenue resources. We should not run away from demands by our donors to be accountable. The reason the Government is not factoring donor support in the Budget is that it wants to run away from accountability. You can run away from accountability demanded by donors because they can cut off their money, but Kenyans cannot cut off their money. We pay taxes and if you do not, you will get arrested. This Government owes accountability to us and not donors because 95 per cent of the Budget is funded by us. The Government should not put the premium of accountability on donors, rather it should be on Kenyans.

The Minister said that he was going to engage the services of country rating experts called Standard and Poors from New York to come and rate the country. Country rating by international firms like this one is not going to help. If you want to attract investors, you need to deal with the issue of corruption in the country, the general insecurity, the business environment, suppression of the media and other existing problems.

Mr. Deputy Speaker, Sir, in spite of all that money being spent by this Government, the cost of living has become unbearable for Kenyans. People are becoming poorer by the day. Poverty levels are going up. The President, when he took over, said that Kenya was going to be a working nation. The truth today is that Kenya is a walking nation. If you look at the people going to work, 90 per cent of them cannot afford *matatu* fares. We walk to work because we cannot afford fares. I will give you real examples. A packet of two kilogrammes of maize flour used to retail for Kshs28 in 2002. We may not have been very good in running the Government as KANU, but during our time a packet of two kilogrammes of maize flour was going for Kshs28. Today, the same packet of maize flour is Kshs60.

**Hon. Members:** Shame! Shame!

**Mr. Billow:** Mr. Deputy Speaker, Sir, one kilogramme of sugar is now sold at Kshs65. It used to go for Kshs28 in 2002. A litre of paraffin is now Kshs50. A litre of petrol used to be sold at Kshs52 when this Government came into power in 2003. Today, the same litre of petrol is being sold at Kshs82. Where are we taking Kenyans? We cannot expect to liberate our people from poverty with this kind of economic policies. That is why I mentioned earlier that there is lack of wisdom in financial planning. There is an expression of greed for money by this Government in preparing this Budget. When you increase the Roads Maintenance Levy by Kshs3.20 you are actually going to hurt millions of Kenyans. Every activity in this country is dependent on fuel. There was no need to raise Kshs5 billion by increasing the Roads Maintenance Fuel Levy. It is going to have an impact on the entire economy. Manufacturers need fuel and so does the transport industry. Even photocopying this piece of paper requires fuel. It is not a wise thing to have done and the Minister needs to reverse that matter because it is really going to affect the growth of the economy and, by extension, the lives of many Kenyans.

If the Minister wants to raise Kshs5 billion, there are many ways of doing it. He can go through the Printed Estimates and under the Recurrent Expenditure of the 34 Ministries save over Kshs10 billion by cutting down on excesses. You will find so much extravagance in those Votes. In fact, you can save more than Kshs10 billion if you wanted to.

With regard to the Arid and Semi-Arid Lands (ASAL), I like this Government for one thing. Every opportunity they get, they have to mention ASAL areas as a matter of priority, but when it comes to allocating money, the 22 ASAL districts are given the money in doses like prescribed medicine. That is what happened in this year's Budget. The ASAL areas represent 70 per cent of the country's land mass and 25 per cent of the country's entire population. The ASAL areas also boast of 50 per cent of the country's livestock, 70 per cent of which was wiped out last year. In spite of all that, this Government only allocated Kshs1.5 billion for water which is the single most important thing in that area. Is Kshs1.5 billion really enough to provide 22 districts with water? It is not enough money.

Mr. Deputy Speaker, Sir, I want to move on to the issue of the governance of the Central Bank of Kenya (CBK). The Minister's decision to amend the CBK Act to appoint an independent person as the chairman will not enhance corporate governance. The Constitution says: "The Governor shall not be under the direction of anybody in discharging his functions." So, the appointment of an independent chairman by the President would make the Governor indirectly answerable to him. This is unconstitutional. This is a constitutional office holder. Is there any reason why the Government would want to do that? The aim of this change is to rein in the independence of the Governor and to protect the money launderers, tax evaders and other Artur-type of people. They want to use the Governor for that kind of purpose.

Mr. Deputy Speaker, an example of what I am alleging is a document which I want to table. In March, 2006, the current Governor was suspended because he, together with the Kenya Revenue Authority (KRA), the Kenya Anti-Corruption Commission (KACC) and the CBK, were investigating the Charter House Bank. This bank was involved in tax evasion amounting to over Kshs18 billion. I support Dr. Kituyi when he said here yesterday that Nakumatt Supermarkets which has 20 times more revenue than Uchumi Chain of Supermarkets---

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Mungatana): On a point of order, Mr. Deputy Speaker, Sir. Is the hon. Member in order to suggest that the Governor of the CBK was suspended on account of investigating Charterhouse Bank, when in fact, we all know that he was suspended on the account of a case pending in court?

**Mr. Deputy Speaker:** That is a point of argument!

Proceed, Mr. Billow!

**Mr. Billow:** Thank you, Mr. Deputy Speaker, Sir. I want to table here a document revealing tax evasion---

**The Assistant Minister for Water and Irrigation** (Mr. Wanjala): On a point of order, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Order, Mr. Wanjala! Will you, please, sit down?

**Mr. Billow:** Mr. Deputy Speaker, Sir, because of the Margaryan matter, nobody can believe and trust this Government when it says it took the Governor to court because he stole money. I have evidence here showing that the investigations were started in 2003. The investigations reveal that, up to now, there are billions of shillings in tax evasion and money laundering is still going on. The Governor recommended the withdrawal of the licence of that bank. However, instead of withdrawing it, he was sent home the following morning for even daring to write to the Minister for Finance, Mr. Kimunya. I wish he was here. This letter was written to him in March when he was appointed as the Minister for Finance.

The Minister for Trade and Industry was very clear yesterday that Nakumatt Supermarkets annual income revenue is 20 times more than what Uchumi Chain of Supermarkets was getting and yet, they were paying Kshs30 million only as Value Added Tax (VAT) annually. Many of us are paying more than Kshs30 million from the small *kiosks* that we run. It is surprising that Nakumatt Supermarkets Limited has never recorded a single shilling profit since it started. Can anybody believe that a company that is expanding by leaps and bounds has never recorded a single shilling in terms of profit and, therefore, never paid corporation tax? All that information was provided to this Government in March, 2006, by the KACC, the CBK and the KRA. Who is being protected? That is why the Government wants to change the CBK Act, so that the Governor is answerable to it.

**Mr. Deputy Speaker:** Order, Mr. Billow! Your time is up!

**Mr. Billow:** Mr. Deputy Speaker, Sir, with those few remarks, I beg to support.

*(Mr. Billow laid the document)*

*on the Table)*

**The Assistant Minister for Finance** (Mr. Kenneth): Thank you, Mr. Deputy Speaker, Sir, for giving me an opportunity to contribute to the Budget Speech.

Mr. Deputy Speaker, Sir, the only way that this country can move forward is when we begin to accept the reality and truth of what has been happening *vis-a-vis* what was the position when this Government took over. When the NARC Government took over, the country had a negative economic growth rate. Today, we are talking of 5.8 per cent. I am surprised that the Shadow Minister for Finance who aspires to be a full Minister for Finance cannot acknowledge that growth. It does not require a rocket scientist to see what is happening.

Mr. Deputy Speaker, Sir, a lot has been spoken about the fuel levy. The fact remains that the people who want to increase the transport costs are not being sincere. The fuel levy has gone up by Kshs3.20. In the Budget Speech, the Minister put a cap on the insurance structured compensation to Kshs3 million. This means that the insurance premiums should come down. He also removed the road licence because many vehicles did not have road licence stickers. We all know that most vehicles outside Nairobi did not have road licence stickers. Most of them have fake registration documents. Therefore, it was expected that if we remove the road licence and reduce the insurance premiums, we could as well look at the fuel levy. This is because all vehicles also require good roads.

Mr. Deputy Speaker, Sir, I want to congratulate the Minister for the action he has taken on extravagance on vehicles. A lot has been written on that. I believe that if we were to cut on the extravagance, we could save Kshs1.5 billion.

We must also take into recognition the fact that foreign exchange has been liberalised and the country has been able to maintain the dollar at the rate at which it should be retained. We should realise that this country is a net importer and not a net exporter. In as much as we are talking about our exports, the imports are higher. Therefore, the country benefits when the shilling is stable against the dollar. Many of our students have to go out of the country for education. Also, many people go out of the country to seek medical treatment. So, is it better when the dollar is high or low?

Mr. Deputy Speaker, Sir, we must acknowledge that there is a lot of growth that has taken place in the tourism industry. We have also factored a huge budget for road construction. This will multiply in terms of employment. These are some of the things that I am surprised that my friend, Mr. Billow, will not look at. If the tourism industry is growing at 51 per cent, it has a multiplier effect. Those who sell eggs and vegetables to tourists will also benefit. That is new production! Does the Shadow Minister for Finance want to convince me that those tourists come with packed food and, therefore, our people do not have to manufacture it?

Mr. Deputy Speaker, Sir, a lot has been said about new districts. This Government came to power on the pledge of delivery of service. I am glad you have been in the Provincial Administration and you understand it very well; that if administration is brought closer to the people, security issues will be dealt with very conclusively. In fact, just last week, we were discussing about a Motion to legitimise these districts. It was brought by a Member of the Opposition, Mr. Ojaamong.

**Mr. Maore:** On a point of order, Mr. Deputy Speaker, Sir. When did the Member of Parliament for Amagoro Constituency become a Member of the Opposition?

**The Assistant Minister for Finance** (Mr. Kenneth): Mr. Deputy Speaker, Sir, I do not want to respond to the obvious. He is not seated on the Opposition side because Mr. Maore is blind or so to speak. It goes without saying!

Mr. Deputy Speaker, Sir, I am glad the Minister did not factor payments to the Anglo

Leasing-type of contracts. If he had done that, he would have been massacred here today by the Shadow Minister for Finance. This is because the verification has not been done, yet, he has the courtesy to say it has not been factored because it is not there. He would have wanted to criticise it. I am glad that the Kenya Government has not put in any cent towards those payments. I am glad the Government has not put any cent towards those payments. I think until such a time that those payments are verified, the Minister was right to ensure it is not factored.

Mr. Deputy Speaker, Sir, we have said we want to support privatisation. I heard the Shadow Minister for Finance say that the amount factored in there cannot actually be fetched by this economy. Simple arithmetic. If the Government was to sell another 20 per cent of Ken-Gen at the market price today, it would get Kshs20 billion. Again, it does not require a rocket scientist to do that arithmetic, with the stock exchange which is there.

Let me congratulate the Minister for putting Kshs1.5 billion in the 22 ASAL districts for water. Let us look at history of where we are coming from. What did the KANU Government do for ASAL districts? It is important to see how much was put there. Let us not criticise for the sake of it. We need to build this country by appreciating the good and bad things. But even when we get Kshs1.5 billion for ASAL districts, we still complain about it, when three years ago, it was less than Kshs100 million. Are we developing by giving Kshs1.5 billion or by providing what was there, which was Kshs100 million? At the end of the day, what the Kenyan people want to see is the reality in truth. Unless we have that dignity of accepting the truth, then we will not be helping this country as leaders.

Mr. Deputy Speaker, Sir, I want to support the Minister for suggesting that this country should go for credit rating by Standard and Poor. I have dealt with Standard and Poor in my previous career as a reinsurer in this country. Any country rated by Standard and Poores gives a motivation to foreign investors. The fact that Standard and Poor will come here means they will address all those areas that were mentioned by the Shadow Finance Minister. They will be able to look at what corruption levels are in this country, as well as the security and infrastructure of this country. Why are we afraid of undergoing such scrutiny, which can only help businessmen in this country? Why should we be afraid of it? Is it because it will give credibility to this Government? Why should we be afraid?

Mr. Deputy Speaker, Sir, governance of the Central Bank of Kenya has been an issue. I want to fully support it. In this day and era, corporate governance requires that the chief executive officer (CEO) of a company, including Central Bank of Kenya, is not the chairman of the board of directors. He cannot be the chairman to preside over the things he does on a daily basis. That is not corporate governance. I am sure the Members on the opposite side have all attended corporate governance in some form or another, and they will agree with me that corporate governance requires that the CEO is not the chairman of a company he is presiding over. Even in America where the CEO is called the president of that company, he still has a chairman of his board of directors. The failure of most companies in this country is because we used to have executive chairmen in commercial banks, insurance companies and so on. As we adopted an approach in corporate governance, there was need to separate those two issues. I think this is an important avenue towards development of corporate governance in this country.

Mr. Deputy Speaker, Sir, a lot has been said here by the Shadow Minister for Finance on pending bills that have not been provided for. I will be answering a Question in this House on Thursday, asked by hon. Ojode, on the state of pending bills. I am sure the minute I answer that Question, the Shadow Minister for Finance shall regret why he raised that issue here because there is no issue.

With those remarks, I beg to support.



*(Applause)*

**Mr. Ahenda:** Thanks a lot, Mr. Deputy Speaker, Sir. Allow me also to take this opportunity to congratulate the Minister for Finance for his presentation of the Budget this year, which had a lot of hidden goodies. This could pass as one of the best Budget presentations ever made.

Mr. Deputy Speaker, Sir, as a very good revenue collector, the Minister gave us a flamboyant report on how he is going to collect more revenue. I must also congratulate him here because for the second year running, Kenya will be having a Budget without donor support. This is great. I believe that Kenya is capable of doing much more if we had done away with corruption. A lot of our resources are pilfered through Anglo Leasing type of corruption. If the Minister had cared to look into ways and means of nourishing the cow that gives him the milk, he would have had a better Budget. Instead, he is only looking at how to milk the cow without nourishing it.

Mr. Deputy Speaker, Sir, let me say something on the increase of Kshs3.20 per litre on fuel. Today, there are about 10,000 vehicles lying at the port of Mombasa. Some of them are held onto flimsy reasons by KRA. If all these vehicles were released on our roads today, how much money would the Minister collect from the Kshs3.20 extra? But he is keeping those vehicles there, incurring demurrages unnecessarily. The Minister is not looking at how to nourish the cow that is giving him the milk. If these vehicles lie there for the next seven months, we shall have lost billions of shillings that we would have used for Budget support.

Mr. Deputy Speaker, Sir, if you compare sugar with tea and coffee, you will find that there are no incentives given to the sugar farmers that would help them tap more revenue. The sugar industry generates more revenue for this country than tea and coffee combined. That is a fact that the KRA knows about. But the tea and coffee industries bring us more foreign exchange than sugar because they are heavily subsidised. They have a lot of incentives ploughed back by the Government. It is high time the Minister changed his mind to look at nourishing the sugar farmers so that we can continue to have more revenue for our country.

Mr. Deputy Speaker, Sir, the question of privatizing State corporations year in, year out, when the Budget is being done in order to increase funds for the Budget has to stop. A time is coming when

the Minister will have nothing to sell to bridge the shortfall in his Budget. The proceeds from the privatization of public corporations have been going into some individuals' pockets. This has been pre-planned. The individuals have been perceived to be strategic investors, whereby our corporations are offloaded at throwaway prices so that we get the funds to support our Budget. The Nairobi Stock Exchange has been used as a conduit to offload the shares of our state corporations. In any case, it cannot support the Budget. I do not know what they will sell next after they have privatized all the state corporations. Some of these corporations can bring us a lot of revenue if they are recapitalized and made to work on profitable terms. Some of them are run down intentionally so that they can be offloaded to some chosen few individuals. This trend must be checked if we have to sustain our Budget internally without having to look yonder for foreign donors.

Mr. Deputy Speaker, Sir, let me go a little bit further and say that the Budget did very little this time to support local individuals. Kenyans have been over-milked. I have in mind our roads, particularly the road to western Kenya, which is in a pathetic state. I almost lost my life recently because of the poor state of our roads. When I compared the Budget proposals for roads for last year and this year, I discovered that there is a shortfall in the allocation for roads in the country, compared to what we had last year. This is very bad. It is high time the road communication system in this country is upgraded. Roads are a very vital means of development of any country. If you do not have a communication network, then you are not developing yourselves. The Minister should

have seen to it that our communication network is perfected. Even those foreigners who are looking forward to coming to invest in this country will not come if we do not have a proper road network. We need a proper road network in order to reach our neighbours. There is a lot of revenue accruing from inter-trade with our neighbours, particularly the opening up of Southern Sudan. The Minister did not take into consideration the road network linking us with our immediate neighbours so that this type of development can be harnessed, so that we can generate revenue to support our Budget.

Mr. Deputy Speaker, Sir, I really support what the Assistant Minister has just talked about; the dollar *vis-a-vis* the Kenya Shilling. Indeed, it is in our best interest to have the shilling growing stronger and stronger against the dollar. However, there is a risk whereby most imported items will become more expensive as the dollar goes up. So, it is, indeed, in our interest if the dollar goes down and generates more imports because we rely heavily on imported goods for our development. If the Minister did not look into that issue, it is high time he knew that foreign exchange affects any development of any country *vis-a-vis* our Budget. The money allocated for any Ministry will be much less than expected if the dollar rate changes before the next financial year. So, I assume that the Minister could have in mind some measures to put in place so that the Kenya Shilling remains at least at par throughout the year without the variations and daily changes against the dollar so that our planners can have one fixed plan that can last for, at least, the next six or seven months.

With those few remarks, I beg to support.

Thank you.

**Mr. ole Metito:** Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute on this Motion. I rise to support this Motion and agree with those who have said that it was a fairly good Budget. It is one of the best Budgets ever read in this House.

Mr. Deputy Speaker, Sir, this is not the first good Budget that has ever been read in this House. In the middle of the journey, I think something goes wrong. At the beginning, we read very good budgets. At the end, we start talking about Budget deficits, misappropriation and Printed Estimates which have not actually been implemented. I wish to kindly urge the Minister to live up to his words when he said that Kenyans are no longer interested with the figures in our books, but by our actions on the ground. A lot of good things were actually printed in these Estimates. If they can be implemented, they will change the lives of Kenyans.

Mr. Deputy Speaker, Sir, I want to agree with those who have spoken before me that the 22 districts that fall under the Arid and Semi-Arid Lands (ASALs) contribute to 70 per cent of the land mass of this country, as well as 25 per cent of the population. These ASALs fall squarely under the Ministry of Special Programmes in the Office of the President. Year in, year out, there have been calamities befalling these areas. I want to thank the Minister because this is the first time he has factored in some money for emergency programmes. This is a clear indication that the Government is moving towards disaster preparedness. Although the allocation may not be enough, it is a good gesture and a good beginning for the first time to put aside some money for emergency reserve. You will note that even in our Constituencies Development Fund (CDF) kitty, there is 5 per cent which is meant for emergency reserve. So, it is always good to be prepared for the unknown.

Mr. Deputy Speaker, Sir, together with the Ministry of Water and Irrigation, ASALs have been given some money, mostly for water projects. In the Printed Estimates, it looks like a big amount. But going by what has happened before, where we were promised that 200 or more boreholes would be drilled in the ASAL areas; by the end of the financial year, if you were asked to identify those 200 boreholes, you could hardly see 50 per cent of them on the ground. Even when we were told that we were going to get the CDF kitty, some hon. Members were of the view that ASAL areas were getting more because they are being taken care of by the Ministry of Water and

Irrigation, in conjunction with the Ministry of Special Programmes, in terms of provision of water meant for the ASAL areas. I want to request the two Ministries which undertake water projects in ASAL areas to ensure that money provided for in the Budget for water development is actually used on the ground. Currently, that is not the case. Fifty per cent of funds provided for in previous Budgets for water services in ASAL areas has not been utilised on the ground.

Mr. Deputy Speaker, Sir, I would like to thank the Government more sincerely for re-opening the Kenya Meat Commission (KMC). That is a very good gesture which will improve this country's economic growth. Yesterday, we witnessed the testrun of the KMC plant. We are, indeed, happy that the KMC is being re-opened. I wish to request the Ministry of Livestock and Fisheries Development to extend that good gesture to other pastoral areas by opening abattoirs, which will act as feeder plants to the KMC plant at Athi River.

We have several abattoirs, such as the Halal Project at Ngong, among others in northern Kenya, as well as in Coast Province. If we opened abattoirs in those areas, we would make the KMC very efficient. I wish to ask the Government to ensure that this time round, we give the pastoral communities a chance to run the KMC. These are the people who understand most, the problems of pastoral communities. Mr. Deputy Speaker, Sir, the KMC and other abattoirs are mainly meant to serve the interests of pastoralists in this country. That is the lifeline of the pastoral people. I would, therefore, kindly, request that in the management of the KMC, we appoint members of the pastoral communities to run it. They cannot joke around with it because they know that it is the lifeline of their people.

*[Mr. Deputy Speaker left the Chair]*

*[The Temporary Deputy Speaker  
(Mr. M'Mukindia) took the Chair]*

Mr. Temporary Deputy Speaker, Sir, let me come to the biggest component of our population who appear to be the biggest winners in this Budget; the youth. In this Budget, a lot of money has been set aside for youth programmes. I would like to disagree with Mr. Billow when he said that this could be a pre-election campaign. This will, indeed, stand the test of time. I believe that the Government intends to implement the youth programmes it has earmarked in this Budget. In this country, the youth constitute a bigger percentage of our population. This is the first time money has been set aside for micro-enterprise projects, which are meant to empower the youth of this country.

Mr. Temporary Deputy Speaker, Sir, I would like the Minister to implement the policy of reviving at least a youth polytechnic in each of the constituencies of this country. I would like the Government to come up with very clear guidelines on how to disburse the money meant for micro enterprise projects for the youth. I believe that implementation of the projects will change the lives of our youth for the better.

Mr. Temporary Deputy Speaker, Sir, I would also like to urge the Government to go a little bit further and find a way of making the youths acquire national identification cards with ease. I will be very happy to see the Ministry of Immigration being facilitated to decentralise issuance of identity cards from the divisional level to the locational or even the sub-locational level. This will reduce the distance presently being covered by the youth in pursuance of identity cards. Without identity cards, all the goodies provided for the youth in the Budget will not benefit them. Without identity cards, the youth will not get jobs. They cannot even access the funds provided for in the Budget for income-generating activities for the youth.

Mr. Temporary Deputy Speaker, Sir, I would also like to thank the Government for providing more money for public service delivery, especially in the areas of education, health and water. However, I think it would be more prudent to see more money allocated to the Ministry of Health, especially taking into consideration what is happening on the ground in all the constituencies through the Constituency Development Fund (CDF).

We are either rehabilitating existing health facilities or putting up new dispensaries and health centres. However, if the Government does not provide those facilities with personnel and medical equipment, they stand to be white elephant projects. If that turns out to be the case, we will have the biggest number of white elephant projects that this country has ever had. In my constituency, for instance, we have already completed the rehabilitation and putting up of 10 health facilities. At that rate, we could have an average of ten such facilities in every constituency inoperative for lack of medical equipment and personnel.

With those few remarks, I beg to support.

**The Minister for Livestock and Fisheries Development** (Mr. Munyao): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to also contribute to this important Motion.

I will begin by congratulating the Minister for Finance for coming up with a well balanced Budget, which has made a lot of sense to many people. For many years, we have never had a Budget that has addressed the plight of our people like this one. I would further like to congratulate the Minister, the Central Bank of Kenya and all other public financial management institutions for the high level of discipline they have exhibited in their work over the last financial year. We have generally maintained a high level of discipline in financial management.

Mr. Temporary Deputy Speaker, Sir, hon. Members will recall that, in the past, every time we had demonstrations on the streets of Nairobi, the Kenya Shilling would reduce in value. Nowadays, anybody can make whatever noise he wishes to make, but the Kenya Shilling still remains stable against the other foreign currencies. This shows maturity of our economy. An economic growth rate of 5.8 per cent is not a mean achievement. It requires commitment by the Government and everybody else in the country to attain such a level of economic growth. That was a very good achievement which, I hope, we will maintain.

Mr. Temporary Deputy Speaker, Sir, registering an economic growth of 5.8 per cent when other economies of the world, including developed countries, are hardly registering a 3 per cent growth, by any standard, is not a mean achievement. That is something which must be appreciated. However, we should appreciate that the most important thing is not just achieving such growth, but maintaining it. Therefore, we must uphold that level of economic growth.

Mr. Temporary Deputy Speaker, Sir, I would like to raise one or two points. The Minister was very concerned about the development of the youth and he went ahead to give a lot of financial support. We must, likewise, try to balance our development projects. Now that the prisons are well maintained, we must use prisoners, particularly those with minor offences, in carrying out development projects. At one time, we discussed the issue, but I do not know what went wrong in terms of implementation. We said that prisoners with minor offences should not be accommodated in prisons. They should help in development projects in rural areas. They should help in building schools, constructing roads and engage in other development projects which the Government is investing in. We have some roads like the rural access roads which can be worked on by prisoners instead of locking them up in prisons. That way, we would be developing and achieving a lot. Instead of using more money to expand prisons, we should take prisoners with minor offences in the countryside to carry out development projects and only confine those who cannot be controlled. However, those who can be controlled should be kept in the countryside and be used to carry out development projects. We use a lot of money in building schools and other major infrastructures

instead of using prisoners.

It is good that the Minister, in his Budget, considered the agricultural sector by zero-rating most of the equipment used in farming. However, agriculture does not only concern the farming sector. It also involves livestock and fisheries. We also contribute to our economy. However, he overlooked us. Our fishermen have faced many problems all through. I have raised issues concerning them very many times. Every time I raise an issue concerning them, I am promised that something positive will be done. However, the Minister must consider, in his response to this Motion, to have fishing equipment like nets, vessels and engines of the vessels zero-rated because they fall under the agricultural sector. Unless fishermen are helped, we will still continue to experience problems.

The Minister must also look into the issue of hides and skins tannery system and say when he will be making his official response to this Motion. There is a level of tannery called the pickle stage. That is the stage where a tanner turns it into a level where the end user can use it for manufacture of goods. This country is doing very well in terms of hides and skins. We have been requesting the Minister to reduce the export duty or zero-rate it so that our tanners can export the products. We have a very big market outside this country. The other anomalies which exist in the tannery industries can be sorted out by the Kenya Revenue Authority (KRA). This time round, the KRA is busy looking into all areas to streamline taxation. The authority can quickly move into the industry to make sure that there are no double claims being made. That can be done in conjunction with our officers who are very efficient. Therefore, I request the Minister to look into the issue and address it next week when he comes to make his official reply on this Motion. We want tanners to be free to export their hides and skins at the pickle level.

The previous contributor referred to the re-opening of the Kenya Meat Commission (KMC). During the previous Session, I promised this House that KMC would be re-opened. I now take this chance to invite the entire House, through the Chair, to attend the re-opening occasion on 26th June, which is next Monday. In fact, His Excellency the President will be coming to officiate the occasion. I am now extending my invitation to the whole House, to accompany us to Athi River to witness the historical event. I am encouraging farmers, and even hon. Members who are looking at me, although they are not real farmers, to make sure that they start keeping livestock so that they can sell them to the KMC. Once we open the plant in Athi River, we will move on to re-open the one in Mombasa, which is fairly dilapidated. We need some money to renovate it. After that, we will open the Halal Meat Factory which for many years has been lying idle.

The former Minister for Finance is the only one I refer to as an hon. Minister because of the way he conducted himself when he was the Minister for Finance. I like referring to him as an hon. former Minister because he earned the title. The Halal factory closed sometime ago. We will also open one slaughterhouse in Wajir and I am requesting investors to come and put in some money in it. It is good if we have one there and another one in North Eastern Province because all those areas will support the KMC plant in Athi River. We must support our livestock farmers and train them on what to do.

With those few remarks, I support the Motion.

**Mr. Omingo:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. First, I want to thank the Minister for making an effort not to factor in donor support, an issue that has made Kenyans very happy. I have been agonizing about the issue. The previous regimes used to tailor their jackets very big, yet they were not the size of their bodies, in anticipation that the jackets would fit them. For that reason, I want to thank him. After taking that measure, we have to finance Kshs50 billion from domestic borrowing, which is fairly expensive.

I expected the Minister to trim down our expenditure, maintain and control wastage. That is

what we have to do. In the report that was given on the Civil Service reforms, 2004/2005, Kshs34 billion was returned to the Treasury for non-use. This Government, as much as it complains that CDF has no capacity to spend money, most of its Ministries have no capacity to spend. That brings us to a critical point. Do we give the Ministries money that they do not need? Must we give them money which they cannot justify its use? That brings us to the issue of the Parliamentary Budget Office, which will oversee the justification of the allocations so as to minimise the expenditures and live within our means.

For the first time, I am happy that I will not depend on a big brother to feed me, because I will be able to fit in the jacket that I have tailored myself. But we are still financing foreign public debt; 80 per cent of which is odious debt, I thank the Minister for not factoring in any Anglo Leasing type of payments. But how about those payments that were made in the past? How will we account for them? I brought a Motion to this House to interrogate the public debt that was incurred to purchase "air". That Motion was thrown out simply because somebody feared that we were going to open up a pandora's box! But today, I can tell you that the truth will live beyond generations. I want to make another effort to open that pandora's box and save Kenyans monumental amounts of money paid out since Independence. Were it not for the exposure and caution given to the Minister today, our Embassy in the Netherlands would have started paying an odious debt without knowing who signed for it, who implemented it, and what came into this country. Since Independence, 80 per cent of all the debts that we have paid have been dubious. We can use that money to provide essential services. I want to plead with hon. Members that, when that Motion comes before the House, we need to support it so that we can interrogate the debt and pay what is truly ours.

Mr. Temporary Deputy Speaker, Sir, I want to say something about the Fuel Levy. The Minister, in a cunning way, made everybody smile by saying that he had waived the road licence fee. In simple arithmetic, that is only Kshs5,000. If you factor in a few inconveniences in terms of going to queue for the same, it is a maximum of Kshs10,000. But on average, a vehicle that most hon. Members drive will consume up to 15,000 litres per year. If you multiply that with 3.2, it adds up to Kshs47,000 extra. When you minus the net expense for the motorist, it is over Kshs40,000. You cannot plead with a bus owner not to increase the fare. Therefore, the Minister gave a small thing on one hand, and bit off a big chunk from Kenyan taxpayers. Today, a litre of diesel is about Kshs70 per litre. That cannot be sustainable, if you really want us to grow. I want to plead with hon. Members to support me when the Finance Bill comes to the Floor of this House, because I will move an amendment to reduce that to reasonable levels. Kenyans should not be over-taxed. The cost of living will go up. When you increase the price of fuel, everything else goes up.

Mr. Temporary Deputy Speaker, Sir, on average, the Youth Fund amounting to Kshs1 billion translates into Kshs500,000 per constituency. That is a good step towards the right direction. But is that really sufficient? We must appreciate that it is a good thing that has come up. Let us know how that Fund will be administered and what structures are on the ground. We should know who are the legitimate beneficiaries because, in the current Government, a youth is as old as 70 years. So we must know the cut-off age because, to them, a youth is anybody who is 70 years and above. So, we must define the youth. I want the Minister to bring us guidelines. The Fund needs to be monitored, so that the funds could be directed to the right people. A sum of Kshs500,000 has been set aside to rehabilitate village polytechnics. That is a positive thing but, apparently, most of the polytechnics are dilapidated and Kshs500,000 may not be sufficient to rehabilitate them.

Mr. Temporary Deputy Speaker, Sir, it is high time the Government stopped running political systems. If you were elected to govern, please, do so. I am sceptical of the agenda by companies and individuals applying for tax waivers of up to Kshs1 million. We will have a

scenario of business persons queuing into political parties which are perceived to be forming Government, so that they could be donated money for projects of their own choice. We cannot - and we shall never - go back to the dark ages of people carrying briefcases to fund projects of politicians' own choice. What we require is a Political Parties Bill! We must divorce Kenya Revenue Authority from running political parties. We cannot allow that. It is immoral and primitive. This provision is truly supporting that. We must stop that.

Mr. Temporary Deputy Speaker, Sir, I want to talk about the Electronic Tax Registers (ETRs). It is a beautiful agenda. We have been told that, by the end of the year, if you will not have complied, you will never recoup back that item from your Value Added Tax input. There is a fundamental question of the process used to procure ETRs. They were factored in ten times more than their prices in Dubai. The cost of the item is supposed to be taken from the taxpayers' money, so that the Government pays 100 per cent for the same. It should be an item bought by the Government. But does this Government have the capacity to oversee the maintenance of those ETRs?

**The Assistant Minister for Finance** (Mr. Kenneth): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for Mr. Omingo to raise questions about ETRs? His questions were answered conclusively by way of a Question that was asked by an hon. Member. He is now giving some other information which was not part of the answer.

**The Temporary Deputy Speaker** (M'Mukindia): Continue!

**Mr. Omingo:** Mr. Temporary Deputy Speaker, Sir, the Assistant Minister is a brilliant person! He knows that I am talking about the Budget and not Questions. For his information, Questions are not part of parliamentary business. We need to look into the issue of the procurement of ETRs. They were over-priced. By the way, for your information, the taxpayer buys the machine and the Government reimburses. That item is an asset of the Government. Can the Government oversee the maintenance of those programmes? They might collapse and park and somebody will say: "I am waiting for the Government to come and repair the ETR. I will be operating without it." This could be another Anglo Leasing business! We are throwing money out there to enrich particular individuals.

In conclusion, I commend the Minister for stating that Ministers, Assistant Ministers and Permanent Secretaries will have one car. I met a Minister in a rural area going to see his grandmother on a Sunday, driving a GK vehicle with a flag on. Is visiting your grandmother part of Government business? It reminds me of those days when we were going to school for the first time. We forgot and even put on uniforms during weekends! We must control those expenses so that we can live within our means.

With those few remarks, I support.

**Mr Angwenyi:** Mr. Temporary Deputy Speaker, Sir, thank you for giving me a chance to contribute to this important Motion. Right from the onset, I want to thank the Minister for Finance for giving us a very good Budget. We do require infrastructure and employment opportunities for our youth. We need to develop our agricultural production. I believe the Minister has addressed some of those issues properly. However, there are certain issues that I would like him to focus on. The first one is to expand our youth programme. He should increase the Kshs1.5 billion that he has allocated to the youth. He can do so in the revised estimates. We have unemployment rate of 60 per cent in this country. Many of our youths are lying idle in our streets and homes. I wish the Minister could come up with a programme where our youths could be engaged in public works. University, college and high school graduates should be employed at particular levels. For example, all those who have completed high school at a particular year should be employed and given the minimum wage paid to civil servants. If we employ, at least, 1,000 youths from each constituency, about 210,000 youths will be employed. If you paid them a minimum wage of Kshs5,000, that will cost

us about Kshs1 billion a month. If you multiply that by 12 months in a year, it amounts to Kshs12 billion. If the Minister made available that money, we could employ 210,000 youths in this country. That would absorb so many youths and stop them from being idle. That is not a lot of money! We have seen what happened with Anglo Leasing and Goldenberg. We spent billions of shillings to pay "ghost" suppliers and contractors. I wish the Minister could address that issue. That will be seen clearly, compared to the 460,000 jobs that we have been told were created in the last one year.

Mr. Temporary Deputy Speaker, Sir, I want to address the issue of infrastructure in rural areas. I come from Kitutu Chache Constituency. My constituents are very hard working people. Our women get up at 5.00 a.m. to go to their *shambas*. They stay there until 5.00 p.m. or 6.00 p.m. They produce horticultural and other agricultural products. However, they have no roads to deliver that produce to the market. Why can we not avail adequate resources to those hard working Kenyans? I happen to have gone to Moyale recently. I saw the way those people work. But they have no infrastructure to deliver whatever little they produce to the market. If the amount of money we get from Fuel Levy is used adequately, we can provide a very good infrastructure. By doing so, this country will develop even faster.

Mr. Temporary Deputy Speaker, Sir, I wish the Minister could have addressed the issue of slums, especially in urban centres. If you visit Kibera slums, there are no roads, electricity, central sewerage system and adequate water. Those are Kenyans! Those are our people who live in squalid conditions. Could the Minister address some of those issues? Could he work together with his colleague in the Ministry of Local Government and provide those people with basic services?

Mr. Temporary Deputy Speaker, Sir, if you visit Mathare slums in Kasarani Constituency, you will not be able to eat even if you were offered a meal. The stench from the raw sewage in that area cannot allow you to even take a soda! Those are Kenyans whose plight we must address.

Mr. Temporary Deputy Speaker, Sir, I thought the Government promised to construct 150,000 houses in this country! I do not see any adequate allocation for that project in this Budget. In fact, I was promised that, if they constructed 150,000 housing units in this country, about 5,000 units will be in Kisii Town, which happens to be in my constituency. I cannot see that money allocated in this Budget. Even my friend, Mr. N. Nyagah, is worried because his people live in squalor. There are no houses in Pumwani! They have a problem there, and yet he is the Chief Whip! I wish the Minister could address some of those issues, so that we can solve some of the problems that we see in our constituencies, both in Nairobi and upcountry.

*(Applause)*

Mr. Temporary Deputy Speaker, Sir, the Minister has not addressed the issue of hygiene in urban centres. If you visit most of our residential estates in Nairobi, you will find piles and piles of garbage. That is the case, and yet the Minister for Finance, through the Local Authorities Transfer Fund (LATF), allocates billions of shillings to the Ministry of Local Governments. Could he find out how that money is applied? Why do we have those piles of garbage in our residential estates? If nothing is done, Nairobi is going to pride itself as being "the garbage city in Africa." It will be the worst in Africa, and yet we are allocating a lot of resources to the Ministry. The Minister must talk to his counterpart in the Ministry of Local Government and ensure that Kenyans live in hygienic conditions. He should make sure that garbage is collected and disposed of. By doing that, Nairobi City will become the "green city in the sun!"

Mr. Temporary Deputy Speaker, Sir, I thank the Minister for supporting commercial agriculture. He has zero-rated Value Added Tax (VAT) on wheat. However, he must ensure that duty is paid on any wheat that is imported into this country. That way, we shall protect our farmers.



Mr. Temporary Deputy Speaker, Sir, I wish the Minister could have addressed the issue of payment of taxes by farmers. We could put a limit that farmers who get a turnover of about Kshs5 million per year should not pay any taxes. That will encourage them to invest in farming and better production. If we produce more through farming, which is the backbone of our economy, we will succeed in the fight against poverty.

Mr. Temporary Deputy Speaker, Sir, I cannot wind up my contribution without talking about the tourism industry. Tourism is the fastest growing industry in this country. But we have not allocated it adequate resources to enhance its growth. The Minister, therefore, must find ways and means of supporting our tourism industry. That is where we can create jobs quickly. That is also where we can earn foreign exchange quickly. That is how this country can develop at a faster rate.

Finally, the Minister must allocate adequate resources to security, so that I can travel or walk in Nairobi throughout the night.

With those few remarks I beg to support.

**Prof. Olweny:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to support this Motion. To me, it was more of a political speech than a serious Budget Speech.

Mr. Temporary Deputy Speaker, Sir, it is true that this country has realised some economic progress since the 2002 general elections. That is when the NARC Government came into power. Some projects that collapsed during the Moi regime have been revived. Today, Kenya Meat Commission (KMC), Kenya Co-operative Creameries (KCC) and a few irrigation schemes have been revived. But I am sceptical about the creation of employment. I know that someone can argue that employment has been created by the revival of some of those projects. This Government claims that it has created new jobs but this is not true. We have a persistent problem of unemployment in this country and there is no indication that 500,000 jobs have been created within the last one year or so.

Mr. Temporary Deputy Speaker, Sir, even though a number of projects have been revived, what has this Government done about Kisumu Cotton Mills (KICOMI)? What has this Government done about the cotton ginneries in this country? What has this Government done about Miwani Sugar Factory? This was a major project which former President Moi pulled down. This Government has left these projects to stall despite promises to the contrary by President Kibaki when he was campaigning for the presidency. As a result, we shall have nothing to tell our electorate next year when President Kibaki will be campaigning again. In fact, this will work against him.

Mr. Temporary Deputy Speaker, Sir, there is a lot of insecurity in this country, and especially in the rural areas. People are being attacked and maimed in the rural areas. In my constituency, the situation is terrible. I have complained to the PC, DC and the police, but we still have problems of insecurity, and yet so much money is being allocated to the Office of the President which is in charge of security in this country. I wish some of that money could be diverted to the Ministry of Agriculture.

Mr. Temporary Deputy Speaker, Sir, if you look at the most recent scandal that we had in this country concerning the two Armenian brothers, one wonders why the Government has to hire thugs, terrorists and drug traffickers to help it do its dirty jobs in this country. Since when was this Government allowed to use hooded persons to raid media houses? Which section of our law allows this kind of activity to take place? This issue touches on terrorism. If a security officer is carrying out an operation, he is supposed to identify himself properly instead of doing his job as a terrorist. That promotes terrorism and we should not allow this to happen. We must tell the Minister in charge, Mr. Michuki, that if he cannot do things the right way, we have younger people who can do a better job in this Ministry. The President can even appoint Mr. Mungatana to take charge of this

Ministry. I think he is such a young and brilliant man and he can do a better job than the old guards whose time is gone. I know I cannot be made a Minister since I am so critical of the Government.

Mr. Temporary Deputy Speaker, Sir, this Parliament came up with the concept of Constituency Development Fund. This is one of the best things that ever happened in this country. I wish we had started it 30 years ago. Had we done so, today Kenya would be compared to other developed countries. The CDF has taken development to the people instead of keeping money in the line Ministries which then return the money to the Treasury at the end of the financial year, having not known what projects to spend the money on. Given the achievement of the CDF within the last two or three years, Members of Parliament were right to propose an amendment to the Act, so that instead of us getting 2.5 per cent, we get 7.5 per cent.

What the Minister indicated to us in the Budget was a joke. We will still push for what we wanted because that is the money that goes to Kenyans. We do not want this money to be kept in the Treasury where it is not beneficial to *wananchi*. At the end of the day, that money which is kept in the Treasury and line Ministries is used for corruption. That is the money that is used for scandalous corrupt deals like Anglo Leasing and others in this country. I would like to remind the Minister that even though he gave us a small increment, we will still insist on our 7.5 per cent and it will be a hot issue in this House.

Mr. Temporary Deputy Speaker, Sir, this Minister has shown that the Government is very unfriendly to the Ministry of Agriculture, and yet that is where the real development for this country is. Our economy is agriculture-based. Most of our industries and factories are directly linked to agriculture. Former President Moi inherited a thriving agricultural sector which the late President Kenyatta inherited from the colonial government. Former President Moi pulled the agriculture sector down. He left it crumbling and crippled. The NARC administration promised that they would do better, but today, very little has been done. There is a lot to be done.

In this Budget, the Minister has allocated only Kshs5.2 billion for the Recurrent Budget and only Kshs3.6 billion for Development Budget for the Ministry of Agriculture. That is not adequate. Various projects are still limping.

Mr. Temporary Deputy Speaker, Sir, the Minister seems to be a good enemy of the sugar industry. President Kibaki promised us that he would revive Miwani Sugar Factory and that he would make sure that some of the heavily indebted sugar companies have their debts restructured. To date, nothing has been done. After all, the Sugar Development Levy Fund (SDLF) is kept in the Treasury. Millers who want that money cannot get it. In my constituency there is Muhoroni Multi-purpose Co-operative Society and the Sugar Belt Co-operative Union which applied for the SDLF money, but three years down the line, they have not got it because the Treasury has failed to release the money. The Minister is playing around with the SDLF.

The Minister should tell the President that come next year, he will not get votes from the sugar-growing areas. That includes the whole of Luo Nyanza and Western Province. He is playing around with our lives. The SDLF was part of an effort to control sugar importation. What the Minister is proposing in the Budget is actually promoting importation of sugar which is affecting our sugar industry negatively. We will not accept it and we will come out fighting. All the MPs whose constituencies have been affected will come out and fight against efforts by the Minister to cripple the sugar industry.

Mr. Temporary Deputy Speaker, Sir, the Kenya Anti-Corruption Commission (KACC) is one of the most ineffective institutions in this country. The KACC relies on rumours written in the gutter press. For example, there was a time they alleged that I had been bought a car by an Asian. The KACC has been following that issue for the last one year. There was also another rumour that I am still on the payroll of Maseno University. They are also still following that issue. There was also a time they alleged that I had a company called Bedrock that is doing business with Chemelil

Sugar Factory. They are also still following up that issue, and yet they can just go to the Attorney-General's Chambers and find out who owns that company. They also alleged that Chemelil Sugar Factory gave me a farm, whereas I bought that farm with money that I got from Mr. Ojode's SACCO. This is one of the most useless institutions in this country. The money that they are earning should be withdrawn.

With those few remarks, I beg to support.

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Mungatana): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to make my short contribution to the Budget Speech. I would like to start my contribution by, first of all, congratulating the Minister for Finance for all the measures he has proposed in the Budget in order to bring further development to our country.

I urge hon. Members who may be opposed to certain measures, as we contribute to the Budget Speech, to remember that we are reaching for higher ideals and in this case, they are national ideals. I urge hon. Members, and in particular, Mr. Billow to know that we are fighting for this country. Hon. Members should help us if there are problems. Hon. Members should not criticise the Budget Speech for the sake of criticising it, as another hon. Member correctly put it.

Mr. Temporary Deputy Speaker, Sir, I would like to touch on one issue.

**Mr. Muturi:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for Mr. Mungatana to purport to criticise another hon. Member who is not in the House, on matters that are not before this House at this point without bringing a substantive Motion?

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Mungatana): Mr. Temporary Deputy Speaker, Sir, I will not respond to that point of order because Mr. Billow criticised the Budget Speech a lot.

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Order! We know that Mr. Billow was the Official Opposition spokesman who replied to the Budget Speech this morning. Therefore, any hon. Member is free to comment on whatever Mr. Billow said.

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Mungatana): Thank you, Mr. Temporary Deputy Speaker, Sir. All I am saying is that we should also look for possible solutions as we criticise the Budget Speech for the benefit of our country.

I congratulate the Minister for Finance because for the first time since Independence, we have had a provision in the Budget, specifically for the settlement of the landless people. The Kshs400 million set aside for the settlement of the landless is a measure that should be supported. There are some parts of this country, and in particular, the coastal area, that have a big problem with regard to the settlement of squatters. We, the people from Coast Province, have had historical problems since Independence. No funds have been factored in the Budget to settle squatters. This money should be availed to particular areas such as Coast Province where the problem of squatters is rampant.

Having said that, I would like to say something on certain issues that have been raised in this House. The issue of governance has been raised and repeated in this House by hon. Members. We have had problems with scams that touch on mismanagement of public funds. From the Government side and in particular, from our Ministry, we appreciate what the Minister for Finance has done for us. Together with the other agencies we work with, the Minister made a specific announcement that he intends to increase the manpower in the Attorney-General's Chambers. This means that more prosecutors will be available. He also intends to increase the number of Judiciary officials. This means that there will be more judicial personnel and, therefore, quicker dispensation of justice.

The Minister for Finance further said that he will allocate more money to the national action on anti-corruption. This is a positive development which should be hailed. As far as the

Anglo Leasing and Finance Company scam is concerned, the Minister for Finance said that he will lay on the Table of this House, a Debt Management Bill which will address debts that have been raised here and those that we have read about in the Press. Some of those debts arose from the previous security contracts that were authorised and were supposed to be paid for but have not. The Minister said that, that Bill will be laid on the Table so that as a House and as Kenyans, we will get a chance to examine what ails our public debts and the measures we can put in place so that these things do not happen again.

Mr. Temporary Deputy Speaker, Sir, the Minister for Finance also talked about governance. I believe that the proposed Bill that will be brought to this House will deal with the issues that we have raised here.

Again, I congratulate the Minister for mentioning something about the youth. We have talked a lot about unemployment. However, there is a specific item in the Budget about the Youth Enterprise Fund. All of us are happy about this.

As we talk about the 36 per cent unemployed youths in our constituencies, let us come up with proposals on how the fund should be used to benefit them. Devolved funds have also been made available. For example, the Local Authorities Transfer Fund (LATF) and the Constituencies Development Fund (CDF) have been increased, although not to our expectations. Maybe, it is time we sat and asked ourselves what we, as hon. Members, have done in our constituencies. How many job opportunities have we created with the funds we have provided? How many youths have we employed? If all of us can account for employing directly ten or 100 people, we would make one step ahead. I think the effort the Minister for Finance has made towards this end will not be lost.

Mr. Temporary Deputy Speaker, Sir, the poor state of our roads has been raised in this House. This issue has been raised again and again by various speakers. I would like to say that all of us are affected by the poor state of our roads. However, we inherited an economy that has had its fair share of trouble.

I congratulate the Minister for Finance because in his Budget Speech, he proposes to increase in the medium term allocation, roads-infrastructure funding from Kshs81.7 billion to Kshs126 billion in the 2008/2009 Financial Year. We pray that the rural areas will be favoured in the actual allocation. Again, as leaders, we can come together and ensure that the roads we prioritise, especially in the rural areas, are well taken care of.

Mr. Temporary Deputy Speaker, Sir, something has been mentioned about our prisons. We have been told that it is not a good thing to plan for the expansion of prisons, when, in fact, there are other things which we can do. Indeed, the hon. Member who said that was correct. We have a plan and we will be releasing the details soon. So many of the petty offenders will no longer be congesting our jails. This will be in line with the bigger development goals of releasing funds towards development issues.

With those few remarks, I beg to support.

**Mr. Weya:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to say one or two things with regard to the Budget Speech.

The Government has been saying that it has increased its revenue collection. One of the reasons why the revenue collection has increased is because this country has no money laundering laws. For example, in the building industry and the stock exchange, people are coming to invest in this country with illegal or black money. Some former corrupt Government officials are now bringing in money which they looted from this country back into the economy, which is really boosting our economy.

As a Kenyan, if you go to invest outside, for example, in South Africa or England, you will be scrutinised to find out where you got your money from, how you attained the money and whether you are a clean person. In this country, anybody can walk in and transfer huge sums of

money into banks. When the NARC Government took over power, there was a bank where Kshs2.5 billion was transferred at once, wired into an account and all of a sudden, the matter became quiet. That shows that the Government is allowing illegal money into this country.

I am glad that the Minister has now targeted the housing industry and he is also looking into the stock exchange to find out how he can collect revenue from the institutions, which are currently not paying taxes because people are hiding behind proxies and lawyers while they are investing illegal money in this country.

Mr. Temporary Deputy Speaker, Sir, I was surprised when I looked at this year's Budget Speech. In the last two years, two roads in my constituency have been earmarked to be financed by the Government, namely, Road C28 and Road C29. For the last three years, the Minister has been mentioning Rang'ala-Siaya, Siaya-Bondo and Siaya-Usonga roads. All of a sudden, the figures that were put in the previous Budgets have disappeared from this year's Budget. Is this because the people from that region did not support the Government during the referendum or they do not support the Government?

All Kenyans pay taxes. When a Government has promised its people that it is going to construct a certain road and all of a sudden the figures disappear from the Budget, there must be concern from the legislators. What is the Government doing? We know that the Government has given an average of Kshs11 million to each constituency. This money will make roads sketchily in the constituencies. Instead of finding ways and means of getting money to tarmack a 40-kilometre road in each constituency and repaying the money over a period of ten years, we will spend Kshs11 million and make sketchy roads, which after a while, will be worn out.

Mr. Temporary Deputy Speaker, Sir, the Kshs11 million should be paid towards a loan that can be used to tarmack a road properly within a constituency, so that we have something to show for it after ten years as opposed to a road that will be graded every year and there is nothing to show for it after ten years. For example, if you spend Kshs110 million to construct a road and repay the money within a period of ten years, you will have something to show after ten years. We should then allow the constituencies to charge tolls on those roads, so that they can collect revenue.

We can even privatise some of the roads in this country, so that the Government does not spend money year in, year out, to construct roads. We should give these roads to investors who can look after them and collect their revenues back. These are some of the things we should be looking at instead of the Government thinking that it is in the business of doing roads. Some of these roads should be privatised and they can be there for posterity. We should even have contracts where over the years, say over 25 years, the roads can now revert back to the Government and we can use them freely after the investor gets his money back.

Mr. Temporary Deputy Speaker, Sir, there is a problem of co-ordination between the Constituencies Development Fund (CDF), Local Authority Transfer Fund (LATF) and line Government ministries. It is a problem that even the Minister brought up. It is an issue of concern because even us, hon. Members of Parliament, when we are in our constituencies we attend our District Development Committees (DDCs) meetings and departmental heads are not able to tell us which projects have been brought up in the constituency in that financial year, their progress and how much money has been spent on the projects within the constituency. I attend DDC meetings and the only reports I get are from the Ministry of Roads and Public Works because they are up-to-date and they tell us which roads they are doing within our constituencies, how much money they are putting on those roads and they even advertise in the newspapers across the country so that we know that money is being utilised and where it is utilised within the country.

Why can these other line ministries also not give us reports as Members of Parliament on how they are using money in our constituencies, which projects they have initiated in the constituencies and their progress?

Mr. Temporary Deputy Speaker, Sir, sometimes we attend meetings with donors and they tell us that they are in our constituencies undertaking certain projects under the Office of the Vice-President and Ministry of Home Affairs, which are empowering families to be able to look after orphans. I come from an area where HIV/AIDS orphans are of huge concern and if we cannot address this issue, then I foresee a serious problem.

The other day I was in a DDC meeting and they were returning about Kshs5 million to the Ministry of Health, from the Global Fund, saying that they did not have the capacity to use this money. As Members of Parliament, we feel hurt when money is being returned from our districts back to the Government and being told that we were not able to utilise these funds and yet you find orphans in the constituency. You find that there are homes which are being run by 12 year old children and yet the Government is telling us that they are returning this money from the districts back to the Treasury. It is very embarrassing for that to happen and as leaders, we should be concerned.

Mr. Temporary Deputy Speaker, Sir, on this money for the youth that is being given out in the Budget this year, I think it would be important that we, Members of Parliament, should be involved on how this money is given out at the constituency level. We are hon. Members of Parliament and we know what is happening in our constituencies. If this money is not given right down to the constituency so that it goes down to the right people, you will find that it will be just spent in town and cities and the youth in the rural areas will not benefit.

Mr. Temporary Deputy Speaker, Sir, last year the Government gave Kshs250 million for the cotton industry. Out of this money, Kshs50 million was given to the Kenya Agricultural Research Institute (KARI); Kshs60 million to some five civil servants in a secretariat; Kshs1.5 million to each district; and, another Kshs50 million for inputs. We wonder where these inputs are because I come from a cotton growing area and when I tried to find out how this money assisted my farmers, I saw nothing. I was surprised the other day to see that in Meru they were producing 6,000 tonnes of cotton whereas in my constituency, I do not know how many tonnes of cotton is being produced. That shows that this money went into one area to assist farmers, whereas in other areas where cotton is grown, nothing was given to the farmers. This year, the Government has given another Kshs250 million but it has not called stakeholders to find out where and how this money should be utilised.

The Government has employed 400 graduates as extension workers and you find that some of them do not have expertise in some of these areas. They have been put in Government offices with no motor vehicle or motor bikes and no money to move. You find that they just sit there and rot in the office since they are not able to go and assist the farmers. Why should we not give this money to institutions which have the capacity like, for example, ginneries? The ginneries we have right now are outdated. Technology has changed. We need electric ginneries whereby you put in the cotton right now and by evening when you go to sleep, you are going out with a sheet or a blanket. Technology has changed such that where you process your cotton is where you spin it and you get the end product. That way, value is added. So, if we can have this kind of system, we will not have Kenyans wearing second-hand clothes. Do you think Kenya is a society where we should be wearing second-hand clothes? Why should we be a second-hand society? Why should we not be wearing new clothes? Why should we be buying clothes produced in China, sold in America and then sent back to some of us in Africa? Are we serious with what we are doing? We, as Kenyans, should not be a second-hand society!

*(Applause)*

We should be a first hand society. Tanzanians and Ugandans who are our neighbours are producing

more cotton than us and, yet, we say our economy is doing better than theirs. Why is it that we are unable to produce sufficient cotton for the AGOA market?

Mr. Temporary Deputy Speaker, Sir, the Minister said that the Government has set aside Kshs400 million for resettlement of victims of tribal clashes. He said land would be purchased for resettling those people. It is sad that a politically-correct individual has already negotiated with the Government to buy his land. From the information in our possession, there is a farm in Molo District which will be sold to the Government at Kshs320 million instead of Kshs120 million. That is where the Government is planning to resettle victims of tribal clashes. Who will benefit in the long run? Definitely, it is the owner of that piece of land because he will make a whooping Kshs200 million profit. If you scrutinise the Printed Estimates, you will see that politically-correct individuals have already negotiated to sell their pieces of land to the Government at very high price. This is of great concern to us and we need to get independent valuers. They should value that land and establish its owners. We want this exercise done in a transparent manner. We should not just fix a figure for the sake of it. How did they arrive at a sum of Kshs400 million for resettlement of squatters?

Mr. Temporary Deputy Speaker, Sir, the Kenya Anti-Corruption Commission (KACC) is hiding behind a wall. We are financing them from this House and yet, we are not getting results. We are told cases are being investigated for two to three years. Something should be done to ensure those cases do not drag on for too long.

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

**The Assistant Minister for Health** (Mr. Moroto): Asante sana, Bw. Naibu Spika wa Muda, kwa kunipa fursa hii ili nichangie Hoja hii kuhusu Hotuba ya Bajeti ya mwaka huu. Kuna wimbo unaosema: "Ombea adui yako aishi maisha marefu ili aone baraka ambazo unazopewa na Mwenyezi Mungu". Waziri wa Fedha aliposoma Bajeti ya mwaka huu aliwapa Wakenya wengi matumaini ya maisha yao ya sasa na siku za usoni.

Bw. Naibu Spika wa Muda, kwa miaka mingi, jamii ya wafugaji haijashughulikiwa na Serikali yetu. Sisi kama Wakenya tulijitahidi sana kupigania Uhuru wa nchi hii na hatimaye tukaupata. Lakini tulipoanza safari ya kuendeleza shughuli za nchi hii, baadhi ya viongozi walituzuia kupata maendeleo. Tumeomba sana Serikali isaidie jamii ya wafugaji na inaonekana kwamba Mwenyezi Mungu kwa wakati huu anayasikiliza maombi yetu.

Bw. Naibu Spika Wa Muda, jamii yetu imegawanyika katika vikundi kadha wa kadha kimaendeleo. Kuna kikundi cha juu, kati na chini. Ombi letu kubwa kwa Serikali hii ni kuhakikisha ya kwamba pesa ambazo zimetengewa sehemu kavu za nchi hii zinatatumiwa kikamilifu. Tukitumia pesa hizo vilivyo, watu wetu watafaidika sana.

Bw. Naibu Spika wa Muda, mzozo uliotekea katika Kaskazini mwa Bonde la Ufa kati ya wafugaji ulisababishwa na upungufu wa mahitaji ya kimsingi ya wakaazi hao na mifugo wao. Mara nyingi, wakaazi wa West Pokot na Turkana huhama hadi Uganda na mifugo wao kutafuta maji na lishe bora. Ingawa Uganda imekuwa na matatizo kadhaa lakini watu wetu bado wanakimbilia huko kutafuta usaidizi. Huu ndio mwanzo na ndio maana ninasimama hapa kumpongeza Waziri kwa kufikiria wafugaji katika Bajeti yake.

Jambo lingine ambalo ningependa liangaliwe ni elimu. Ingawa Wizara ya Elimu imetengewa fedha nyingi katika Bajeti hii, watu wetu katika Kaskazini Mashariki na Kaskazini mwa Bonde la Ufa wanazidi kuhama na mali yao. Watoto wao hubaki wakihangaika kusoma. Kwa hivyo, tungependa shule za mabweni zianzishwe katika sehemu hizo ili tupate kufurahia matunda ya nchi hii.

Bw. Naibu Spika wa Muda, kulikuwa na ukame mkali ambao uliangamiza mifugo wengi. Huo ndio utajiri wetu katika sehemu hizo. Ningependa kuuliza Wizara ya Elimu ijaribu kupunguza karo za shule, hasa katika sehemu kame ili kuwahimiza wazazi kuwatuma watoto wao shuleni. Pia

ningeomba Serikali igharamie karo za shule kama vile wanavyogharamia chakula cha msaada ili watoto wetu wasikose kusoma na wapate haki yao. Ningependa kuwashukuru sana wadhamini mbali mbali kama makanisa na mashirika yasiyo ya Kiserikali (NGO). Mashirika hayo yametusaia sana katika kupambana na ukosefu wa chakula na mahitaji mengine. Vile vile, yamechangia sana kuleta maendeleo katika maeneo hayo na kuwapa watu wetu moyo wa kuendelea kuishi.

Bw. Naibu Spika wa Muda, pia ningependa kumpongeza Waziri wa Mifugo na Usitawi wa Samaki kwa kuanzisha rasmi kiwanda cha Kenya Meat Commission (KMC). Wakati Waziri alisema kuwa KMC itanza kufanya kazi, tuliichukulia kama ndoto ama hadithi za kawaida ambazo unasema na kusahau. Lakini tuliona jana walipokuwa wakijaribu kuonyesha mifugo wakichinjwa, tulilala fo fo fo bila wasiwasi wowote kwa sababu tunaona kuwa maisha yanaanza kuturudia.

Ningependa kumuuliza Waziri, ninajua kuna kituo kimoja kule Lokichoggio, afungue kituo kingine katikati ya Turkwel na Kainuk ili tuwasaidie wafugaji wa Turkana na West Pokot. Anaweza pia kufungua vituo vingine kule Kaskazini Mashariki. Hatuna rasilimali nyingine kama mahindi ambayo yanakuzwa katika sehemu zingine za Kenya. Rasilimali yetu ni mifugo na ndio maana ninafurahi kuona vile Serikali inavyoshughulikia maslahi yetu. Tunajua kuwa maombi ya mnyonge yanaweza kujibiwa. Kwa hivyo, ni jukumu letu kuwaunga mkono na kuwapa moyo ili waendeleo kuishi.

Bw. Naibu Spika wa Muda, ingawa tunaipongeza Serikali, ni vizuri kuikosoa mahali ambapo imefanya vibaya. Kwa mfano, hali ya usalama katika nchi yetu imedhoofika. Hivi majuzi kulitokea hali ya taharuki juu ya wale ndugu wawili wa Kiarmenia. Hatujui walivyokuja hapa nchini na walifanya kazi gani. Hata hatukujua walivyofurushwa kutoka humu nchini.

Bw. Naibu Spika wa Muda, mnamo tarehe 15 mwezi huu kuna jambo, ambalo hatujui lilipangwa na nani, lililotokea kule Chepsoina, Trans Nzoia. Jamii ya wafugaji walivamiwa na askari wa jeshi na polisi wakiandamana na askari kutoka nchi jirani ya Uganda. Askari hao walikusanya ng'ombe zaidi ya 500 ya wafugaji na kuwapelekea watu wa Uganda. Waliwaambia watu wa Uganda ni ng'ombe wao waliokuwa wamepotea. Sijui walitumia sheria gani kuchukua hatua kama hiyo. Ni watu kama hao ambao wanaweza kuitia dosari Serikali ambayo watu wanaifurahia. Utaona kwamba mtu anaamka na kuchukua hatua fulani bila idhini ya Serikali. Wakati mwingine watu wanasema Raisi anajua kuhusu hatua hii au ile. Lakini ninafikiri ni wazimu wa mtu fulani, ambaye anaamka na kusema anaweza kufanya jambo lolote. Kwa hivyo, ningependa kuungana na Wakenya wengine waliolaani vitendo vya watu ambao wanahujumu sera za Serikali kutoka ndani.

Bw. Naibu Spika wa Muda, pia ningependa kuishukuru Serikali kwa kubuni hazina ya CDF. Miradi ya CDF imeanzishwa katika kila kona ya nchi. Pia kuna hazina ya Local Authorities Transfer Fund (LATF) ambayo inawasaidia wananchi.

Pia ninaungana na wenzangu waliogusia hazina ya vijana. Ili hazina hii itumike vizuri ni lazima itumie mipangilio ya CDF. Hii ni kwa sababu katika kila sehemu ya uwakilishi Bungeni vijana wake wajulikana vizuri. Hatua hii pia itawezesha usawa katika ugawaji wa mali katika nchi hii.

**Prof. Oniang'o:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Budget Speech. As I have always said, it is only a speech since the taste of the budding is in the eating.

I was away when the Budget was delivered this Year. I was in Nigeria attending a fertilizer summit for heads of states and Ministers. Kenya was not represented at the Ministerial and head of state levels. I took time, as a responsible leader, to write a letter to the Minister for Finance. I realised that this was going to be his inaugural speech, as the Minister for Finance. I wished him



luck, and told him to address the issue of the ever increasing gap between the lowest and highest paid public servants. I did not know that he was going to be as innovative as he was. In fact, he targeted the very commodity which impoverishes many Kenyans. That is petroleum.

Mr. Temporary Deputy Speaker, Sir, in Nigeria I noted that fighting corruption pays. The Nigerian Government has a woman Finance Minister, who is very tough. She can tell you how much money they have returned from overseas, and how much savings they have made through fighting corruption. The Nigerian Government holds public and Press meetings to inform its citizens, through a consultative process, about proposed measures before the Budget is delivered.

I would like to urge our Minister, who has one more Budget to deliver next year, to conduct a public consultative process that will involve Kenyans in Budget making. This is necessary because we cannot change the Budget once it is delivered. In that way, we will take care of the concerns of all Kenyans.

Mr. Temporary Deputy Speaker, Sir, I am a mother and realise that all children must be taken care of. We must take care of those who are neglected. I want to compliment the Minister because he ventured into areas which have not hitherto been addressed. I also want to compliment him for tackling an issue that was of my concern. There are very many rich Kenyans who would like to assist disadvantaged children. It is good that there is a tax rebate on donations for charitable purposes.

Another issue of concern is the amount of money spent on Ministers. They have very many cars and drivers. With a bloated Cabinet, this extravagance is becoming scandalous. I am happy to see that the Minister is addressing this issue. The Minister should remove the VAT on wheat. Kenyans eat *chapatis* as a matter of luxury. They eat bread as a matter of luxury too. I would have liked to see him lower the price of maize meal because that is our staple food. We have been talking of a "pro-poor Budget" and, in fact, many Kenyans hailed this one as a "pro-poor Budget."

Mr. Temporary Deputy Speaker, Sir, let me tell you something about urban poverty. My relatives live in slums and so I go there often. I have even done research in the Kibera and Korogocho slums. When it rains, you will not want to walk or drive there. There are two million people living in the slums of Nairobi. It is truly a sorry state. When you go out every morning, you see Kenyans walking to Industrial Area to look for jobs. These people cannot afford transport. Now, there will be more Kenyans walking to work. We are not going to have middle-class income earners in this country because all of them are now reeling in poverty due to the increase in the cost of fuel. They cannot even afford to drive. So, clearly, this was not a "pro-poor Budget" because the poor have been left out and everything is now going to be expensive. Kenyans have been crying even before the Budget was read.

I do not know what crime farmers have committed to warrant the punishment that they are being given. Farmers feed us every single day. We eat food every single day. Food is the largest traded commodity in the world. It comes from farms and not from the skies or air. What have we done? We have taxed farmers more. I come from western Kenya and I do not know for how long we shall keep on talking about the plight of sugar-cane farmers. If our farmers went off sugar-cane growing - our land is the most prime land in this country - we will not need to import any maize in this country.

Mr. Temporary Deputy Speaker, Sir, I know that you are aware of this fact because you have spoken about it before. I want to appeal to our farmers: "For once, take things into your hands. Nobody has forced you to grow sugar-cane." Why is it that sugar-cane farmers have to go on financing the national Budget? That is not fair at all.

If you went to countries like India, farmers are a strategic group. The policy there is that you have to feed your nation before you export. In India, farmers do not pay tax. It is small scale farmers who actually feed Kenya and, therefore, we should not tax them. It is not right that we

continue to impose taxation on them and impoverish them until they cannot even afford secondary school fees for their children.

Mr. Temporary Deputy Speaker, Sir, you heard that this was a "pro-poor Budget", but look at our secondary schools. Even the Permanent Secretary in the Ministry of Education said that education in Kenya is too expensive and that is why our children are now going to study in environments which we are not sure of. When they come back, we expect to develop as a nation.

I want to congratulate the Minister for Finance, but I would also like to tell him that he has one more Budget to read next year. Let him be more innovative when that time comes. If I were him, I would scrap all the anti-corruption bodies. I remember that time when we were discussing the Director of the Kenya Anti-Corruption Commission (KACC) in this House. I argued that he was going to earn Kshs2.5 million per month! That is a salary earned by one person and it is more than what the Prime Minister of Canada earns! What have we got now from KACC three years down the line? Absolutely nothing! What do we want to target?

Mr. Temporary Deputy Speaker, Sir, for the first time, I am earning an MP's salary. However, I can tell you that I support a whole village. So, if my salary is taxed the people who depend on me will not benefit. The money will go into the national kitty and the people who depend on me will not benefit. Yes, some Kenyans are applauding the proposal that Members of Parliament should be taxed. If you see this month's payslips of Members of Parliament, there is absolutely nothing in them. I am aware that so many people depend on us. We may be the only ones who earn a salary that is worth talking about in the village. So, if you put it in the national kitty--- I think that on that point the Minister wanted to be populist and it is not right. We have other Kenyans in the public service who earn a lot of money, but they never share out that money. So, I hope that, next year, he will stop being populist and instead be rational and professional so that he can give all of us a Budget that we can be proud of.

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

**Mr. G.G. Kariuki:** Mr. Temporary Deputy Speaker, Sir, I rise also to say some few words on this Motion. First of all, I want to thank the Minister for Finance for his Speech. I believe he has the future of this country at heart. Most of the things he has proposed are very good for this country.

However, what the Minister did not actually say in his Speech is how much money has been taken out of this country through corruption. In the last three years, we were told about this money by the former Minister for Justice and Constitutional Affairs. He said there was about Kshs600 billion stashed in foreign accounts. This money was taken away through corruption. Later on, we were told that about Kshs300 billion is out of this country and that the Government was making arrangements to recover it. We were also told that about Kshs70 billion had been located outside the country and that there were arrangements to recover it. I would like to know from the Government what amount we expect from outside the country. Why should the Government treat the people of this country like they do not have brains? The Government has been in power for the last three-and-a-half years and yet, it does not seem to know how much money is stashed in foreign accounts. No paper has ever been circulated to the people of this country by this Government saying how much money was stolen through corruption and that it is trying to bring it back with the support of either the World Bank, International Monetary Fund (IMF) or other institutions of international nature. We do not have information on it. We need this matter to be clarified in the next Budget. Kenyans should know whether they will ever recover this money.

Mr. Temporary Deputy Speaker, Sir, time has come for the Government to realise that with the freedom of the media and that of hon. Members, it will not be possible to hide anything from the public. I hope the Assistant Minister, who is here, has taken note of that. We need to know exactly how much money has been taken out of this country, and even the property. We have

several ambassadors in foreign countries and they are capable of knowing who bought what in their respective countries like England, United States of America or Namibia and so on. But here we are just told "wait and see"; I do not know what to see.

Mr. Temporary Deputy Speaker, Sir, the other point that needs to be stressed here by all of us is that we must create institutions which will outlive the human being. We must outlive the leadership. This country is doing badly because there are some people who have become institutions by themselves. We have to make sure that the President of this country is not beyond the institution of authority. We have to maintain institutions which are going to be beyond the leadership of an individual. For example, look at the country today. We are almost getting there because the system is working. That is why no matter how much noise our politicians make, it does not affect our shilling; it does not go up or down. I think the people of this country are mature enough to separate between the two issues; politicking and real Government programmes. This is a credit to our people.

Mr. Temporary Deputy Speaker, Sir, another point that I would like to address is that the Government must now address the insecurity situation in Laikipia District. We have a problem there and the Government does not seem to understand or it is deliberately ignoring it. Only yesterday, an Anti-Stock Theft Unit (ASTU) officer was killed. Many people have lost their lives since 1998. Why? It is because law and order has broken down. It is only in Laikipia District that a group of people can come from another district and settle there at will. I think these double standards need to stop. I have presented information to this Government and nothing much has been done. Time has come for a permanent solution to be found. For us to resolve this matter once and for all, we should remove all illegal grazers who just come with their cattle and graze their animals without fear. I think this needs to be stopped immediately. Security roads need to be done. This is a vast area without adequate road network.

Mr. Temporary Deputy Speaker, Sir, I would also like to address the issue of distribution of resources in ASAL areas. I would also like to address the issue of discrimination in the allocation of resources in semi and arid areas. In Laikipia District, we are getting nothing, while Baringo and Samburu Districts are benefiting. I think that matter needs to be looked at and addressed properly.

Finally, this point concerns hon. Members of Parliament. It is now time Members of Parliament presented themselves as honourable Members. The interaction of Members of Parliament and diplomats in this country is wanting for many reasons. The Ministers are invited to attend parties thrown by ambassadors. In those parties, we are ridiculed by the same ambassadors. I wonder why the Ministers and other hon. Members think it is so important to attend parties thrown by diplomats.

Mr. Temporary Deputy Speaker, Sir, we have to learn to maintain our dignity. If we want to hold a meeting or a workshop, the Government should finance it. We should not rely on foreign donations. These foreign donations have done us very badly. The content that Kenyans receive from these diplomats during these meetings is very bad indeed.

Mr. Temporary Deputy Speaker, Sir, you must know and I am sure you know that the rank of an ambassador is that of a Deputy Secretary in any government. Some ambassadors are very junior. When they invite Cabinet Ministers, it is like they have been invited by the Prime Minister of Great Britain! We take them so seriously as if we cannot do anything without them. The time has come for us to respect ourselves. You can see the amount of suffering that our people are experiencing when applying for visas; they suffer a lot! The issue of applying for visas has become a very big issue. One application for a visa costs Kshs13,000.

With those few remarks, I beg to support.

**Mr. Ojode:** Thank you, Mr. Temporary Deputy Speaker, Sir, for recognizing me. I will also add my voice on what my colleagues have said on this Budget.

Mr. Temporary Deputy Speaker, Sir, on the very outset, I would agree with some of my colleagues who have said that this is a populist Budget. This is a political Budget because of a number of reasons. You will also agree with me that there are some repetitions which have been done by the Minister. You will remember that in the last two or three years, I think in 1999/2000, we zero-rated duty on computers and its components. I heard the Minister talk about it recently. We also zero-rated duty on tractors and its spare parts. So, there was nothing new the Minister was talking about on the issue of zero-rating duty on farm implements because that had been done a long time ago.

Mr. Temporary Deputy Speaker, Sir, on the issue of fuel, I will not talk about it so much because there is a pending Motion which I will be bringing up for debate that will give powers to the Minister for Energy to control petroleum products. You have once been the Minister for Energy and you are aware that there has been a cartel within the petroleum industry which decides what the pump prices will be like on a daily basis. That is the cartel I want to tame and do away with. I am assuring Kenyans that we are going to make sure that the Minister for Energy gets the authority to set the maximum price for fuel. That is the only way to tame these cartels.

Mr. Temporary Deputy Speaker, Sir, the funding for youth is, indeed, a good idea. Some of these things might be well-intentioned, but the issue of implementation, where the money itself has the capacity to go all the way and trickle down to the ordinary people in the grassroots, must be addressed by this Government. I am seeing a situation where that money can as well be misappropriated as they did with the Global Fund. The Global Fund is still looking for the US\$2.5 million which has not been accounted for to-date. If this money is not disbursed directly to the Constituencies Development Fund (CDF), that will be an exercise in futility because it will be misappropriated by the authorities who are intending to allocate it.

Mr. Temporary Deputy Speaker, Sir, the other issue which my colleagues have spoken about is that of insecurity. Whatever efforts we put in the development of the country will come to naught if we do not have security. This is the first time since I was born to witness a Government hiring terrorists to terrorise its own people. The Armenians are terrorists who were hired by this same Government.

**The Assistant Minister for Lands and Housing** (Mr. Kamama): On a point of order, Mr. Temporary Deputy Speaker, Sir.

**Mr. Ojode:** Mr. Kamama, you are wasting my time. I thought you are my friend!

**The Assistant Minister for Lands and Housing** (Mr. Kamama): Mr. Temporary Deputy Speaker, Sir, is the hon. Member in order to mislead the House by saying that the Government hired terrorists? Could he substantiate?

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, the Armenian project is a Government project. I can substantiate if he wants me to do so. How do we allow Armenians to come into the country, hired by the Government and then later on when we want to investigate them, they are whisked to the airport and flown out to Dubai.

**Mr. Omingo:** On a point of order, Mr. Temporary Deputy Speaker, Sir. The Armenian issue is a serious matter to this nation. We cannot allow an hon. Member to make such serious allegations unless he tables documentary evidence or lets the joint Departmental Committee finish its work.

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir---

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Order! Order, Mr. Ojode! Hon. Members will remember that this matter is already before two Departmental Committees of this House. We may be treading on dangerous grounds by discussing the same issue that is already before the two Committees of this House. So, I would suggest that we do not touch on that matter for now.

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, I agree with you totally that this is---

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Order! Order! For that reason, Mr. Ojode, please, withdraw and leave it at that.

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, I cannot withdraw. That is the fact of the matter.

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Are you, therefore, able to substantiate your allegation?

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, I can substantiate. I have an intelligence report which is highly confidential. This is what the report states:-

"The investigations established that Messrs. Margaryan and Sargasyan are Armenian brothers who arrived in the country on different dates--"

**The Assistant Minister for Health** (Dr. Machage): On a point of order, Mr. Temporary Deputy Speaker, Sir. You gave an order to the hon. Member to desist from continuing with the subject. You actually ordered him to withdraw. He has insisted. Can you then take action?

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, I thought you wanted me to substantiate. That is exactly what I am doing. He might not be aware of what he is talking about. The report continues:-

"Mr. Sargasyan entered the country on his current Passport No.AA0699780 on 13th December, 2005 from Dubai on EK721 at 2020 Hours. It was also established that the names of the two Armenians--"

**Mr. N. Nyagah:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Would I be in order to ask the Chair to look at the authenticity of the document being referred to by the hon. Member, so that what he is saying is not taken up by the Press if the document is not authenticated? Would it also not be in order for him to have the document laid on the Table since he has quoted it?

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, I seek your indulgence. You asked me to substantiate. Let me do just that and then I will table the document so that you can verify its authenticity.

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Mr. Ojode, you realise that you have raised a very serious matter, and that the document you are referring to has to be legitimate. On the basis that I trust the integrity of an hon. Member, I will take it that the document is legitimate and valid. Therefore, please, lay a copy of it on the Table and proceed.

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, I hereby lay the document on the Table.

*(Mr. Ojode laid the document  
on the Table)*

The alleged mercenaries used to visit the General Service Unit (GSU) Headquarters and each time they went there, the commandant was at hand to receive them. Besides, the two men were training the Recce Company on specialised skills. The raid of the Standard Group offices was conducted by the Recce Company and Kanga Squad, directed by the Provincial Police Officer (PPO) Nairobi area, Margaryan and his brother and other two unknown men of Tanzanian origin.

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Order, Mr. Ojode! On the basis of the integrity of hon. Members of this House, I allowed you to proceed. However, the copy of the document you gave me has no heading and does not show what Government department it came from. I think I will stop you from discussing this matter now and look into the authenticity of the letter. I may give you a chance, at a later time, to discuss the matter. However, right now, the document is not authentic.

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, I want to give you some details. This is a highly confidential document written by Mr. Joseph Kamau, the Regional Intelligence Co-ordinator, Nairobi Region, to the Director of Intelligence---

**Mr. Twaha:** On a point of order, Mr. Temporary Deputy Speaker, Sir. The Regional Deputy Director of Intelligence wrote the document on presumption of innocence. If the hon. Member believes that the document is authentic, unless contrary evidence is brought here to show that it is a fake document, I do not think it is proper for us to impute improper motive by saying that it is not authentic.

**Mr. N. Nyagah:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Could we be told whether the Chief Editor of Kenya Times Media Trust is the author of that document because he quoted it? We need to know if the document is from J. Kamau of the National Intelligence or if it is from the Kenya Times Media Trust.

**Mr. Ojode:** Mr. Temporary Deputy Speaker, Sir, the document is authentic and unless someone has contrary evidence, I do not understand---

*(Several hon. Members stood  
up in their places)*

Those hon. Members are wasting my time.

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Order, Mr. Ojode! In any case, your time is up!

**Mr. N. Nyagah:** On a point of order, Mr. Temporary Deputy Speaker, Sir. I am concerned about the standards of this House. The hon. Member has been saying that hon. Members are wasting his time. Is he in order to defy the Standing Orders of this House?

**The Temporary Deputy Speaker** (Mr. M'Mukindia): Mr. Ojode, no hon. Member in this House wastes time. Hon. Members make contributions.

Mr. Manoti, it is your time now.

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

Mr. Ojode, if you do not desist, I will take appropriate action.

**Mr. Manoti:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute to this Motion. Budgets are read every financial year. However, if you try to analyse how the common man has benefited from the Budget, you may not be satisfied.

The road network in this country is very bad and it has made our country very poor. Vehicle owners spend a lot of money in repairing and fuelling vehicles because our roads are very bad.

Mr. Temporary Deputy Speaker, Sir, since the Ministry of Roads and Public Works has been given enough money than what it was given in the last financial year, we hope that our roads are going to be repaired, new roads are going to be constructed and honest contractors will be given the contracts. Many contractors are never paid on time, even after submitting their certificates. One certificate can even accumulate up to four or five times more. If the Government can do that, then our roads will be repaired and constructed.

Mr. Temporary Deputy Speaker, Sir, bursaries that are allocated to secondary schools are never enough. The Ministry should get the total number of orphans in this country, and award them bursaries. There is no logic in giving an orphan a bursary of Kshs6,000, instead of paying the full amount of Kshs24,000. Who will pay the difference? Most of those orphans drop out of school because of lack of school fees. But to assist those needy cases, the Ministry of Education should pay the full amounts for the orphans.

Mr. Temporary Deputy Speaker, Sir, the Kshs3.20 increment on fuel is a very expensive element. It is affecting all *wananchi*. When the price of fuel is increased, everything else goes up. If the prices of all other items are going up, how are we going to assist the *wananchi*? Bus fare from Nairobi to Kisii, which used to be Kshs400, has now been increased to Kshs700. Who is going to pay that money? The cost of a road licence for a semi-trailer was Kshs30,000 per year. But with the introduction of Kshs3.20 per litre of fuel, such people are going to pay Kshs215,000 per year. That is killing business. For a businessman to recover that money, he has to push the expense to the *mwananchi*. The Minister, if he was serious, could have added Kshs1.50. But he added too much. We are not assisting the economy of this country to grow because we are killing the common *mwananchi*.

Mr. Temporary Deputy Speaker, Sir, I do not understand whether the Ministry of Water and Irrigation is a department working in one of the urban centres of Kenya! Is it a full Ministry? Hon. Members who are here can agree with me that, that Ministry is not even known in the rural areas.

### ADJOURNMENT

**The Temporary Deputy Speaker** (M'Mukindia): Order! Mr. Manoti, you will have five minutes in the afternoon.

Hon. Members, it is now time for the interruption of business. This House is, therefore, adjourned until this afternoon, 21st June, 2006, at 2.30 p.m.

The House rose at 12.30 p.m.