

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 20th November, 1996

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.514

NUMBER OF DAGORETTI RESIDENTS ISSUED WITH NEW I.D. CARDS

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

(a) how many Dagoretti residents have been issued with the new second generation identity cards; and,

(b) how many of these have been first-time issue cards and renewals.

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

(a) A total of 39,038 Dagoretti residents had been issued with the second generation identity cards as at 19th November, 1996.

(b) Out of that number in Dagoretti, 36,703 are replacements of the previously held national identity cards, while 2335 are initial registration of the second generation national identity cards.

Mr. Kamuyu: Mr. Speaker, Sir, may I thank the Assistant Minister for that answer. But he should know that Dagoretti has about 250,000 residents and out of the 120,000 registered voters as at the last General Elections, only 39,038 who have been issued with new generation identity cards; that represents about one-sixth or so of possible recipients of both old and new identity cards. It also takes about 6 months after registration before a new identity card is issued. Can the Assistant Minister order, in Dagoretti and indeed, in the whole country that the issuance of new identity cards be hastened? Could it be possible that this is a trick that KANU is going to use to win the next General Elections? Can he order that we have at least two more and one mobile registration centres in Dagoretti?

Mr. Awori: Mr. Speaker, Sir, in the first instance, KANU has no reason nor any wish to use any trick to win the next General Elections. It is so sure of winning that it does not need any trick at all! I am prepared to order the clerks to hasten the issuance of new identity cards provided that the hon. Members encourage the people in their constituencies to come to the registration stations. It so happens that when citizens see that there are no queues, they do believe that they will get their identity cards at any time and so it is only a trickle who come for registration, particularly in hon. Kamuyu's constituency.

Mr. Wamalwa: Mr. Speaker, Sir, the Assistant Minister's ill-conceived overconfidence notwithstanding, could he, seriously give the same order to apply countrywide and make sure that when people fill these forms, they receive the identity cards within a reasonably short period because there are people who registered as long as six months ago, but the cards are not yet ready; even here in Parliament we registered and we have not seen the identity cards yet. If that can happen to us, what about the poor people in remote areas?

Mr. Awori: Mr. Speaker, Sir, the orders and directives will cover the whole nation. Perhaps, I would share this experience with hon. Members. The computerization is still at its initial stage and sometimes, people have got some oils in their hands and when the finger printing goes through the computers, they reject it and that takes time. This is why people have got to wait for up to five months. It is because of the computers.

Mr. Anyona: Mr. Speaker, Sir, I do not know whether this problem is because of the Government or because of the individuals. The Government has come up with a policy that they want people to be issued with new generation identity cards for various purposes including voting. If the Government is not able to register Kenyans and it is not able to tell Kenyans that in view of the fact that they were forced to register, Kenyans can

carry on normally. Can this Government tell us what is going to happen because these identity cards are affecting issues everywhere?

Mr. Awori: Mr. Speaker, Sir, I do not know what the quarell is all about. Hon. Anyona, there is nothing wrong with this Government. The Government is going to ensure that everybody gets an identity card before registration of voters.

Mr. Kamuyu: Mr. Speaker, Sir, is the Assistant Minister aware that out of the 250,000 residents in Dagoretti, about 100,000 are Luhyas who are neither watchmen or cooks. I wish hon. Kamotho was here so that he can apologise to them because they are neither cooks nor watchmen. They cannot afford the Kshs300 demanded by chiefs before they are issued with new generation identity cards. Can he now make a further directive that this bribery and corruption stop in Dagoretti and elsewhere in the country?

Mr. Awori: Mr. Speaker, Sir, the digression will be treated with the contempt that it deserves. The hon. Member knows for instance, that without the Luhya community voting for him in Dagoretti, he will not come here. If he continues to incense me, I will ensure that he does not come back into this House.

Mr. Kamuyu: On a point of order, Mr. Speaker, Sir. I am not a tribalist! Is the Minister in order--- Yesterday, it was confirmed that he is either a cook or a watchman. Is he in order to allude that without the Luhyas or any other tribe, I cannot be elected to this Parliament? I look at Kenyans as Kenyans. All I said was that the Kshs300 which is given to the chiefs must be stopped; and he has not answered that question. Can he address that question now?

Mr. Speaker: Order, Mr. Kamuyu, in the first place, you are the one who brought the Luhya issue into the Question. Let us move to the next Question, by Bishop Njeru.

Question No. 1113

MEASURES TO CURB CRIMINAL ACTIVITIES

Mr. Speaker: Bishop Njeru not in We will skip the Question for now. Next Question.

Question No. 484

DISCIPLINARY ACTION AGAINST HEADMASTER

Mr. Anyona asked the Minister for Education:-

(a) whether he is aware that the Headmaster of Kiareni Primary School in Marani Division of Kisii District refused to allow Master George Nyakundi to sit for Standard eight (8) mock and Kenya Certificate of Primary Education in 1993 and 1994, despite the fact that the pupil had registered for the respective examinations, but instead allowed another pupil (John Mwandani) to sit the examinations in the name of george Nyakundi;

(b) if he is further aware that the said headmaster expelled all the children of Mr. John Nyakundi Bosire, the parent of Master George Nyakundi (standard 7); Dennis Nyakundi (standard 6) and Andrew Nyakundi (standard 5) without cause; and

(c) what disciplinary measures he will take against this errant headmaster and reinstate the expelled pupils.

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

(a) The District Education Officer, Kisii District, has carried out investigations and established that Master George Nyakundi Bosire sat for the KCPE examination in 1993 at Kiareni LSK Centre, under Index number 73142/045 and got the following results:

English	B+
Kiswahili	E
Mathematics	D
Science and Agriculture	C+
Geography, History,	
Civics and Religion	D-
Arts and Crafts	C-
Home Science	C

Master John C. Mwandani was a different candidate, who took the same examination in 1993 at the same centre under index No. 73142005 and scored as follows:

English	B-
Kiswahili	B
Mathematics	B
Science and Agriculture	B
Geography, History, Civics and Religion	A-
Art Craft and Music	B-

(b) The allegations that the Headmaster expelled all the children of Mr. John Nyakundi Bosire from Kiareni Primary School are totally false as the District Education Officer, Kisii, personally confirmed their presence in their respective classes:-

<u>Name</u>	<u>Class</u>
1. Dickson Ooga Nyakundi	5A
2. Jackson Omondi Nyakundi	3B
3. Evans Boy Nyakundi	3B

An hon. Member: Mr. Nyakundi's sons!

The Assistant Minister for Education (Mr. Komora): Yes, they all belong to Mr. Nyakundi. They are all the children of Mr. Nyakundi.

Mr. Speaker: Order, not the two of you!

The Assistant Minister for Education (Mr. Komora): The remaining children are as follows:-

<u>Name</u>	<u>Class</u>
4. Temo Joseph Nyakundi	2C
5. Conceptor Barongo Nyakundi	1B
6. Jacqueline Nyakundi	1B

Two children, namely, Henry Nyakundi and Dennis Nyakundi, who were in Std. five and six, respectively at Kiareni Primary School in 1994 had moved to Nyansongo Primary School without following the normal procedures.

The Secretary of the Kenya National Examinations Council has confirmed that the KCPE results given above by the DEO, Kisii are consistent with the official records

(c) Accordingly, my Ministry's investigations have established that the Headmaster is not guilty of any offence and, therefore, no disciplinary action will be taken.

Mr. Anyona: Mr. Speaker, Sir, that answer is riddled with confusion and contradiction. My question is: The first child was supposed to sit for KCPE in 1993, but he was stopped. He was then again supposed to sit in 1994. Now, the Assistant Minister says in his reply that he sat in 1993. That is the first confusion and contradiction. The second point is that, these children were expelled at that time. He says that two children went to another school against the correct procedure. Why did they have to do that? Because they were all expelled.

When were the investigations, on which this answer is based, done? The Question was filed at the beginning of 1995. It has been waiting for more than a year. So, my question is this--- and I have a heap of correspondence which I will bring here on Tuesday to prove my allegation. Can the Assistant Minister produce evidence here of the investigations that lead to these answer? What investigations were done? I will table the documents here next week to prove that what I have said here is correct.

Mr. Komora: Mr. Speaker, Sir, if the hon. Member has got details which will help us find out what happened at the time, we will be glad to look at them, and we will come to the House. But as of today, and according to the "on the" spot inspection done by our DEO, these are the facts, as I have portrayed to the House.

Mr. Speaker: Final one, Mr. Anyona.

Mr. Anyona: Mr. Speaker, Sir, maybe, the matter will become clearer when I table these documents. In those documents, the DEO himself was asked by the parent to intervene, but he did not intervene, he supported the teacher against the parent. Now the Assistant Minister is telling us that the same DEO went to investigate and gave him this answer. This means that the DEO is leading you "up the garden path". I hope you know what that means in English.

Can the Assistant Minister undertake to provide a proper answer when I lay the documents here next week?

Mr. Komora: Mr. Speaker, Sir, we have no reason to hide the facts, if they are true and if the hon. Member presents the documents.

Mr. Speaker: Mr. Mwaura's Question!

Question No. 1085

CONSTRUCTION OF SLAUGHTERHOUSE

Mr. Mwaura asked the Minister for Local Government:-

(a) whether he is aware that butchers in Kigumo Division are being charged Kshs160 for every cow they slaughter, even though the County Council of Muranga has no slaughter houses anywhere in Kigumo Trading Centre, other than Mathioya in Muranga Town which is not used by Kigumo people; and,

(b) why the Muranga County Council has not constructed any slaughter house in Kigumo and Maragwa divisions, despite the fact that it collects fees of Kshs100 from every butcher in these two divisions.

Mr. Speaker: Is anyone here from the Ministry of Local Government? We will come back to this Question later. Let us move on to the next Question.

Question No. 430

ESSENTIAL SERVICES TO CITY WARDS

Mr. Rubiu asked the Minister for Local Government:-

(a) whether he is aware that Mihang'o Ward in Embakasi which incorporates among others Githunguri, Karagitta Buru Buru Farmers and Kibiku, has had no service rendered to it by the Nairobi City Council,

(b) if he is further aware that adjacent Ruai and Njiru wards are also denied services, and yet they all pay service charges and very high land rates; and,

(c) if the answers to "a" and "b" above are in the affirmative, what urgent action he is taking to bring essential services to these people.

Mr. Speaker: Anybody from the Minister of Local Government? We will leave it for the time being and go to the next Question.

Question No. 1102

ISSUANCE OF TITLE DEEDS IN MWIMBI DIVISION

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

Question No. 848

TARMACKING OF MAYANJA-BUSUNU-SIRISIA ROAD

Mr. Munyasia asked the Minister for Public Works and Housing when the Ministry will complete tarmacking the 12km Mayanja-Busunu-Sirisia Road.

Mr. Speaker: Is there anybody from the Ministry of Public Works and Housing? I am sorry, we will have to do it all over again.

For the second time, Bishop Njeru's Question.

Question No. 1113

MEASURES TO CURB CRIMINAL ACTIVITIES

Mr. Speaker: Is Bishop Njeru still not in? The Question is dropped.

(Question dropped)

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

Question No. 1085

CONSTRUCTION OF SLAUGHTERHOUSE

Mr. Mwaura asked the Minister for Local Government:-

(a) whether he is aware that butchers in Kigumo Division are being charged Kshs160 for every cow they slaughter even though the County Council of Muranga has no slaughter houses anywhere in Kigumo Trading Centre, other than Mathioya in Muranga Town which is not used by Kigumo people; and,

(b) why the Muranga County Council has not constructed any slaughter house in Kigumo and Maragwa divisions, despite the fact that it collects fees of Kshs100 from every butcher in these two divisions.

Mr. Speaker: Is there anybody from the Ministry of Local Government? We will defer the Question.

(Question deferred)

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

Question No. 430

ESSENTIAL SERVICES TO CITY WARDS

Mr. Ruhii asked the Minister for Local Government:-

(a) whether he is aware that Mihang'o Ward in Embakasi which incorporates among others Githunguri, Karagitta Buru Buru Farmers and Kibiku, has had no service rendered to it by the Nairobi City Council,

(b) if he is further aware that adjacent Ruai and Njiru wards are also denied services, and yet they all pay service charges and very high land rates; and,

(c) if the answers to "a" and "b" above are in the affirmative, what urgent action he is taking to bring essential services to these people.

Mr. Speaker: For the second time, is there anybody from the Ministry of Local Government?

Mr. Ruhii: Mr. Speaker, Sir, can you discipline these Ministers?

Mr. Speaker: The Question is deferred.

(Question deferred)

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

Question No. 1102

ISSUANCE OF TITLE DEEDS IN MWIMBI DIVISION

Mr. Speaker: Is Mr. Mutani still not here? The Question is dropped

(Question dropped)

Mr. Speaker: Mr. Munyasia, for the second time.

Question No. 848

TARMACKING OF MAYANJA-BUSUNU-SINSIA ROAD

Mr. Munyasia asked the Minister for Public Works and Housing when the Ministry will complete tarmacking the 12km Mayanja-Busunu-Sirisia Road.

Mr. Speaker: Anybody from Ministry of Public Works and Housing?

Mr. Anyona: On a point of order, Mr. Speaker, Sir. I think you were not in the Chair when I raised a question here about Ministers who are not present to answer Questions. The practice of the House is: If an hon. Member comes late, then he is asked to apologise to the House for coming late, failing to ask the Question in the first place and taking up the time of the House. If he is not present, he suffers the penalty of the Question being dropped, like a few which have been dropped this afternoon. Nothing seems to happen to Ministers who fail to come here to answer Questions. Questions are deferred, but when they come to answer at that time they do not explain to the House what happened, why they do not answer the Question and, they do not even apologise to the House. The Deputy Speaker, was of the view that, in future, we ought to consider whether that Ministers who do not answer Questions ought to come and account for themselves before the House.

Would I be in order to ask the Chair to make some kind of ruling on this issue?

(Applause)

Mr. Speaker: I have heard. We will now move on to Questions by Private Notice.

QUESTIONS BY PRIVATE NOTICE

ALLOCATION OF LAND TO THE LANDLESS

Mr. J.N. Mungai: Mr. Speaker, Sir, I beg to ask the Minister, Office of the President the following Question by Private Notice:-

(a) Could the Minister explain why the Dorobos of Ogiek Clan, and the Maasai community have been attacking one another since 8th November, 1996, in Molo Constituency?

(b) Could the Minister consider allocating land to the landless in the two communities in the already demarcated Marishoni Forest to avoid serious blood-shed between the two communities?

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

(a) There was only once incident of attack between the Dorobos of Ogiek clan and the Maasai community on the 10th of November, 1996.

(b) The Government is in the process of demarcating Marishoni Forest to settle the Ogiek Dorobos who, currently, reside there.

Mr J.N. Mungai: Thank you very much, Mr. Speaker, Sir. This forest where the Ogiek clan lives is not the first forest to have been sub-divided. In the past, Sululu forest, Likia forest and Neissuit forest have been sub-divided and the Ogiek clan evicted from there to the next forest. They are already in Marishoni forest. Can the Assistant Minister assure this House that these people are not going to be evicted again and that, instead, when these forests have been sub-divided, these people of Ogiek clan will be given their own permanent and native home?

Mr. Awori: Mr. Speaker, Sir, the Dorobos of Ogiek clan are Kenyans and will be treated just like all other Kenyans when being settled in these forests.

Dr. Kituyi: On a point of order, Mr. Speaker, Sir. Arising from the statement that the Ogiek are like any other Kenyans and that they will be treated fairly, could the Assistant Minister explain why, when an ADC farm which was predominantly worked on by Ogiek labourers was being sub-divided, people from Kericho and Bomet districts were brought and settled in while the Ogiek had to resort to joining their relatives in forests? Why were they not treated like any other Kenyans when that farm was being sub-divided and settled?

Mr. Awori: Mr. Speaker, Sir, I can neither answer nor explain that because I am hearing it for the first time.

Mr. J.N. Mungai: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister in order to mislead the House by saying that Ogiek Clan members of the Dorobo community are Kenyans like **[Mr. J.N. Mungai]** other Kenyans and that they will be considered in the allocation of land when we know that at Nessuit Forest this community was evicted and replaced by residents of Baringo, Kericho and Bomet?

Mr. Awori: Mr. Speaker, Sir, I am quite in order because again like in the case of the other question,

that is news to me.

Dr. Lwali-Oyondi: Mr. Speaker, Sir, arising from the answer given by the Assistant Minister that Marioshoni Forest is going to be sub-divided so as to settle these people, could he explain to this House why he has decided to change his policy on the conservation of forests? This morning when Bishop Kimani asked a question about the eviction of some people from their own farms, he was told that the area they had occupied was a water-catchment area. It happens that Marioshoni, Sululu, Nessuit and Likia are water-catchment areas for Lake Nakuru, Baringo and Rongai. Why is it that the Assistant Minister is changing his policy and wants to destroy forests by settling people who have already got shambas like the ones that have been mentioned? Members of the Ogiek Clan have not got shambas and they have been living in forests ever since they came into existence.

Mr. Awori: Perhaps, the reason why the hon. Member is asking that question is because he did not hear when I answered part "b" of the Question. Secondly, having not asked the Question, he does not have a written reply. May I help him. Part "b" of the my reply states that the Government is in the process of demarcating Marioshoni Forest to settle the Ogiek Dorobos who currently reside there.

Mr. J.N. Mungai: Mr. Speaker, Sir, now that the Assistant Minister has admitted that Maasais and Dorobos of Ogiek Clan fought on 10th November, 1996, what does he intend to do about those who were arrested? Many of these people were arrested and they were fighting because some people were being escorted into the same forest and allocated land. As a result, a fight broke out between the Maasais, Dorobos and other people. These Dorobos are already in police custody. Could the Assistant Minister order that they be released immediately?

Mr. Awori: Mr. Speaker, Sir, I will enquire and make a serious enquiry and if the statement the hon. Member has made is true, action will be taken.

Mr. Wamalwa: Mr. Speaker, Sir, on a number of supplementary questions that have been asked, the Assistant Minister said he was hearing that information for the first time. So, obviously, there are many things concerning Dorobos that the Assistant Minister has not heard about. I also would like to take exception to his assertion that the Ogiek Clan Dorobos are just like any other Kenyans and will be treated like any other Kenyans. I think they are not like any other Kenyans. They are vulnerable people who need special care and a little consideration. Would the Assistant Minister consider giving this House a full and comprehensive Government statement on how the Government intends to handle the Dorobo affairs?

Mr. Awori: Mr. Speaker, Sir, if I am so directed, I will do that.

Mr. Speaker: Well, I may then direct you. When will you do that?

Mr. Awori: Today being Wednesday, I will give the information on Thursday, next week.

MONEY OWED TO CITY COUNCIL BY LAWYERS

Mr. Murungi: Mr. Speaker, Sir, I beg to ask the Minister for Local Government the following Question by Private Notice.

(a) Is the Minister aware that councillors of Nairobi City Council recently almost came to blows over amounts owed by lawyers to the Council?

(b) What are the names of the advocates who have collected debts on behalf of Nairobi City Council and refused to remit the same to the Council to date?

(c) How much money has each lawyer collected for the City Council?

(d) What urgent steps are being taken to ensure that these lawyers pay all the amounts they have collected promptly to the said Council?

Mr. Speaker: Has any Minister from the Ministry of Local Government appeared yet? Well, I will defer this Question to tomorrow, afternoon.

(Question deferred)

EVICION OF WIDOW FROM CITY COUNCIL HOUSE

Mr. Mutere: Mr. Speaker, Sir, I beg to ask the Minister for Local Government the following Question by Private Notice.

(a) Is the Minister aware that the Nairobi City Council evicted the widow of the late Waswa Luhami from her late husband's House No. AD 18-5714 at Jericho Estate without any justification whatsoever?

(b) Since the lady is now spending nights in the cold with her children, could the Minister order for her reinstatement into the House since she had paid rent up to September, 1996?

Mr. Speaker: Is there anybody from the Ministry of Local Government? I suppose the best thing I can do is to defer these two Questions to Tuesday rather than tomorrow.

(Question deferred)

Mr. Ruhiu: On a point of order, Mr. Speaker, Sir. The House should know that the reason why the Minister for Local Government kept himself away is because of this Question by Murungi about lawyers who owe money to the Nairobi City Council.

Mr. Speaker: Mr. Henry Ruhiu, when were you ever attached to the Ministry of Local Government? Next Order.

BILLS

Second Reading

THE APPROPRIATION BILL

*(The Assistant Minister for Finance
(Mr. Keah) on 12.11.96)*

(Resumption of Debate interrupted on 19.11.96)

Mr. Shikuku: Bw. Spika, nitaongea kwa dakika kumi tu kwa sababu Wabunge wengi wana maneno ya kuzungumza. Jana nilikuwa ninazungumzia habari ya National Assembly. Nitawacha hayo mazungumzo nikitumaini kwamba yale niliyosema yatatimizwa. Ningependa wafanyakazi wa hapa waangaliwe vizuri ili wafanye kazi vizuri.

Sasa nitaongea juu ya Voti R.31 inayohusiana na elimu. Kulikuwa na swali hapa asubuhi lililoulizwa na mhe. Kapten. Inaonekana kwamba mwanafunzi wa chuo kikuu akiwa katika Upinzani anaweza kufanyiwa madhara. Mtu akiwa katika chuo kikuu ni mtu mzima kwa sababu ana zaidi ya miaka 18, na haki ya kuingia chama chote kile anachotaka. Hawa ni watu ambao wana ndevu na masharubu yao. Mtu kama huyu asidhulumiwe kwa sababu amejiunga na chama cha Upinzani.

The Assistant Minister for Education (Mr. Komora): Jambo la nidhamu Bw. Spika. Huyu mhe. Mbunge ana haki kusema kwamba Serikali inabagua wanafunzi wa vyuo vikuu kwa sababu ya vyama vya siasa? Sisi hatujui ni nani yuko chama gani. Tunawafanyia wanafunzi wote haki kwa sababu hatujui wako vyama gani. Wanafunzi hawaendi shule kwa sababu ya vyama bali wanaenda shule kwa sababu Serikali hii inataka watoto wetu wa Kenya waelimishwe.

Mr. Shikuku: Bw. Spika, hata baada ya miaka minne, mhe. Komora hajui nidhamu ni nini. Ukijaribu kumwashia kipofu taa, hawezi kuona. Asubuhi hii, mhe. Kapten alisema kwamba wale wanaonekana kama wanapendelea siasa za Upinzani, wanafukuzwa kwa muda, au hata kabisa katika vyuo vikuu hapa nchini. Mhe. Kapten aliuliza Swali hili asubuhi, na mhe. Komora alikuwa anajibu. Mambo haya siyo yangu. Sijui mhe. Komora hakusikia, na sasa ndipo anasikia au namna gani. Haidhuru, Bw. Spika, lazima tuwasamehe watu kama hawa kwa sababu ni ndugu zetu na ni lazima tuishi nao. Tutafanya nini!

Bw. Spika, tungependa kuona kwamba wanafunzi wa vyuo vikuu wanapewa mikopo. Hapa, Wizara inauliza K£1,535,622,310-00-00 kwa kutekeleza jambo hilo. Sisi tutapitisha Mswada huu hapa. Tukishapitisha, watoto wanaotoka katika sehemu tunazowakilisha, hawapewi mikopo hiyo. Wale wanaopewa ni wale wanaojiweza. Kila siku, wakuu wa vyuo hivi wanasema watoto ambao hawajiwezi kifedha hawatakosa elimu. Lakini, huu si ukweli. Watoto wa maskini ambao hawana pesa za kulipa katika vyuo vikuu hawapewi mikopo. Si haki kwa sisi kutoa pesa hapa na zinatumiwa na njia zingine.

Bw. Spika, hivi karibuni nitaleta orodha ya watoto maskini sana ambao hawakupewa mikopo, na ilhali tunaambiwa kuna mikopo. Wakati huu, wanataka tupitisha bilioni hizi, na hazitafikia watoto maskini. Haya ni madhara makubwa. Tunaua ubongo ambao utakuja kusaidia nchi hii. Serikali lazima ichukue jambo hilo kwa dhati. Sisi tunataka haki; siyo watu wengine wapewe na wengine wanyimwe, na hali hii pesa inatoka kwa kodi ya wananchi wote kwa jumla. Pia, nitaleta ushahidi wa kuonyesha kwamba, kuna wengine ambao wanaonewa katika vyuo vikuu baadaye.

Nikimalizia, nataka ijulikane kwamba kodi tunayoitoa inaliwa na wafanyakazi wa Serikali hii. Kuna

ushahidi wa kutosha unaotolewa na Mhasibu Mkuu wa Pesa za Serikali. Wakisha kula kodi hii, tunaambiwa tufanye Harambee, hata ya kujenga ofisi ya afisa tawala, chifu na makao makuu ya wilaya mpya. Wakati umefika wa wananchi kujua kwamba, tunazipitisha pesa hapa Bungeni, za kufanya kazi ili wapate utumishi mwema. Lakini hizi pesa zinaliwa.

Hata hivyo, kuna mpango sasa--- Kwa vile sisi wengine tunatoa siri hizi za pesa zinazoliwa na watumishi wa Serikali hii tukufu, hawataki jambo hilo. Kama wangukuwa na nguvu, wangemfuta Mhasibu Mkuu wa Pesa za Serikali. Hawataki siri zao zitolewe. Wanataka kukalia siri hizo na kula pesa. Baadaye, wanaenda kunyang'anya mwananchi hata ile sumuni alionayo kwa Harambee. Hayo ndiyo maendeleo, na hali kodi inaliwa. Hii si haki kamwe. Kodi inatolewa, halafu inaliwa na tunaambiwa tena tutoe pesa za kujenga makao makuu ya wilaya. Wilaya ikipeanwa, ni wajibu wa Serikali kujenga makao makuu ya wilaya hiyo. Lazima ofisi za machifu, maofisa wa utawala na wakuu wa wilaya zijengwe na kodi. Hatuwezi kutoa kodi halafu tena tunatoa pesa kwa Harambee ya kujenga ofisi ya chifu. Siku hizi, hata wanataka tujenge vituo vya polisi na korokoro kwa Harambee, na Bunge hili limetoa pesa kwa Ofisi ya Rais kufanya hivyo! Wanakula pesa hizo na tunaambiwa tufanye Harambee. Usipofanya Harambee, basi wewe hutaki maendeleo.

Bw. Spika, wakishaiba hizo pesa, wanakuja nyumbani na kusema hawataki maneno bali wanataka vitendo. Mhe. Nassir anasema ukishafanya Harambee, jina lako lapaswa kutangazwa kwa redio. Hakuna anayeyuliza umepata wapi hizo pesa. Hata ukiua mtu na ufanye Harambee, basi jina lako linatangazwa asubuhi na jioni, na hali umewaibia wananchi. Tena hawana aibu! Wanatafuta makofi ya kilo. Mkipiga makofi kwa udhaifu, mnaambiwa mtayarisha makofi tena, mpaka yawe ya kilo. Mtu anapigia ushuru wake makofi ya kilo.

Bw. Spika, mwisho wake, utakuwa na taabu kubwa katika Bunge hili. Utakuwa na watu ambao wameibia Serikali hii. Watakuwa Wabunge katika Bunge hili. Utakuwa Spika wa wezi! Wewe utakuwa katika taabu hiyo. Utakuwa Spika wa wezi na wanyanyasaji wananchi. Wengine wataitwa "Elder of the Golden Heart" (EGH), baada ya kunyakua ushuru wa wananchi na kuingia katika Bunge hili. Watanunua wananchi na kuja hapa. Utakuwa umekaa hapa, Bw. Spika, na huna habari unakaa na wezi.

Lazima wananchi wajue hakuna matumaini kwao. Watoto wao hawatakuwa Wabunge au rais wa nchi hii, kwa sababu wao wenyewe ni maskini. Watoto wao hawatakuwa na pesa ya kutoa kwenye Harambee, ili waingie katika Bunge hili.

Je, sisi tulipigania Uhuru wa aina hiyo? Haiwezekani---

Mr. Arte: On a point of order, Mr. Speaker, Sir. Is it in order for hon. Shikuku to demean national honours, when we know that he has tried all his best to get the Elder of the Burning Spear (EBS), and he is condemning it now that he has been unable to get it?

Mr. Shikuku: Bw. Spika, huyu anafikiri wakati huu ni wa maswali. Tunakaribia kura na hajui sheria za Bunge hili. Huyu ndiye atabaki huko.

Bw. Spika, mimi sijaribu lolote, wala siulizi lolote. Katika matunukio ya medali hizi, yeye hana habari kwamba mimi ni EBS. Anasema mimi bado ninajaribu. Unaona taabu yake?

Kitu ambacho ninakataa ni hizi medali kupewa wezi na hawajafanyia nchi yetu jambo lolote. Kuna watoto hapa na EBS na hakuna chochote walichofanyia Kenya hii. Watoto wako katika Serikali hii. Wana EBS na EGH na hakuna chenye wamefanyia nchi hii.

Kuna watu kama aliyekuwa Mbunge wa Kandara, mhe. Bildad Kaggia. Amefanya kazi kubwa kwa nchi hii. Amepigania Uhuru na hata amewahi kufungwa na kufanyiwa kila kitu. Amewachwa na anakaa kwa mtambo wa kusaga unga. Anajaa unga kwa mwili na wezi wanapewa medali hizi. Huyu ndiye angepewa hata ile ya Mtukufu Rais. Mtukufu Rais hakuwapo wakati wa kupigania Uhuru. Bw. Kaggia alikuwa hapo. Mhe. Ochieng' Oneko hajapata EGH, na watoto hapa wako na EGH. Mtu kama Bw. Kaggia angekuwa amepewa nyumba, gari, dereva na walinzi, ale mpaka afe. Lakini, kwa vile Serikali hii iko na watu wezi hapa, ambao hawakupigania Uhuru huu, hawana hata heshima. Wanampa hata Bw. Keitan Somaia tuzo la EBS, na yeye ni mwizi mkubwa ambaye alichukua pesa za nchi hii, na hakuleta mali. Lazima tuambiane ukweli na ukweli utadumu.

Kwa hayo machache, wacha niwape wengine nafasi.

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Bw. Spika, ni furaha kubwa kuona watu wakisema maneno waliyo nayo katika nchi hii, kushinda nchi nyingine ambapo watu hawasemi maneno kwa furaha, isipokuwa wanauana tu. Ni furaha kuona ya kwamba watu wanasema makosa ya Serikali hii, wanapendekeza vitendo wanavyovihitaji na kadhalika. Kwa mfano, mhe. Shikuku anasema huko akinywa maji, anacheka na kusema kwa furaha na hana chuki na Mkenya yeyote.

Bw. Spika, miaka yote hii mhe. Shikuku amekuwa akisema mambo ya kweli na ikiwa nitachaguliwa kuja hapa Bungeni na nisimuone mhe. Shikuku, nitarudi nyumbani.

Lakini ukweli ni kwamba sisi viongozi ni lazima tujue hali ya wale waliotupigia kura. Hawa ni watu

ambao wana shida nyingi sana na maneno ya siasa tupu hayawapatii kitu chochote. Tutakuja kusimama jukwani na tupigwe kwa mawe na hawa watu. Watu wetu nchini wana taabu nyingi sana, wana taabu ya karo, ukosefu wa chakula, ukosefu wa kazi na kadhalika. Kuna ukosefu wa madawa katika mahospitali kwa sababu, sisi Wakenya tunapenda kustarehe sana wakati wa usiku na tunazaa kwa baraka za Mungu. Kuna wengi wetu ambao wana wanawake wawili au watatu na wanazaa tu. Sisi hatuko Ulaya lakini tuko Afrika ambapo tunathamini watoto sana. Wananchi wetu wana taabu nyingi sana na wanataka kusikia viongozi wao wamepitisha nini hapa Bungeni kama njia ya kusuluhisha taabu hizo. Kwa mfano, tutafute suluhisho za kuwapatia kazi vijana wetu, tutafute njia za kugharamia karo na kadhalika. Ikiwa hatutatafuta njia za kuwapatia vijana wetu nafasi za kazi, kuna hatari kubwa.

Bw. Spika, sitaki "kulia" kama wanavyolia watu wengi ili watu wa mahali fulani wawatazame. La! Ninasema wale watu Mungu amewabariki na kuwa na maendeleo makubwa kama vile barabara, hospitali na kadhalika. Lakini watu wa Pwani ni Wakenya wenzetu na msituache kimaendeleo kwa sababu hatusemi sana. Tuna samaki tele katika bahari na ikiwa kuna mipango maalum tunaweza kuajiri watu hata 10,000. Hakuna mipango yoyote. Hata nyafu za uvuaji hatuna!

An hon. Member: Hii ni Serikali ya Nyayo!

Mr. Speaker: Order, Hon. Members! I may allow a certain amount of response, but when it goes to the extent that you are completely disorienting the hon. Member on the Floor, it becomes disorderly. Proceed!

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Bw. Spika, bahasha ambazo hutumiwa katika Wizara na idara za Serikali huwa zimeandikwa "Republic of Kenya" na wala si "KANU Government." Ni "Republic of Kenya" yaani ni Serikali ya Wakenya wote. Yule mtu ambaye alitafuta madaraka ili aongoze Serikali alipata. Hata kama shughuli za kampeini ziko karibu isiwe sababu ya kutoangalia watu wetu ambao wana njaa, taabu za kila namna na kadhalika.

Hata hawa wananchi ambao huja kusikiliza majadiliano yetu, leo, nusu yao pengine hawana kazi, wana taabu na kadhalika na wamekuja hapa ili wasikie tunaweza kuwapatia kazi namna gani na kadhalika.

Sehemu ambazo zimeinuka na zina maji mengi, ni lazima tutafute njia ya kunyunyuzia mimea. Na katika Pwani hata nyafu za kuvulia bado zinatozwa ushuru na ilhali vifaa vya ukulima vyote havitoshwi ushuru. Jambo hili si nzuri hata kidogo.

Nimesema tuna baraka za Mungu kule Pwani kwa sababu tunakuza maembe, machungwa na kadhalika. Ni heri tuwe na mitambo maalum ili wakati maembe yamevunwa sana yasije kuoza au kuharibika lakini yafanyiwe utalaam na kuhifadhiwa katika mikebe na maji ya machungwa yatiwe ndani ya chupa.

Dr. Kituyi: On a point of order, Mr. Speaker, Sir. Is the hon. Nassir in order to continue without giving us any inkling of hope that he has no need contributing to The Appropriation Bill, or that he has looked at the document called Appropriation Bill by just talking about fruits in Mombasa?

Mr. Speaker: May I ask you: What is "appropriation" in Kiswahili language?

Dr. Kituyi: Mr. Speaker, Sir, I was obliging, if you talk about The Appropriation Bill not to use the word "appropriation" in Kiswahili language.

Mr. Speaker: Proceed, hon. Nassir.

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Bw. Spika, kuna wengine baada ya kusoma wanajiona wao kama "miungu ya pili" kwa kuwa wanajua sana kusema kiingereza, basi mtu yeyote mwingine huwa ni mpumbavu kwao. Hii ni fikira ambayo watu wengi wako na ni lazima iwatoke katika akili zao.

Bw. Spika, ingekuwa heri tuache shughuli za kampeini za 1997 lakini tuwatete watu ambao wana taabu hapa nchini. Tutete namna pesa hizi zitakavyotumika vizuri na kadhalika. Na ndio nikasema watu wetu wana samaki, maembe, nazi na kadhalika, tutafuteni njia--- Lakini ukweli ninaousema hata tukifanya kampeini namna gani ndani ya Bunge hili kwa kuzungumza maneno mengi, hatuna faidi yoyote ikiwa hatutatafuta suluhisho ya taabu za watu wetu.

Mr. Shikuku: Nasimama kwa jambo la nidhamu, Bw. Spika. Je, ni haki kusema mazungumzo ya Wabunge katika Bunge hili ni kama ya lenga "kampeini 1997?" Si yeye sasa ana nia mbaya ilhali wengine wetu tulianza kuzungumza zamani?

Mr. Speaker: Hiki ni Kiswahili cha hali ya juu!

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Bw. Spika, yafaa pesa zitengwe ili tupate njia za kuwapatia kazi vijana wetu. Vijana wengi hapa nchini hawana kazi na siasa za maneno matupu zitakataliwa.

Dr. Kituyi: On a point of information, Mr. Speaker, Sir. I wish to inform hon. Nassir that when persons like Bawazir and Sajjaad, his friends continue to import goods duty-free like what they did in 1994,

denying the State taxes worth more than Kshs1 billion, that is how they destroy jobs. It does not help to come here and start shedding "crocodile tears" when you are benefitting from the rewards of those who steal from the tax payers.

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Bw. Spika, rafiki yangu, Bw. Shikuku, anasema kuwa watu wengi hawajui na ukiwafundisha hawatajua; ukiwaonyesha hawaoni; na ukitaka wasikie, pia hawasikii. Huwezi kujua---

An hon. Member: Anasema nini?

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Kama hujui Kiswahili, mimi sikukuambia uje Bunge ikiwa hujui Kiswahili!

Bw. Spika, usinitajie mimi Bawazir wala Sajjaad. Nitajie mtu ambaye namfanyia Harambee nyumbani awe hana gari la kupeleka maiti, au hana karo ya shule. Nilikuja hapa katika Bunge kwa umaskini wangu na nikawafanyia watu kazi na wakanipigia kura. Mimi siendi kwa nyumba ya tajiri yeyote.

Kwa hivyo, Bw. Spika, kuna watu hawawezi, mimi si mtu---

An hon. Member: Wako mashakani kule Meru.

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Bw. Spika, yale nilikuwa nikisema na zaidi ni watu ambao wana taabu watasamwe katika Kenya. Siasa zetu nyingi haziwaisaidii ikiwa hatutafuti njia ya kuwatafutia chakula na mashamba. Kuna taabu nyingi zinazolingia kwa sababu watu wengine hawana mashamba, shamba lao limekuwa bunduki ya kuuu wenzao. Hayo lazima tuyaseme; kama hujui, utajua mwenyewe rafiki yako.

Bw. Spika, nilikuwa nikisema juu ya huu Mswada ambao unataka pesa za karo ya shule. Nanisema kuwa kutoka wakati wa Uhuru na kabla ya Uhuru, jamaani kule Mombasa hakujajengwa shule za upili, tunajaribu kufanya Harambee na saa nyingine yatushinda. Kwa hivyo, ni lazima katika pesa hizi za Wizara ya Elimu, itolewe kidogo iweze kujenga shule moja ya upili kwa sababu tuna taabu na hatujajengewa na sisi wenyewe hatuna pesa ya kujenga shule ya upili hata katika Mombasa.

Kuhusu habari ya pesa za mikopo ambazo alizozungumzia Mhe. Shikuku, ningetaka hizi pesa za mikopo zipelekwe katika wilaya, zisigagwanye huku Nairobi, mwape wale ndugu zenu wanaishi Mombasa ambao hawapati. Kwa hivyo, kila pesa za wilaya, zipelekewe wilaya yake, wao ndio wanajua ni mtu gani anazihitaji na yule ambaye ahitaji kupewa asipewe. Hayo yalikuwa yangu wakati wa kutafuta pesa za kuweka amani na pesa za Ofisi ya Rais.

Bw. Spika, heshima ni kitu cha bure lakini bei yake ni ghali. Tukizungumza, tusiwe ni hodari. Mimi ni lazima nimwonyeshe mtu fulani kama ni duni ama hujui siasa ama hafai. Tumekuja hapa ili tuwasaidie wananchi wetu. Lakini tumekuwa katika Bunge hili kwa miaka mingi na kustaaajabu ni kuwa tumewaheshimu Marais kama heshima ya ulimwengu mzima. Lakini leo ndugu zangu, mwenye kuanza kutaja jina la Rais, mwenyewe hako hapa, si vizuri maanake Rais si wa maisha, ataweza kuwa Shikuku kesho kutwa. Lakini ikiwa tuna tabia mbovu katika Kenya, tabia ya kumwaga damu, ni lazima tuizue. Hata Waziri, mwenyekiti Bw. Kijana Wamalwa, Matiba na Kibaki, tuwape heshima ndio tujulikane kuwa ni viongozi kweli kweli. Kwa hivyo, nilikuwa nikiomba tu kuwa maneno yetu yawe zaidi ni ya kuwatafutia watu wa Kenya riziki. Katika siasa zetu, tutoleane makosa toka tuzaliwe mpaka tufe. Lakini kutengeneza yale makosa ndiko kuna taabu.

Bw. Spika, katika nchi yetu idadi ya watu imekuwa kubwa na hatujui hata Bajeti hii tuifanye vipi. Viongozi lazima wafahamishe watu wetu kama hatuna mafuta, madini, ni nchi maskini na Bajeti hii haiwezi kutosheleza watu wote wa Kenya. Na wale watakataa Harambee, wenyewe wakatae, lakini nikusaidiana. Mimi peke yangu, nimesaidia watoto 50 kwenda Marekani. Hakuna kabila ambalo sikusaidia kwa sababu ninajua kuwa wote ni Wakenya.

An hon. Member: Wataje!

The Assistant Minister for Information and Broadcasting (Mr. Nassir): Wewe utamtaja huyu mtu maskini anastarehe. Wewe unaketi hapa na unamtaja mtu aliye na starehe zake huko. Utamtaja mpaka utakufa lakini ufanyi lolote. Ataendelea hivyo hivyo. Katika Kenya hii, ikiwa Mungu amemjalia kuwa tajiri ni tajiri. Si Nassir, pekee yake, kila pahali katika Kenya kuna matajiri. Hawa wachache ni kama sisi. Hata wengine ni matajiri, akina fulani na fulani---

Kwa hivyo, langu kubwa ni kusema kwamba Wakenya wajue tu kuwa hatuna pesa nyingi na ni lazima tuwasaidie watu wetu. Heshima ndicho kitu kikubwa. Na hizi pesa zikitolewa, msitusahau sana watu wa Pwani.

Kwa hayo machache, naunga mkono.

Mr. Mbui: Thank you, Mr. Speaker, Sir. We have got a problem with the Ministry of Finance. For quite some time, the Ministry has failed to manage the finances of this nation because it lacks management skills completely. There are some projects which should be looked after in this country in order to increase

employment and food production.

Mr. Speaker, Sir, firstly, we have got the Ministry of Agriculture, Livestock of Development and Marketing which requires a lot of money. However, instead of financing this Ministry and assisting the farmers, the Government continues to tax the coffee farmers, tea farmers, sugarcane farmers, rice farmers and so on. In fact, these taxes should be abolished if we want to encourage more farming, because we peg our economy on farming.

Farming in arid areas could be improved if we had enough water. This particular Ministry is doing nothing because it does not have sufficient funds for such improvements. It should be given funds to have water supplied everywhere in Kenya, especially in arid and semi-arid areas. We spend a lot of money buying food for people in arid areas, instead of using it to supply water to these areas for food production.

Hospitals should be funded adequately because today, wananchi are spending a lot of their own money to pay hospital bills. Our hospitals should be well equipped and supplied with medicine. We should not divert money from the necessary projects to unnecessary ones. In fact, the Minister for Finance has never explained why it was important to build a bullet factory instead of supplying water in Machakos and other areas.

We have been preaching that you are a very good Finance Minister and yet, you divert the Government's money. Today, we have witnessed the printing of poor quality currency. The quality of the coins and the notes is very poor. This is costing a lot of money. It is high time the printing of our currency was put in proper hands. Why are we having a lot of changes in the design of our currency? We have got very poor type of currency and, in fact, the Minister for Finance should give more powers to the Governor of Central Bank so that he can really do his work properly. There must be checks and balances. The Minister should clearly respect the Central Bank. He should not allow any Tom, Dick and Harry to mess about with the Central Bank.

Mr. Speaker, Sir, we have got many uncompleted projects in this country. We have got the National Youth Service Housing project near Utalii College for which money was voted for and somebody somewhere was paid for that shoddy work. The Government is keeping quiet; it is not following up the issue. That shows that the Government is part and parcel of the scandal involving that particular project. We have got similar uncompleted projects all over the country; like the Embu Provincial Headquarters, Ruiru Police Station which has never been completed and also we have uncompleted roads and yet, we sit here and try to say that we are trying to vote money for various projects. What have we done for the last fifteen years for this country? What pride do we have and yet, everyday we are overtaxing our people? Where does the taxpayers money go to? That has not been explained. But we are only told that so-and-so stole this and that. The Pattni and the Somaia group are here and they cannot be arrested. Today the problem which is facing this country due to thuggery is that, the morale of our police officers is low. This is because they are underpaid and there is no way they can make ends meet with that little salary of Kshs3,000. If an army soldier can get Kshs10,000 then I do not see why our police officers cannot be paid a similar amount. In fact, they are doing the most dangerous job. The other day, two lives of our policemen were lost while guarding money. The Government just issues orders to the police who will do a shoddy job because they are underpaid. When the police officers arrest the thieves, these thieves are released the following day. So, there is no alternative for them but to join the other thieves. The Minister should check on this issue.

Mr. Speaker, Sir, recently the office of the Registrar of Motor Vehicles was under the Kenya Revenue Authority. Now, I am told that in order for him to allow the motor vehicle racket involving registration of motor vehicles, he has been moved from the Kenya Revenue Authority and he is independent. We would like the office of the Registrar of Motor Vehicles to go back to the Kenya Revenue Authority where there are checks and balances. We need to collect a lot of money for this country in a place where that money is in safe hands. I hope the Minister for Finance will have powers to retain these people. We want the powers conferred directly to the Ministers concerned and once this is done, the Ministers will be able to carry out their duties properly. We do not want a situation where when we pass something here, somebody somewhere else has got his "shadow of Parliament" where he can alter things.

Mr. Speaker, Sir, there is another issue here. When we started the harambee spirit, it was a very good idea. But today, the harambee spirit has been misused. Today some people, especially civil servants, have made themselves masters of ceremonies in these harambees. It is not bad for them to participate in harambees. But it is unfortunate that when you visit most offices for services, someone will produce a card and tell you: "I have got a harambee". This issue has encouraged corruption because that particular collector is not accounting for this money. There is nobody who will account for how much he has received and this is why you see some people raising millions of shillings in a particular harambee. Who are these friends who give millions of shillings for free? There must be something fishy going on. That is what is "eating" the Civil Service and when it "eats" the Civil Service it also "eats" the management of the Government. So, civil servants should stop collecting this money under the guise of harambee because if they do so, they engage in corrupt practices. When a Chief, District

Officer or a District Commissioner wants harambee, he will automatically force people to pay the harambee money before the services are rendered to them. But since this is the order of the day and it is happening elsewhere and when we blame the District Commissioner, we should know the people that should also bear the blame. Every day, millions and millions of shillings are collected for harambees. Even the National Youth Development Programme is one example of these harambees. Surely the Government is collecting a lot of money. Okay, it is a good idea for example but for how long shall we be collecting money for the National Youth Development Programme? For how long can this money assist the youth? The Minister should come up with a plan to assist the youth of this nation. The money that you shall collect in that harambee is not as much as the money which has been stolen by Pattni, Somaia and other friends and yet, the Government is keeping mum over this theft. This is because some of the top Government officers are involved and are behind that racket. There is no citizen of this nation who can steal Kshs7 billion alone without the assistance of the Government.

(Applause)

We know and let me tell you that the accounts are there. There are some quiet citizens of this nation who are keeping the accounts of the money stolen by the "big hyenas" of this nation and one day, they will account for this stolen money in the same way the Marcos family are accounting for the money that they stole from the people of Phillipines. It is high time that you stopped that practice in this country. And if possible, return that money since it belongs to taxpayers. Today, people are wearing *mitumba* and yet, formerly they never used to wear them. They are also working harder and harder. Why? This is because of the bad management of the economy by the Government. It has become a "Government of the thieves by the thieves and for the thieves". I am not wrong because this is exactly what is happening. Why have these thieves not been taken to court? Whenever they are taken to court through private prosecution, the Attorney-General comes and he says that he is "a friend of the court". That means he is a friend of the thieves because he is protecting the thieves. Why do you not allow the law to take its own course? Not all the people in the so-called Government side are thieves, but there are a few brothers who are thieves. There are a few of them who are thieves. They are not very many.

Mr. Mbui: Thank you very much, Mr. Speaker, Sir. It is painful when I see my brother go naked.

Mr. Speaker: Take heed of what I said!

Mr. Mbui: Mr. Speaker, Sir, it is very painful when I see somebody who has never gone to a classroom or has never been employed, driving a Mercedes Benz car and living in posh places like Muthaiga and the rest. They are the looters of this economy. I am not blaming the Minister for Finance for that matter, but I urge him to be strong enough. They should not release the money freely whether or not, there are "orders from above". So, the "orders from above" will be aware that there is a seal somewhere. Why should we really overtax our people and yet, that tax does not assist them? All over the country and not in my constituency alone, you will never get medicine.

Mr. Ruhii: On a point of order, Mr. Speaker, Sir. Is the hon. Member in order to talk about thieves who get "orders from above" when we know very well that, God cannot order anybody to steal?

Mr. Speaker: Order! Order! Mr. Mbui, proceed with your contribution! I take it that, that was your own argument.

Mr. Mbui: Thank you, Mr. Speaker, Sir. What I said is, I do not object to people being taxed, but the tax collected should serve the people, not a few individuals. We need good rules. For example, we are collecting Road Maintenance Levy and that levy is not maintaining our roads. Really, where is that money? This money is probably used to control mosquitoes and that is why we got Kshs7 billion for controlling mosquitoes. You cannot see that Kenyans are intelligent enough? They are very intelligent and that is why I said, please try and do something to stop this. Mr. Speaker, Sir, if things go wrong, however good the Minister is, we shall put the blame on him because he has not been able to manage the money or the finances of this nation. Anyway, the Minister has tried, but the "people within that circle" are misusing the money of this nation. It is high time to evaluate the projects that are funded. Due to mismanagement of taxpayers' money, the donors are not giving us money for new projects because they see the people in charge are not trustworthy; the Government is not trusted and if the Government is not trusted, who can be trusted? We want a trusted Government to serve the people of this nation. Our people are in poverty and we better go back to the drawing board and see how best we can really assist these people. If we do not check on this, it will be very difficult to manage our youth as it is evident now. Some of them have been denied employment because they belong to a particular ethnic community and that is wrong.

In some areas, you will never see any project coming up because that is an "Opposition zone." That is

very bad because sometimes, these areas you call "Opposition zones" fetch a lot of tax. There is a new feeling that the supply of finances should be uniform. In fact, it is high time money should be given not on district basis but on population basis. Today we are crying that we do not have money; we go on begging, whereas we continue creating new districts without proper plans to run these new districts, because some are tribal districts. It is not a matter of taking administration nearer to the people. A good example is the Mbeere District which goes up to Tana River bridge. A person who stays at Tana River bridge has to go all the way, past the Kerugoya DC and go to Embu, because that DC is not near to him. Then he travels another 30 miles to Siakago. Is that bringing administration closer to the people? That is illogical. One has to sometimes use common sense. You need to do what you really think is bringing administration closer to the people. People need roads and good communication, they do not require DCs. They also do not require harambees for building DCs houses. They require harambees to put up schools. Our hospitals should be financed so that wananchi are not over-taxed in payment of hospital bills.

The other point is that, everybody should be made to pay custom duty. The Minister should look into the loopholes that are affecting the revenue collection in the Customs Department. We should be able to get a lot of money from the Customs Department. Very many people from "high offices" have misused that Port of Mombasa.

Finally, Mr. Speaker, Sir, it is high time the Permanent Secretary, Ministry of Finance becomes a constitutional Permanent Secretary; he should be employed by the rule of this Parliament and not by somebody else. Because, he should be able to say, no, where it is required and yes, where it is required. But today, if he is told to write a cheque of millions of money and he does not do it, he will be sacked. For example, even the money that was sanctioned by Mr. Koinange, he did not just wake up from his house and decide to sign that letter to Central Bank. Somebody, somewhere was behind it and that is why that poor civil servant is suffering.

Mr. Speaker: Mr. Mbui, you know there is such a case in court. If you really have that information, the best thing for you to do is to be a witness. Otherwise, you are ordered not to speak about it.

Mr. Mbui: Mr. Speaker, Sir, I said, such as.

Mr. Speaker: Mr. Mbui, I have said that matter is in court and if you know so much about it, go and give evidence but for now, you are barred.

Mr. Mbui: Thank you, Mr. Speaker, Sir, for reminding me that.

Mr. Ruhii: On a point of order, Mr. Speaker, Sir. Is it in order for Members of Parliament in this Chamber to hug each other the way Prof. Mzee and hon. Orenge have just done?

Mr. Speaker: Well, I suppose, I was looking on the other side. But if they did, then they would be lowering the dignity of this House. But I did not see. Proceed!

Mr. Mbui: Mr. Speaker, Sir, it is my humble request that the Minister for Finance will look for funds to complete all uncompleted projects in this country before embarking on new projects. Then he will consider the poverty affecting most Kenyans and come up with a good suggestion, or a project that will really assist our people, and especially the street children in Nairobi like those ones living in Mathare.

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

The Minister for Health (Mr. Angatia): Thank you very much, Mr. Speaker, Sir, for giving me this opportunity to make my contribution on this very important Motion. From the outset, I want to thank this Government for the good work that it is doing to encourage efficient management of the affairs of this country.

Mr. Speaker, Sir, I want to plead with my colleagues that we are raising the standard of living in the country and we are raising funds, and we are spending them according to the laws of this land. But I would like to urge my colleagues that we should concentrate more on encouraging wananchi to engage themselves in actual mechanism of creating and accumulating wealth, instead of worrying too much about the structures, the infrastructures and the necessary laws. The necessary laws are in place, the infrastructure is okay, everything has been arranged and the economy is growing. But in spite of all that, there is widespread poverty among our people, especially in the rural areas. Although I am not an economist, I know that as the wealth is accumulated in the whole country, there is still a lot of room left for us to assist the small wananchi in the countryside to participate in this accumulation of wealth. It will be sad simply to create good roads, laws and structures for only a few people who know how to make and accumulate wealth and leave behind the majority who are interested in doing so, but do not have the means to do so and they do not know what to do, in order to raise their standards of living.

Mr. Speaker, Sir, if we take Western Kenya, for instance, and this will include Western Province and Nyanza Province, people still have the pieces of land, the rains are there and they are healthy people because we have controlled diseases. But once in a while, they suffer shortages of food and they are living in poverty. They are not participating in education, health and in other activities the way they would like to. They have the will to take children to school and the will to participate in Harambees. They have the will to take their children to

hospital, but they are lacking the method and skills to make and accumulate wealth. I think this is where we need to concentrate now. It is not useful for politicians to distract the attention of these people and the attention of the Government from this very crucial activity, so that we continue arguing about infrastructures, or, laws which are already in place and are already keeping wananchi quite happy instead of participating in the economy as well as they should.

Mr. Speaker, Sir, my next point is on reforms. Reforms are taking place, in fact, at a very fast pace. Occasionally, we think that we are reforming a bit too fast. For whose benefit are reforms anywhere? Are reforms simply for politicians, or for the Government, and for corporations and companies, or are these reforms for the ordinary mwananchi out there in the countryside? We need to carry out reforms that take along wananchi, and reforms that go along with wananchi, not reforms that are simply imposed on wananchi and based on theories that are foreign, or theories that can operate at corporate levels, but cannot operate at the grassroots levels. I think we need home-grown reforms that will be designed by ourselves and designed with the poor, small man in the countryside in mind. It is on this point that I differ quite a lot with a lot of my colleagues on the other side of the House.

It is not the Constitution that will make us develop, but it is these laws that we are passing here. It is how our health laws are going to operate. It is how the laws on agriculture, production, marketing and transportation are going to stimulate the growth of the economy. It is the laws on roads, on how we can stop the carnage on our roads and how we can have good roads. It is laws on cultural activities. It is the laws that affect people every day which are relevant to wananchi, which transform the lives of wananchi for the better. The Constitution after all, is an over all law that we are not dealing with on a daily basis. That is why we make other laws which affect our lives on a daily basis and those laws are crucial. We are busy reforming these laws. We are reforming, as I said in some cases, a bit too fast and this is where hon. Members should concentrate in order that we may help our wananchi to recognise what is happening, to participate in it and in order to help improve their lot.

We are taking the attention of wananchi from this crucial matter and concentrating on theories about the Constitution which will not help us to create the wealth, or distribute the wealth and which will not help us to exchange what we need to exchange in order to grow. I think some speakers have been very vocal and some of them are very fluent, eloquent, and that is alright. But they are talking on things which are aiming simply at removing KANU from power, criticising the President and wanting to go to State House. That is all we are saying that, the ordinary mwananchi is not interested in going to State House, because the mwananchi would not get into State House anyway! Not all of us can get to State House, even those of us who are here. Why do we not worry more about when the rains come and what our people have been doing in the villages, what are the people doing about transport---

Mr. Munyasia: On a point of order, Mr. Speaker, Sir. Are you satisfied that hon. Angatia is talking about the Appropriation Bill when he goes on so much into the constitutional demands from the Opposition? He is not even making any reference to this Appropriation Bill.

Mr. Speaker: Very well. I must call upon hon. Members from now on to concentrate on the Appropriation Bill.

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, yesterday, we were treated to a spectacle which took us away to very imaginary things in the Constitution. Hon. Members showed us how learned they are on matters that do not contribute towards the creation, accumulation and distribution of wealth. This is all we are talking about. When shall we have enough money so that we do not have famine relief, and not supply relief food to our people? It is the rains and it is here under the Office of the President, Vote R01 on how to distribute food, and this is what I am talking about. This is a proper demonstration of what I am talking about. The Opposition Members do not know---

Dr. Kituyi: On a point of information, Mr. Speaker. Thank you very much, hon. Minister Angatia. I wish to inform hon. Angatia that if things are very complicated and he does not understand them, that does not make them wrong. The fact that he cannot follow discussions about the Constitution, about the need of governance to go beyond creating wealth, it does not mean that those things are useless. It just means that Angatia does not understand them.

(Applause)

Mr. Speaker: Order! Order! First of all, you do not exploit the opportunity you have been given on a point of information to breach any Standing Order. Do you understand? You are implying that the hon.

Minister does not understand. All hon. Members understand perfectly well, everywhere and everything. Proceed, Mr. Minister.

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, he is excited about the Constitution, and does not know that we need the rains, so as to be able to feed our people. Here we have items like honours and awards, disaster relief and running of food stores under Vote R01. He does not know about that and cannot talk about it. If we ask him to talk about that he will take us into theories about the Constitution. Let us come down to the ground and look at Malava Constituency, and find out how many people are unable to pay school fees. Let us find out how many people in other parts of the country need relief food. Must we be voting money that we collect from various sources to go and buy food and simply supply it free of charge? What about other people in areas where we do not supply free food? What is going to happen to the people there? This is what people should be worrying about.

It is a very big mistake that many people are spending a lot of time in Nairobi and in Parliament and elsewhere instead of spending their time encouraging people to discuss the problems which are facing us. People should go home and hold discussions with wananchi. Malaria is still the biggest killer in this country. How shall we reduce its severity? We will not do so by using drugs and doctors. You can keep tonnes and tonnes of drugs in your house but malaria will still knock you down. You can keep all the doctors in this country in your house and malaria will still knock you down. But you can take certain steps in your house and keep malaria out of your home. These are things which we should be teaching our people. We should be teaching them how to keep themselves happy, remain healthy, feed themselves, educate their children and treat their children when they fall ill. These are the things that matter to the people of Malava Constituency. It is wrong to come and shout here while carrying irrelevant papers, which wananchi do not understand, and yet argue that we are contributing to the development of this nation. Roads in this country are spoiled mostly by rains and lack of money.

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Is the Minister in order to say, or even to assume, that wananchi do not understand their problems?

Mr. Speaker: Order, Mr. Michuki! You see you are disputing his opinion and imposing yours on him. Proceed, Mr. Angatia.

The Minister Health (Mr. Angatia): Mr. Speaker, Sir, when I talk about teaching the people of Nyanza or Western Province how to drink only clean water so that they do not develop typhoid, Mr. Michuki is not affected because he has 23 dispensaries and four health centres. There is no place in Western Kenya where you will get four health centres and 23 dispensaries in one constituency. So, when we are talking about some of these things, we do so at different levels. He is worried about other things while I am worried about the basics of this country. Those health institutions were built a long time ago. There is no money left for me to build an health centre. All the money was looted---

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Kangema Constituency has only one health centre, which has been deprived of the vehicle that has been there for years by this same Minister! He says that we have four health centres, but that is not correct. The record shows that there is only one health centre called Kangema, which for the last four months has had no water, despite the fact that his Ministry has been aware of this problem.

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, I became a Minister four years ago, but the hon. Member was the Permanent Secretary in the Ministry of Finance. I know the health centres and dispensaries that I am talking about.

Mr. Nthenge: On a point of order, Mr. Speaker, Sir. We are here to appropriate money and tell Ministers how to spend it. Is it in order for a Minister to start telling us the problems in his Ministry while we are telling him our problems so that he can solve them. We hon. Members cannot solve these problems. The President has given him all the power to be in charge of health services in the country!

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, if only hon. Members could listen! This is really the problem in this country. We need to tell our people that they are supposed to create and accumulate wealth, so that we may have enough money to do the things that we have set down in this Bill. We will do these things by educating our people on what the reforms of today mean. These reforms cut across all sectors of the economy and all those sectors are covered here. We can keep on shouting at the Treasury but the Treasury will never have enough money for all of us. We know that once the economy grows, wananchi will be able to feed themselves, make money to pay school fees, bus fares and pay for health services and we will be able to get more money. We will not use the money that we shall have asked for to buy food and distribute it to people. We shall not use that money to keep on treating people who drink bad water and falling ill all the time. We will not look for money to buy food to feed people who are under-feeding themselves. This is what I am talking about.

These are the basics which matter as far as our people are concerned. It is not the Government that will bring development. It is the people who will do that. Until the people get money and are empowered enough to be able to do their own things, we are not going to move forward. Here is the crucial thing. You can see that I am prepared to explain until the sun comes down, or until hon. Members in the Opposition understand that this is the crucial thing that we should be worrying and talking about in this document.

An hon. Member: But you are saying the obvious!

The Minister for Health (Mr. Angatia): Obviously, you cannot understand. I will never say the sort of things that you say. I will say the sort of things that I know Kenyans need to hear in order that they may move forward.

We have here, Ministries that are under-supplied. Yesterday we had some very good debate when hon. Members were asking whether the Ministry of Home Affairs and National Heritage cannot be given more money to build more prisons. But no hon. Member, of course, has ever asked for a prison for his constituency. Yet hon. Members are very busy telling us that prisoners are overcrowded and are dying. But if we do not allocate money for construction of more prisons, what can we do? At the same time, of course, criminal offences are increasing as the economy grows. I do not want a prison in my place! I have never talked about prisons being overcrowded. I only worry when prisoners get so overcrowded that they fall ill and want drugs worth so much, doctors and other things. I then go to my friend here and he assures me that conditions are improving, courts will send fewer people to prison and lawyers will not postpone cases too much, so that matters can be processed and completed quickly. Yesterday, at least, a few things, which were very good, were said here by hon. Shikuku.

Mr. Speaker, Sir, while the Government is pulling out of State Corporations, selling them off, encouraging wananchi to raise money and set up commercial projects, we should realise that some areas had not yet enjoyed the support of corporations. Now that corporations are not going to be formed to assist the people, and they are being wound up and others are being sold off, and people are being left on their own, some of these places are going to remain behind for ever. While we reform, restructure and move out of business, we should think of areas like Western Kenya. In that region the distance between health centres is 10 kilometres, to get to a flour mill, women have to walk long distances. In that region, people produce a lot of milk, but they cannot move it to a market. People produce a lot of sugar cane but they cannot find a market for it. So, you can see that wananchi are doing their work and producing what is necessary, but they need the necessary facilitation to be able to have a market where they can sell their goods. If the Government is not going to assist these people, who will assist them? They themselves cannot put together the smallest amount of equity. There are other areas that have benefited. As I said earlier, we should not be provoked into answering our colleagues who were in charge of the country some time back and brought imbalances in the country. We know it but we are tolerant and are not raising it. But we do not want to be pushed into having to explain this. We just ask this: In the process of reform, what are we doing for these people?

Mr. Speaker, Sir, as a Member of Parliament, I would like to urge my colleague in the Ministry of Finance that, as we reform, as the World Bank and the IMF push us and we think that the reforms are for our good, let us also think of all those areas where the markets for sugarcane and groundnuts do not exist. We have adequate lot of markets for tea, coffee and pyrethrum, but the whole of this country does not grow tea and coffee. What about those other people? What are we doing about the people who keep a lot of cattle in Samburu, now that the Kenya Meat Commission has collapsed and the Government is not willing to put money into such a Corporation? What are we doing to purchase these animals and release wealth to these people? What are doing about them? Are we going to abandon them because reforms must go and those who are able continue to develop and move on with industries while those who do not know and are still backward are left behind? There used to be an imperialistic theory which said: "God for us all, every man for himself and the devil take the hind-most."

We can be able to stop this, so that we do not abandon our people in those rural areas who cannot help themselves economically. Let the Government, while it is undertaking reforms and assisting those who have the money to move forward with new companies and so forth, also facilitate the people who do not have these companies and these institutions to develop some, even if it means buying this at a later stage.

As regards the Ministry of Local Government, there have been a lot of complaints about the powers of the Minister. It is not a question of the powers of the Minister. We gave a wrong impression to councillors that they will be paid a salary and yet we modelled our system on that of Western Europe where councillors volunteered to work for their local areas. People who volunteer and are given little sitting allowance or whatever allowance, are different from these poor of our rural areas who think that when you become a councillor, you will probably earn a salary, get a plot and sell, help somebody to do something and people will pay you. The whole concept needs to be reviewed. We need to review this because what the councillors are being given today, which is wrongly called a salary is so low that it is not fitting in their own aspirations and it cannot meet the demands of their own

families, let alone the members of their communities, the voters who come to them for help, the harambees which they have to attend and so many other things. At the same time, we do not want to contradict ourselves by saying that it is possible to pay councillors salaries from the Treasury. The Exchequer is not supposed to be giving to local authorities to pay salaries to councillors. This is the dilemma. We need councillors to sit down--- We also need a policy and we would like the hon. Members from the Opposition who are realistic, to tell councillors about their position and not by pointing a finger at the Government, so that everybody is blaming the Government; even those who know that there is no more money to give are busy blaming the Government when the truth of the matter is that we should be able to sit down with the councillors and guide them. If there is enough revenue and anyone who seeks for a seat in the local authority, should know that the first thing is the ability to raise rates and to be able to sustain the services of the council. This is what we should be assisting our councillors with, and it is not how to direct the request to the Treasury for more money but how to collect revenue and how to look after those rates so that people do not over employ, ask for allowances that are unrealistic and blame the Minister for Local Government for any apparent reason. It is time we were honest with ourselves. It is proper for some people to keep on criticising the Government because it earns them votes. But leaders, especially Members of Parliament, know the limitations that exist. Instead of hiding the limitations from our voters so that we can direct all the questions to the Government, let us sit down with our voters, councillors and address these things realistically and explain to our people what we need to do in order to create more wealth and how to share fairly.

I have talked briefly about roads. We do have problems about roads. We have reached a stage of liberalisation. Before, some people were enlightened and human enough, to be able to know that roads are for all of us to share; that under-cutting drivers and blocking other people may advance your pace by a few metres but it puts your life at risk, it under-cuts another person's ability to move and it creates chaos which cannot be controlled by Government. People who are on the road are supposed to use the road without Government intervention. People should not expect that the Government will be watching every car and everybody so as to control traffic on the roads and minimise accidents. We need discipline on the roads. Of course, the people we all accuse are mostly matatu drivers. It is not only the matatu drivers who are offenders on our roads. Even when our own drivers are driving, there is no enough discipline. People are not patient enough. This seems to be a demonstration of some sort of philosophy held by Kenyans that: "Get as much as you can for yourself and you do not have to worry about your neighbour," and as I have already said, "the devil take the hind-most." This idea of "I am not the keeper of my brother" is a wrong idea; until people change and are ready to recognize that we all belong to Kenya and Kenya belongs to all of us and we need to take care of it for the good of all of us. Until people realise that, we will not share the roads, the public utilities, public buildings properly and the problems will be ours to encounter. This is where I appeal to my colleagues that it is not right to sit on one side and criticise and condemn, and be in a hurry to get to State House. It is important that while proper procedures are set in place and Votes are prepared in an orderly manner like this, it is incumbent upon all of us, as Members of Parliament, from both the Government side and also from the Opposition side to make sure that we create the right atmosphere for the development of our people for the enjoyment of the life of our people. It is very easy to criticise, condemn and say how you could do better but it is not very easy to do the correct thing.

Mr. Speaker, Sir, I appeal to my colleagues here that when they go to their constituencies they talk to wananchi about this big scourge called AIDS. Members of Parliament are afraid to talk to their constituents about AIDS, but it is finishing people. If you cannot face your own constituents to explain to them what it all means and what they are supposed to do and you simply point a finger at the Government, what will the Government do?

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

The Minister for Health (Mr. Angatia): I do not need any information this time because I am the expert in that area. I want to appeal to my colleagues to go home and explain to their people, especially people from Western Kenya, that AIDS is a national disaster and a national problem. So, let us all declare war and all of us should fight it. We will fight it by empowering our people. There is no medicine now, even if the Government wanted to spend all the money on drugs.

Mr. Orenge: On a point of order, Mr. Speaker, Sir. Is the Minister in order to say that we are afraid to talk about AIDS when last weekend, on Sunday, I with Archbishop Okoth were at a public gathering in which the main issue which we addressed was the subject of AIDS? We expressed our concern about the lack of support from the Government, and particularly from the Ministry of Health, in trying to fight AIDS countrywide?

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, if he did that, I thank him very much. But he had a very big crowd in Nyeri and he never mentioned anything about AIDS. He only talked about other things that are imaginary to entertain wananchi. Let us talk about AIDS at every stage we get wananchi. A few of them will get our message and a few of them will spread the message to others. They will go home and help

others to get saved. If we do not face this thing as a national problem--- It is a national problem. The nation should be at war with AIDS and all of us have a contribution to make, and not just the Government. There is no use of running away and hiding, that it is a problem of the Government. We all have a role to play, and I am sure we will go along way if we participate. We shall soon be---

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

The Minister for Health (Mr. Angatia): No, Dr. Kituyi, you will have your chance to speak. Since I am about to finish, let me finish then you can inform me.

So, Mr. Speaker, Sir, I would like to appeal to our people. I know that the Government does not have enough money to give clean water to everybody throughout this country. But why should this Government be wasting money treating, handling or dealing with cholera and typhoid outbreaks? Why should we set aside staff, vehicles, drugs, emergency to deal with typhoid, cholera and respiratory problems, while they can all can be prevented? These things can be prevented, but as long as the leaders are pointing a finger at the Government, wananchi think their salvation is with the Government. We want to tell wananchi that their salvation is with themselves. No Government will go to somebody's house to clean their water and give them the water. The Government will facilitate, when funds are available. But we know that there is not enough money to give everybody clean water in this country. But we also know that wananchi can provide clean water for themselves. All they need is education, encouragement and then the Government will provide the necessary infrastructure. After all, if wananchi know that they need clean water, if they know how they can get that clean water and they ask the Government: "We know we can raise water from that point A---

Mr. Speaker,: Order, Mr. Angatia! What section of the Bill is that?

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, it is the provision of money for water.

Mr. Speaker: Mr. Angatia, may I say this for the benefit of all hon. Members. When we come to an Appropriation Bill, hon. Members will know that we talked on policy; first of all, in the Budget, secondly, in individual Ministries; and thirdly, on Vote on Accounts. So, I think we must restrict ourselves to the Appropriation Bill, itself, and not to any policy issues. I hope all hon. Members from all sides get that absolutely clear. We have had occasions to announce the policies, to dispute them and even quarrel about them. So, is this right? Must we get this money out of the Consolidated Fund or must we not get it out? If not, why? That is all.

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, in fact, I am answering your last question: Why is it that we are not getting enough money from Appropriations-in-Aid? I am talking at this particular point on R.20, on page 450.

Mr. Speaker: By the way, Mr. Angatia, as part of the Government, are you saying that we should not get it out? Then why bring the Bill?

Dr. Kituyi: He does not know that he is a Minister!

An hon. Member: He is talking like a Back-Bencher!

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, I am telling the hon. Members how we will raise enough money in order to have clean water. This is expenditure and appropriation, and I am sure it is all written there.

I want to have my peace in order to also give my views, as other hon. Members have done. It is important that we understand what reforms are all about, what liberalisation has meant to our people, that there are limits on the amount of money that can be made available and the support that we can get from outsiders who are willing to give us money. I am simply emphasising the point that we will have to learn to be self-reliant and participate along with the Government, for the reason that this is our nation and it belongs to all of us. It should not appear as if there are some people who are on one side and are demanding from other people on another side, and those people on another side are refusing to provide. Nobody is refusing to provide. It is only the limit on the amount of money that is available. Mr. Speaker, Sir, with those few remarks, I beg to support.

Mr. Michuki: Thank you very much, Mr. Speaker, Sir for giving the opportunity to contribute to this Motion. This is a Motion which touches on the most important function of this Parliament, namely; to appropriate funds so that the services that wananchi require can be provided.

Mr. Speaker, Sir, before I come to the merits or demerits of this Bill, I should like, first of all, to point out to the Minister for Finance, that time has come for him to consider the very high level of taxation that is creeping into this country, and even to warn him that unless he really looks at this matter very seriously, he might kill the "goose that lays the golden egg". The advent of new taxation measures that appear to be required in modern economies, the charge for services and even charges for purely taxation purposes, such as VAT, are slowly crippling various businesses that support employment incomes of very many families.

I would like to draw the attention of the Government to the critical state which tourism, one of the major

foreign exchange earners of this country, is now facing for the last three years. Tourism has been hit very hard. Indeed, it is very well known in Government cycles that tourism has gone down by as much as 24 per cent in terms of visitors. But in income terms, it is much more than that, perhaps going down by as much as 50 per cent.

We can no longer continue to earn the levels of revenues that we earned before. I think that this is a matter that requires some kind of assistance, if purely to keep the business going, rather than assisting those who are in tourism to earn money. As you know, there is 15 per cent VAT on bed revenue. At the same time, there is another 8 per cent on what we call food and beverages. I do not want to rub this matter too hard, but I do think that time has come for some kind of support and encouragement to be given to tourism. In addition, I think the Ministry of Tourism has a very daunting challenge. The promotion of tourism cannot be left to individual hotels. The Government has established Tourism Promotion Board which we hope will work. We hope it will work and let us stop talking about things which are embarrassing on television. At the moment, there has been a news splash in the newspapers in Europe, Kenya and other countries that there is an outbreak of Ebola in South Africa. What is the Government doing? What is the Marketing Board doing? What is the Ministry of Tourism and Wildlife doing to get all those bookings that were going to South Africa to Kenya? Is there any effort that is being made? In the past, in agriculture, we have done with frost and snow in Brazil which has then enabled the Ministry of Agriculture, Livestock Development and Marketing to set farmers going in order to supply better coffee, thereby earning better prices. I think it is time that this kind of opening is taken up. I challenge the Ministry of Tourism and Wildlife to wake up and make use of this opening which is rather unfortunate, but we have to face it. The bookings that have been moving to South Africa would probably compensate, in the remaining part of this year and January, the whole of the shortfall that we have suffered here if handled properly. That is a suggestion. A full Minister of Government was blaming us here that we do not come up with suggestions that can work. Here is one about tourism. Let the hon. Minister take it up because he seems to be very well versed on how these things can be tackled.

Coming to other matters, the appropriation of monies from the Consolidated Fund, as I said earlier on, is a major function of this Parliament. In addition to passing other laws, it is the function of Parliament to give the Government of the day the money with which to give services. In doing so, we hope and trust that the Government itself will respect the Constitution under which we are appropriating this money, which is Section 99. It is that section that gives this House the power to consider Bills such as this one in order to provide that money to the Government. It is incumbent upon the Government that the order in which these things have been put in the Constitution are respected.

The Consolidated Fund is like the holy of holies. That is why, in order that nobody interferes with the Consolidated Fund, this Parliament has passed an Act of Parliament called the Civil Contingencies Fund Act. If any money is eventually to be appropriated out of the Consolidated Fund, one has to go through the Civil Contingencies Fund whose limit has been laid by this Parliament. Therefore, there should be no reason why in the Central Bank the accounts of Government should exceed the only one account which has been established by the Constitution. We have heard of other accounts and this is contrary to the Constitution of this country, a Constitution for which all of us have sworn here, in front of you Mr. Speaker, Sir, to defend and protect. Above all, an example should be set by the Government itself by respecting the Constitution.

If anybody wants more money before a supplementary Appropriation Bill is brought into this House, the only recourse left is to go to the Civil Contingencies Fund. This Fund has a limit which we impose in this House on the recommendation of the Government. As of now, there is that limit. Now, if the limit of the Civil Contingencies Fund is in hundreds of millions there is, of course, a temptation, when billions of money to buy planes and construct airports are required, to go into the Consolidated Bank. It is possible to do that because Civil Contingencies Fund is not enough to provide that money.

We are also saying that any illegal expenditure will be noted by this House and it will constitute points against the policies of this Government which believes that might is right and that the end justifies the means. Therefore, I am warning that the avenues that have been created by this Parliament should be respected. The Consolidated Fund should not be touched unless there is authority of this Government. Before the authority of this Parliament is given, the only recourse the Government has is to go into Civil Contingencies Fund pending the permission of Supplementary Estimates which the House can then approve or reject.

May I now turn to the financing of Government and the deficit that the Minister for Finance is trying to face. I sympathize very strongly with the position of the Minister for Finance because, on one hand, he is being pressurized to provide more money for expenditure, for things which are not planned or brought before this House, and on the other hand there is not enough money. According to the revenue which he brought here, the only revenue that he has apart from borrowing - these journeys he makes with a cup in the hand as if he is beggar - is only Kshs140 billion. He has no more, and so he has to look for provisions from the World Bank and

everywhere else to supplement what he has. Through Treasury Bills, the short-term borrowing, he has borrowed as much as Kshs80 billion, and that borrowing has to be serviced. So, that borrowing takes 12 per cent of the Kshs140 billion in revenue and thus reduces the services he can give through what we can say taxes.

This is the biggest dilemma and the inability to control the deficit within the Government expenditure. To this extent, we would urge the Government to reduce its own borrowing through Treasury Bills because this has another effect of creating a very costly economy where even our own people in business, farmers and so on are unable to support themselves. Nobody can service overdrafts today. The reason why this situation has developed is because the Government is borrowing through Treasury Bills at very high rates of interest thereby diminishing the interest that the banks would take to their customers. The banks today have no use for their customers. This is because they can earn all their revenues from the Government and the industries.

Therefore, I would like to congratulate the Minister for Finance for the attempt he has made in persuading the banks to lower the interest rates, so that the economy can begin to grow, and to make contributions, particularly, in the areas of capital formation, which are lacking capital. I would urge the Minister to continue to press, and refuse to accept any Treasury Bills which are quoted at a rate of interest beyond 15 per cent. All of them should be turned down. It is time for the rate of interest for Treasury Bills went down to 15 per cent, so that banks can now begin to think as to how they can earn their billions. They cannot continue to exploit the Government due to the fact that there is a liberalised market. They must come down to earth. They must come to the reality that they cannot continue milking a cow which they have refused to feed. They cannot continue charging high rates of interest to people who cannot pay because they are not funded properly to run their businesses.

Therefore, I would urge that this particular area becomes a matter of policy, to be taken very, very seriously by the Government. This is because people are getting poorer and poorer. We have had international reports and other reports which have been done by our own people, indicating that more than 50 per cent of Kenyans live below the poverty line. They will continue to be that way. Unless their brothers and sisters who are able to do it can obtain cheaper credit, this poverty will continue to increase and become a big burden to all of us and to this country.

Mr. Speaker, I would like to turn to other areas. These are areas which, as we appropriate this money sought in the Finance Bill, we will improve taxation. Having taxed people that way, we are now appropriating this money to the Government to give the services. But quite honestly, in certain areas, have you really studied these matters carefully? Have you looked at them carefully with researched information? Take for example, the question of Tusker beer, in relation to chang'aa and other illicit drinks like Medusa and Cantata which are killing people in the rural areas. Why are people turning to Medusa, Cantata and the Kuguru products which are killing people in the rural areas? Why are they turning to them? It is because the beer prices have gone so high up that, the elasticity of demand for these people is almost zero. Therefore, people have to find substitutes. Presently, in bars, beer is now being sold at Kshs40. I would like to challenge the Minister for Finance that if he reduces the price of beer by Kshs20, he will have increased his income by 1.5 per cent. This is because there will be more consumption of beer at a cheaper price. This is not an exercise of multiplication. It is a question of whether people have other alternatives. Most people in this country prefer to have clean beer at a better price which they can afford, than go into chang'aa, Medusa, Cantata and the other "takataka" that is being brought into the market with Government permission.

It is with Government permission because, if you remember, hon. Ndeti brought this issue to this House two years ago. Hon. Sunkuli, who is here, confirmed that Cantata, Medusa and other illicit drinks had poisonous ingredients in them, and he undertook to go and have the whole thing stopped. Up to date, particularly in Central Province, these illicit brews continue to be sold, against the advice of this House, and the harm they cause to the people. Therefore, the Minister for Finance appropriates money---

The Assistant Minister, Office of the President (Mr. Sunkuli): On a point of order, Mr. Speaker, Sir. The hon. Member is misleading this House, and I do not think he is in order. This is because the Government has not allowed, at any one time, the manufacture or sale of Medusa or Cantata. The Government has made all efforts to try and stamp out these brews. Many people have been arrested and charged in court for being in possession or for selling these illicit brews.

Mr. Speaker, Sir, it is hon. Members of the Opposition who have moved Motions in this House, to have the Government to legalise such things, but we have persistently refused.

Mr. Speaker: Well, I do not know what your point of order is! But, maybe, what I can say in response to your point of order is: I do not think you are serious, hon. Sunkuli, about whether or not those liquids like Cantata are on sale in this country. I am not sure, but maybe he can try.

Mr. Gitonga: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister in order to mislead this

House, when he knows very well that it is the Government which licences these firms, which make these brews?

Mr. Speaker: Maybe, hon. Michuki can continue, but, hon. Sunkuli, you have seen the advertisements in the newspapers and the bars, and yet you are telling me that he is out of order? Proceed, hon. Michuki.

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr. Speaker, Sir, having quoted the papers, is that now the authority for---

Mr. Speaker: No! No! No! You are the one who invited the Chair into all this, unnecessarily!

An hon. Member: His point of order was frivolous! Throw him out!

Mr. Speaker: Order! You invited the Chair through a point of order, and you wanted me to rule hon. Michuki out of order. I do not think the Chair lives in Utopia. I think the Chair lives in Kenya. Proceed, hon. Michuki!

Mr. Michuki: Mr. Speaker, Sir, thank you for your intervention. If anything is bad and the Government has not stopped it, one would assume that it continues to go on, because the Government is happy about it.

In addition to what hon. Gitonga has said, all these businesses are licensed by the Government or its own agents. But the point that I am trying to make here is this: What is the point of collecting revenue at, perhaps, 50 per cent of the duty on beer and handing it over to hospitals, because those who cannot afford beer and who are the majority, have gone to Cantata, Chang'aa and all the other unhealthy drinks? The revenue that has been collected becomes of no use, because you have to provide medicine and bedding for these people all over the country.

So, why should we not support---and by the way, I have no single share in Kenya Breweries. I am not talking on behalf of Kenya Breweries, but I am talking of any decent drink which is better priced, so that our people can be saved from such catastrophic deaths, as we witnessed in Kigumo the other day. I am sure that elsewhere, these things happen every day. So, my proposition is that the Minister for Finance should really have these areas studied, so that the question of the money he raises can be weighed, one way or the other, in order to see where it will give the maximum benefit to the people in the country.

The other aspects of the Appropriation Bill is that when the Minister for Finance---

Mr. Gatabaki: On a point of information, Mr. Speaker, Sir. Maybe the hon. Minister may borrow an example from Uganda where the Government many years ago licensed the brewing of chang'aa in the form of Uganda *waragi*. Uganda *waragi* is a major contributor to Uganda Exchequer. Maybe time has come for the Minister to regularise the brewing of this *chang'aa* equivalent of Uganda *waragi* and collect a lot of revenue from it. Thank you.

[Mr. Speaker left the Chair]

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

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, we have new ideas of how things happen elsewhere and since we are borrowing throughout the Commonwealth the various practices and conventions, there is one just next door in Uganda.

I was saying that in appropriating all this money, we should look very much towards the national borrowing. It is actually becoming frightening. It is so frightening that the actual borrowing itself is almost now catching up with our gross national product. It is as if, if you went to the bank, the whole lot of your security is almost equal. In fact, the margin is so small, in between your security and what you have borrowed and even then, as you borrow, you are not sure that the business in which you are will produce enough cash to be able to service that loan. This is where we are at the moment and let us not deny it. This country is being controlled by the World Bank and IMF. And all the things that we are doing here and the things we have never been told because the Minister for Finance owes this House and this country the duty of having to inform us how the institutions that we deal with whether it is Paris Club of countries or IMF, we should be told what is it that they want as a country so that we can also give an opinion.

Mr. Temporary Deputy Speaker, Sir, according to the---

The Minister for Finance (Mr. Mudavadi): On a point of order, Mr. Temporary Deputy Speaker, Sir. I would like to let the hon. Member know that not too long ago, the Government published the Policy Framework Paper which contains all the parameters that relate to our discussions and agreements with these institutions as well as Government policies. So, it is already public knowledge, and if he does not have a copy of the Policy

FrameWork Paper, I am ready to give him a fresh copy.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, the Policy FrameWork Paper was circulated by the Minister during the last Budget or there was some material of that nature. But the material I have read from elsewhere, from experts in this field, people who have analysed the attitude of IMF and the World Bank about Kenya is entirely different from that Policy FrameWork Paper. And I am saying that these people even alleged and it was stated in *The Economist*, this is a public document also, about four months ago, that Kenya has been given 111 conditions by the World Bank and that, in effect, therefore, Kenya was under "receivership." Nobody, not even the Vice-President and Leader of Government, has ever refuted that and I am sure those magazines are, as a matter of fact, supplied to those offices to be read.

The Vice-President and Minister for Planing and National Development (Prof. Saitoti): On point of order, Mr. Temporary Deputy Speaker, Sir. Now that the hon. Member has said that, I want to inform him that I am totally unaware of those 111 conditions which places, therefore, this country "under receivership". I am totally unaware.

An hon. Member: Total ignorance!

The Vice-President and Minister for Planing and National Development (Prof. Saitoti): Mr. Temporary Deputy Speaker, Sir, it has nothing to do with ignorance. I read *The Economist* every week, I read *The Financial Times* every day, and all the important documentations. I have not come across any literature which has stated that we have been given 111 conditionalities and that, in effect, we are under receivership. I do not know and I am sure my hon. colleague, the Minister for Finance, will be quite happy to refute that allegation.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, I do not need to table that copy of *The Economist* before this House because if what the Vice-President and the Minister for Planning and National Development, says and I have no reason to doubt him, that he reads these things every week, he must have read that. It is there and all I am trying to point out is that we are the supreme body in this country. If you look at the Constitution of Kenya, you will see that it says that the Cabinet and the Government of Kenya is responsible to this National Assembly. It is provided for and I might even read it because that is the point I am trying to make.

Mr. Gatabaki: On a point of information, Mr. Temporary Deputy Speaker, Sir. I am responding to what hon. Vice-President and the Minister for Planning and National Development said. Recently, the Minister for Finance and the Governor of the Central Bank attended the annual meeting of the World Bank in Washington DC, Kenya is recorded in the current *World Bank Report* amongst the two or three countries with the most "hopeless economy," the most corrupt economy, as to a situation where the donor communities have given up to this Government. This Government has been unable to keep the books. This Government is now one of the culprits in the international borrowing. What the hon. Member of Parliament is talking about is that Kenya, for all practical purposes, is "insolvent."

(Applause)

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, that is actually the position.

But the point I was trying to make is that we should be informed in this House in very, very clear and no uncertain terms because---

The Vice-President and Minister for Planing and National Development (Prof. Saitoti): On a point order, Mr. Temporary Deputy Speaker, Sir. Hon. Gatabaki made an outburst here which was clearly an exposition of what is contained in his own *Finance* magazine and we all know the standing of that magazine. Then the hon. Michuki comes and says that is in order. Is he in order to say that he is in order when he has not laid down any credible document here? I know hon. Michuki does not normally put in things which incidentally are reliable!

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, from what I have read, and I have no reason to doubt the Professor who wrote that article in Havard for the World Bank, he uses the words that hon. Gatabaki has used "insolvent," and I have no basis on which I can refute that.

But I was trying to say this, despite of all that, this House in relation to what is being done in the economic front---

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr. Temporary Deputy Speaker, Sir, I beg to move that the Mover be now called upon to reply.

(Question, that the Mover be now called upon to reply, put and agreed to)

The Minister for Finance (Mr. Mudavadi): Thank you, Mr. Temporary Speaker, Sir. I beg to reply.

First and foremost, I would like to highlight that, indeed, from the Chair, we were reminded that the issues being raised with regard to the Appropriation Bill, are issues that have been exhaustively discussed during the Budget debate, during the Vote on Account and equally when we were discussing the various aspects of all the individual Ministries. Therefore, we have been going through more less a serious session of repetition on points that have really been exhaustively discussed by various hon. Members.

Nevertheless, I would like to take this opportunity just to point out that we do value the contributions made by hon. Members, and in this regard, I want to stress that there are a couple of points, particularly which are now at the centre of Government policy decision. First and foremost, is the question of streamlining the procedures through which the Ministries can ensure that we get the best competitive prices for whatever projects that are undertaken by the Government. It is now very clear and we are very strict in ensuring that wherever there is any expenditure, particularly beyond Kshs10 million, that the Government goes through the process of competitive bidding to ensure that the best price possible is also obtained and, therefore, save the Kenyan public from any misuse of resources.

The other thing that we are focusing on is to ensure that we do not take up any new project which would negate the planning process that the Government had undergone. Therefore, we are making sure that projects that were started are those that are given priority to see if we can have them completed before we can enter into new projects.

Equally, we are enforcing very strict budgetary discipline. In this regard we are not entertaining variation orders, so that people tender and meet their projects within the cost. We are also not allowing Ministries to exceed their target budgetary limits and every quarter, they know that they are supposed to spend within what is provided for. However, there is a major problem that we are all facing in the country and that is the question of interest rates and on this I would like to repeat very clearly that the Government is determined to ensure that through strict enforcement of fiscal discipline and also through co-ordination with the Central Bank on monetary policy, we can manage to bring the rate of interest down to manageable levels.

What I would like to caution, however, is that, we should not be in haste to bring down interest rates, particularly on Treasury Bills down overnight. If we do that, we shall then immediately start getting excess liquidity problems within the economy and we shall not be able to contain or put the inflation under control. Therefore, we know that we have to bring interest rates down, but it has to be a gradual and smooth process so that we do not create any instability in the level of price stability that we have achieved to-date. It is, therefore, in this line that we did indicate that the Government hopes that by end of December, to have repaid part of its domestic debts amounting to about Kshs8.2 billion through strict collection of arrears and through ensuring that Government expenditure is within its broad parameters.

Mr. Temporary Deputy Speaker, Sir, the other thing that I would like to point out is that, our association, as the Government with donors, is not on the basis that the donors have come to take over the management of this Republic, that is not true. The IMF and the World Bank do not manage the affairs of Kenya and we shall not allow them to manage the affairs of Kenya. These are merely development partners who would assist in ensuring that we can get international assistance for various development projects, but they do not manage our economy and that is not a thing that we are about to allow as the Government and no Government should allow any institution that is not elected by the people to manage its affairs.

The other thing is just to point out that on the question of the Appropriation Bill, we want the endorsement of this Parliament so that we can have it cleared to enable the Government to meet its obligation throughout the Republic because as many hon. Members were contributing, they were raising issues about problems of roads, water, health etcetera. Unless they authorise the Government to be able to spend, then we shall be in no position to provide the services that they have been seeking and they continue to seek on behalf of their constituents and the Kenyan public in general.

Mr. Temporary Deputy Speaker, Sir, I also just want to say that I was very delighted to note that a lot of hon. Members are now coming up very forcefully in encouraging the Government to lay aside more resources to support the police force in this country so that they can become more effective in stumping out crime and all sorts of insecurity problems. This is indeed important. It is also very important to note that a lot of very valuable contribution did come across, in us trying to make sure that our resources are directed even to the prisons of this country to make that they are expanded to create more room and to make sure that the inmates of these institutions can live though in prison, but live in conditions that are humane and not in a situation where there is over-crowding and lack of proper food.

Mr. Temporary Deputy Speaker, Sir, these are some of the very few points that I would like to highlight

at this point as having been extremely useful in getting us to appreciate the needs of Kenyans, particularly as we seek the approval of this House to incur the expenditure sought in the Appropriation Bill.

With these few remarks, I beg to reply.

(Question put and agreed to)

*(The Bill was read the Second
Time and committed to
the Committee of the whole House tomorrow)*

THE CENTRAL BANK OF KENYA (AMENDMENT) BILL

The Minister for Finance (Mr. Mudavadi): Mr. Temporary Deputy Speaker, Sir, I beg to move that The Central Bank of Kenya (Amendment) Bill be now read the Second Time.

The Central Bank is a very important institution in this Republic, and it is interesting that the Bill does come up immediately after we have just cleared the discussion on the Appropriation Bill. The history of the Central Bank in this country and many other countries is that, it has over the years been viewed as an institution that maintains stability. It is an institution that regulates and monitors the management of all banking institutions in the country and it becomes the supervisory agent for all activities that would ensure that we have stability in the financial sector.

This country has had its problems and its history of various cases of instability. In the 1980s we saw so many institutions going under. Equally, in the 1990s we have seen a number of financial institutions also going under and we have seen the Central Bank become an institution that is facing both a lot of interest, criticism and pressure to ensure that the Kenyan economy is stable and also to ensure that public resources are well managed and financial institutions are also being managed effectively to ensure that the public is protected at all costs. The objective of the amendments that we are putting across, first and foremost, is to redefine in Clause 2, the objects of the bank and what is coming out as the most critical aspect is that we want the Central Bank to have as its main object the ability to maintain stability in the general level of prices. In other words, this means that the key role of the Central Bank is going to become that of ensuring that inflation is kept under check.

Mr. Temporary Deputy Speaker, Sir, there are indeed other objects of the Bank, for instance, to formulate and implement foreign exchange policy, hold and manage its foreign exchange reserves, license and supervise authorised dealers, promote the smooth operation of payments, clearing and settlement of systems, act as a banker and advisor to and the physical agent of the Government and issue currency notes and coins. These are essentially standard objects of any central bank. But what we are bringing to the fore is that which deals with fighting inflation. All of us know that in 1993, for instance, inflation was running at about 101 per cent and to-date inflation has been brought to a level of a single digit. Indeed, at one time we got as low as five per cent but we know that there has been a slight resurgence of inflation to the extent that it is about seven to eight per cent. But, nevertheless, it still remains within the single digit bracket.

Mr. Temporary Deputy Speaker, Sir, if the Central Bank is to play this role effectively, then naturally a number of other things need to be amended within the Central Bank Act to facilitate and to make it as determined and as able as possible to undertake these activities. In this regard, we are proposing amendments to the Bill which, for instance, will make sure that the operations of the Central Bank shall become more accountable through the Minister for Finance to this House. In the past, and as things still stand within the current Act, there is no provision whatsoever where the monetary policy position or monetary policy implementation that is taking place within the Central Bank is brought before this House for any discussion or for any evaluation apart from perhaps once in a while either in a Substantive Motion or maybe in the context of the budgetary discussions. So, what we are proposing in the Bill, particularly under Sections 4 (b) and (c), is to bring in an amendment where the Minister for Finance will publish and cause the Monetary Policy Statement of the Central Bank to be tabled before an appropriate Committee of this House every six months and that Committee can then deliberate and make its contribution as to whether the policy being adopted and pursued by the Central Bank in the management of monetary affairs is consistent with the aspirations of the country and is also in line with ensuring that the economy grows in the proper format.

Mr. Temporary Deputy Speaker, Sir, equally, the Bill is proposing, under Section 4 (c), to make sure that where the Minister has any differences in terms of policy position with the Central Bank or the Governor of Central Bank, the Minister would then have to ensure that he makes public or he gets a resolution by the Cabinet and at the same time publishes the position that he has taken to override that of the Central Bank. This is

extremely important so that at any one time if the Government feels that the Central Bank is not implementing policies that are consistent with the broader good of the economics of the country, then certain decisions have to be made and we do not want to create a situation where the Central Bank Governor is also operating without any accountability to the Kenyan public.

Mr. Temporary Deputy Speaker, Sir, the other thing that we want to do is to increase the share capital of the bank which when it was under section 8, when it was incorporated in the very early days, was Kshs26 million. We want this increased to Kshs5 billion. We are also making very substantive changes in relation to the Board of the Central Bank. One, we are limiting the number of people who can be appointed to serve on the Board of the Central Bank. And at the same time we are saying that the Governor shall be Chairman and then we shall have his deputy who is the Permanent Secretary who shall at this time hold a non-voting position because previously the quorum of the Central Bank was the Permanent Secretary in the Ministry of Finance. This was because without him, it became difficult for the Central Bank to undertake any business. We are also saying that we want five non-executive directors who shall be citizens of Kenya and who shall be knowledgeable and experienced in monetary, financial, banking and economic matters or other disciplines relevant to the functions of the Bank. This, again, is extremely important and its details will definitely come up during the discussion.

Mr. Temporary Deputy Speaker, Sir, the other thing that we are also saying and bringing up is that the Act gives both the Governor and the Permanent Secretary veto powers. We are also making sure that this does not arise so that the question of veto powers is also eliminated in this regard. The other thing that we are also proposing is to provide some security of tenure for the Governor of the Central Bank. Normally, when he is appointed by the Head of State this has not been covered by any security as we evolve, it now becomes necessary that some security of tenure is provided to the Governor of the Central Bank to ensure that he is able to exercise his functions without any concern whatsoever or fear that perhaps he is being threatened or he will be threatened. It is not that this has been the situation but we just want to make sure that it is embedded in the laws of this country. This, therefore, will call for a more elaborate way of dismissing the Governor of the Central Bank if he has any problems and the reasons why he can be dismissed and the process or procedure to be followed is also being provided for in the amendment where there shall have to be a tribunal and the tribunal will then examine the capability of the Governor on issues like bankruptcy and whether there are any problems that may impair or render him incapacitated to undertake his duties. We are also ensuring in this Bill that the Central Bank will now become the licensing authority for banks. This is an issue that has been handled by the Minister for Finance but we believe that the Central Bank should be the one responsible for licensing of banks and also forex bureaus and so forth rather than what it has been previously.

Mr. Temporary Deputy Speaker, Sir, we are also coming up with some repeal of certain sections which we feel may not be very relevant in the context of the liberalised environment for instance the clauses that deal with controls or making regulations in respect of foreign exchange which are not consistent with the positions that the Government and the Kenyan economy hold today we want repealed from this Act.

Mr. Temporary Deputy Speaker, Sir, another important one relates specifically to the question of Government borrowing or direct advances to the Central Government. This is perhaps the most important clause in the context of this amendment and this relates to section 46 where we have the clause 18 which deals with the question of how much the Government can borrow through the Central Bank. In the past, there was some limit, but the law had some loopholes, therefore, this was not being effectively put in place. We want, through this Bill, to make sure that Government borrowing through the Central Bank or the overdraft of the Central Bank shall not exceed five per cent of the gross revenue of the annual audited accounts on revenue of the previous year. This is sending a very strong signal that the Government intends to ensure that it limits its borrowing from the public and, therefore, ease the pressure and the competition that the Government has and does in the market when they are competing for resources with the private sector. This is a very important signal that we as a Government, and as Kenyans, have come to acknowledge and realise that excess Government borrowing from the Central Bank does nothing but fuels inflation. And this is the message we are sending by making sure that this Bill and this particular clause is supported.

Mr. Temporary Deputy Speaker, Sir, it is also important to note that from time to time the Government has been accused of spending money or printing money when elections are near. This is not the case and the message this clause is sending is that the Government does not print money for election purposes. We have to spend within our means and for once, let the whole world know that we are determined to eliminate these wild accusations that we print money just before the elections for people to have a field day. This clause will restrict any such excesses and make sure that if the Government has to have any overdraft, it has to be properly securitised by Government issuing the necessary bonds to the market which will then facilitate the limit as provided for in this Act. So, there are indeed other several aspects of this Bill which will definitely come up from time to time and

which are going to be discussed by Members of this House, and we are ready to listen to them and consider the views to see how best we can continue to strengthen the institution of the Central Bank and make sure that it becomes more responsive to ensuring that the problems we have faced in the past do not occur and to also prepare it as an institution for the future, where the issue of monetary policy is perfectly in tandem with the fiscal policy. This is important because the two must go hand-in-hand; the two must coordinate and we are also providing for consultations between the Government and the Central Bank in this regard. Though these powers are being granted to the Central Bank, and some of them are moving from the Ministry of Finance, the Central Bank must in itself realise that it is an institution that is subject to the laws of this Republic and they equally must make sure that with greater levels of autonomy, we also expect greater accountability on their part, in the performance of their duties.

Mr. Temporary Deputy Speaker, Sir, I would also like to point out that, it is important that the House recognizes the historic position that the Government has taken. Because, these amendments are indeed very, very historic for this country. It is the first time that we are making very substantive proposals or amendments to the Central Bank Act. It is the very first time that we are also saying that we need to re-examine appropriately and bring the necessary amendments for any institutions that may have served well up to a certain point in this country, but as time goes, things change, global situations change and we also need to change in that regard. But we must do it as Kenyans, we must believe in the changes that we are putting in place and we must not, for instance, just imagine that the Central Bank we want should be the kind of central bank that operates in New Zealand or any other parts of the world. We may borrow from them, but we must be sure that the amendments we put across are progressive and are those that can meet our requirements. We do not want to jump from one position to the extreme end, and at the end of the day we realize that we have a problem.

Lastly, let me correct one impression that was made here about a second account or account No.2. There was clarification sometime back that, that account related to the money that is mopped out of the economy and therefore is put on a separate account and not in the Consolidated Fund Account, within the context of the Central Bank. This matter will come up again in the debate on the Public Accounts Committee but at the same time, I wanted to clear it because it was raised here, and people think that, that is another account that the Government just opened from nowhere. We could not take money that is mopped out of the economy and put it in the Consolidated Fund Account because, that would mean that the Government starts spending that money. Yet when Treasury Bills mature, we have to pay those investors in Treasury Bills. So, there is no sinister motive whatsoever in that account and I hope the impression is corrected.

With these remarks, I beg to move.

The Vice-President and Minister for Planning and National Development (Prof. Saitoti): Mr. Temporary Deputy Speaker, Sir, I stand to second this Bill. Let me say at the very outset that the management of any economy depends on two very important pillars. One is the monetary pillar and the other one is the fiscal pillar. The fiscal pillar as you know, is the one which is within the Treasury which busies itself with the formulation of the tax matters, the working out of the budget and many other things. On the other hand, the other one to do with monetary which lies within the Central Bank is the one which concerns itself with the management of money, especially the Kenya Shilling in respect with the other currencies. It also concerns itself with the role of banking. So, this is very important.

Mr. Temporary Deputy Speaker, Sir, over a long period of time now, our own economy has undergone very, very fundamental reforms. Those reforms have touched on the various aspects of the monetary policy and the fiscal policies. During all this time, we have continued to allow the two policies to overlap. There is utterly nothing wrong with that, because essentially, in the case of the Minister for Finance, he has himself to address the issue of ensuring that there is micro-economic stability in the whole economy. But there is no doubt, that taking into account the very fundamental reforms and changes which have taken place, a review is necessary on the role of the Central Bank.

Mr. Temporary Deputy Speaker, Sir, what this Bill tries to do is to separate slightly, the role of the Central Bank and to ensure that the Central Bank can concentrate fully on the management of the monetary policy and to be fully responsible for whatever it does. It is for this reason that we want to raise this particular Bill, that will bring certain amendments: One is to ensure that the Central Bank does not come so much directly under the Treasury. As the situation is today, there is no decision which can be carried out in the Central Bank especially at the Board level, unless the Permanent Secretary to the Treasury sits there. In effect, he is a fairly strong person. That of course, once again, is purely historical because the Permanent Secretary to the Treasury happens to be the shareholder of all the assets of the Central Bank and the Central Bank is owned by the Government. But, again, that particular condition becomes cumbersome because sometimes if the Permanent Secretary to the Treasury is not there, then it means that very fundamental decisions cannot be made by the Central Bank and this in itself can

hamper the smooth operation of the Central Bank.

But again, there is something even much more important here, mainly, because the Permanent Secretary to Treasury, perhaps, is very busy with matters pertaining to fiscal policy. There is no doubt when he is looking at matters on monetary policy, that he is likely to be very much influenced by his role in the Treasury. It is felt that within the current framework of economic change and reforms, there has got to be a kind of a plan of change.

Therefore, what is being proposed in this Bill, first of all, is to remove that overpowering of the Permanent Secretary to the Treasury. Although he is going to remain a member of the Board of the Central Bank of Kenya (CBK), he is then not going to carry that particular vote, namely, unless he is there, no fundamental decisions can be undertaken. Essentially now what is there is to ensure that once there is a quorum of the Board, then the Board can transact its business properly and clearly, provided, of course, the Chairman, who is the Governor of the CBK does sit there. We think this is important.

Again, along with that, it is essentially to give much more independence to the CBK. It is very much in keeping with the practice elsewhere in the world. Much more specifically here in the case of the licensing of the banks and bureaux. As the Act stands today, the CBK, or for that matter the Governor, carries out the evaluation of the application for the licensing of the new banks and the bureaux, then all these ones are forwarded to the Minister for Finance for him to approve. The recommendation here is to ensure that the CBK becomes the one-stop approval office. That again does make sense here, because once a bank is licensed and it stays in operation, it is not the Treasury which supervises the bank, but the supervisory role of the banks and the foreign exchange bureaux is done by the CBK under their supervisory department. Once again, this is to ensure that the CBK is the one which scrutinises the applications for the starting of new banks, or even for the renewal for the licences of the banks, or for their loans, supervises all these, approves them and becomes totally accountable. I think that is placing the responsibility where it ought to be in the CBK, and that I believe will be able to stop the practice, I am not saying that it is there, of passing the buck, "That, well, maybe it is the Minister who actually approved it. "Then of course, we hear what we have been hearing that there are politically-connected banks because they are approved by the Minister.

I want to say here that, as far as our terminology is concerned in the CBK and in our own literature in economics, there is no such word as "politically-connected banks". We do not have them, but we have got commercial banks, or financial institutions. But we have never had any of these and I am sure hon. Kibaki knows very well about this. I am sure he will concur with me.

Dr. Kituyi: On a point of information, Mr. Temporary Deputy Speaker, Sir. I wish to inform the right hon. Leader of Government Business that "political banks" are those institutions without a sound capital base, which over-borrow from Government institutions even when the likelihood is that they would not be capable of servicing their portfolio, like Heritage Bank, Prime Bank, Trust Bank and Trade Bank. Those are "political banks".

The Vice-President and Minister for Planning and National Development (Prof. Saitoti): Mr. Temporary Deputy Speaker, Sir, I do not think what hon. Dr. Kituyi has said is worth commenting upon. That is an opinion, but I have made it quite clear that we do not have that terminology and we have not seen it in any books, or in any dictionary or anywhere else. But suffice it to say, it is a figment of his imagination.

The most important thing here---

The Temporary Deputy Speaker (Mr. Ndotto): Order! Order! Mr. Vice-President, address the Chair, forget what Dr. Kituyi and Mr. Orengo are saying when they are seated!

The Vice-President and Minister for Planning and National Development (Prof. Saitoti): Mr. Temporary Deputy Speaker, Sir, I was referring generally to the few interruptions that were being made, that much of it was being based on figment of imagination, but will never take root at all. But let me put it this way: That, the whole import of these amendments is to ensure that the CBK becomes fully responsible, fully accountable, one, for the licensing of a bank, financial institution, the foreign exchange bureaux, including supervising them and ensuring that they do run. I want to say here, once again this is in keeping with the practice elsewhere in the world. I think given the fact that we have now aligned our economy with the global world economy, there is no reason why we should not follow suit. Let me also say that, perhaps, the most far reaching amendment contained in this Bill is in respect of the Governor of the CBK.

Mr. Temporary Deputy Speaker, Sir, it is proposed that the Governor of the CBK now should enjoy the security of tenure. He will be appointed to a maximum of two terms. After those two terms, he retires automatically. But it is intended that during the course of his duty, within these two terms, the Governor should have sufficient confidence to be able to undertake his duties to the best of his ability and without any fear that he may lose the job. I am not saying that for a moment that there is anything that has been done other than that one; none whatsoever. But if we want to come out publicly, these being days of transparency which the Opposition

likes to remind us day-in-day-out, even at night-- I am sure the Opposition dreams during the night about the word "transparency". We want to come out publicly in a transparent manner and say, "Look, this Governor has been appointed and he will enjoy two terms uninterrupted". If, indeed, he does something wrong, an appropriate mechanism is being devised and that particular mechanism is that of a tribunal, where he will have the right to be able to defend himself fully, because we do not want to be accused all the time that we want to victimise somebody if he is doing a good job.

At the same time, we feel that it is important, because the security of tenure has been conferred upon heads of important organs of the State. We feel, as been done in many other places, that again, this should be done. Indeed, in some other countries, it is well-known that the appointment of a Governor of the Central Bank is proposed to Parliament and then conferred upon. We want to have our own legislation like that. But what we are all saying is that here is somebody who will be appointed and will be held totally responsible. He will be told, "Look, it is your responsibility along with your staff, to scrutinise the application for the banks and foreign exchange bureaux. We are not interfering with you and you enjoy the security of tenure, do a proper job. If he does something bad, for instance, if he disagrees with the Minister for Finance, I am not saying they are going to disagree, but in the event they do that, because we do know that Kenyans are very much fond of fitina, and in the event there is that little fitina, then the matter will be subjected to a panel. Then the Governor will be told, you have done this and that. You have violated "a", "b" and "c", and if that happens, then he is there to defend himself.

Again, there is also something here which is important. The Governor will not be directly under the Minister for Finance, but he has to work with the Minister for Finance. If they do not work together, then there is no way the Minister for Finance can accomplish the objective of being able to strike sound macro-economic stability. He has to consult him. If he comes up with a monetary policy which contradicts with the laid down micro-economic policy, then the Minister for Finance would then point it out to him and he has to go to the Cabinet. The matter is, therefore, discussed fully to ensure that there is no contradiction between the monetary policy formulated by the Central Bank of Kenya (CBK) and the one laid down by the Government of the day. The issue would then be resolved. At the same time, every six months the CBK, or the Governor for that matter, will have to submit to Parliament the monetary policy to be pursued for the next 12 months. So, this House will continue to be informed of the monetary policy being pursued by the CBK. Hon. Members will, therefore, through the Appropriations Committee, be able to raise these issues.

Mr. Temporary Deputy Speaker, Sir, although I said that, that was the most far-reaching amendment that is being proposed here, I think the second most fundamental amendment which is proposed here is the one that restricts the overdrawing of Government accounts in the CBK. There is no doubt that we have had that problem. We have had cases where, for example, when a certain Ministry runs out of the money voted to it and while awaiting supplementary estimates, it overdraws its account in the CBK. That practice is going to stop now; with the fixing of ceilings on advances that can be made to the Government to only five per cent of the recurrent expenditure. What does that really mean? It means that the Government, and indeed the Treasury for that matter, will have to intensify its method of collection of revenue. This is because now we will have to live within our means. That is the most important thing. We will live within our means because there will be no way an Accounting Officer of any Ministry will be able to overdraw his books in the CBK.

Every Accounting Officer will have to ensure that his Ministry is run using what has been voted for it. It will also mean that the Government will, therefore, not go out into the private sector or to the commercial banks. That in itself also means that inflation will be controlled. What normally creates inflation, or all this supply of money, is when the Government borrows so as to ensure that the Budget deficit is dealt with. That, I think, is a very important thing. It will ensure that every Accounting Officer, once this Bill becomes an Act at an appropriate time, will then have to pull up his socks accordingly. There is no doubt that this is going to be a painful thing to do. I, myself, have no doubt that this is the best thing that can be done. If there are any other advances the Government can get, as stated here, they will have to be circularised. But the CBK will not allow any overdrawing of accounts. We, as a Government, feel that this is something which had to be put in an Act of Parliament, otherwise it would be much easier to flout.

So, we will now have a Governor of the CBK who will enjoy security of tenure and therefore you cannot touch him, unless he violates certain regulations. Here will be a Governor who will have an Act which will tell him: "Look here! Do not advance to the Government more than five per cent of its recurrent expenditure". Thus the CBK will operate soundly. That is why we are saying that it is going to be much easier to manage prices and the Shilling. Once you manage the inflation then you manage prices throughout the country. This is the import of the provision in the Bill.

Mr. Temporary Deputy Speaker, Sir, the CBK is very important. It is absolutely important. In fact, apart

from the Treasury, may be we can say that it is the heart of the economy of any country. There can be nothing better than to have a central bank that is able to operate professionally. The professionals who work in the CBK should feel that they will continue to be respected for their professionalism. They will know that at the end of the day their reward will be based purely on their own achievement and performance. This is precisely what we are trying to achieve in this particular Bill. This is an extremely courageous amendment which will go a long way in achieving micro-economic stability in this country. We talk of poverty and we have plenty of it in this country.

But we cannot deal with the problems of poverty unless we have a strong central bank. This is because our trade will be managed by well evaluated monetary policies. If our Shilling is perceived to be unmanaged we will not be able to attract investments into this country. If we do not attract investments into the country there is no way we are going to create jobs. If we mismanage our Shilling we will not be able to promote exports. If we do not attract investments we will not be able to deal with the problems of poverty.

This is why I appeal to this House not to look at this Bill as a Government one. I urge hon. Members to look at it as a Bill whose objective is to strengthen our own economy. We are free and open to practical proposals even from the Opposition. This is because the CBK is not just an institution of the Government: It is an institution for all of us.

With these few remarks, I beg to second this important Bill

(Question proposed)

Mr. Kibaki: Mr. Temporary Deputy Speaker, Sir, in supporting this Bill I wish to say that there are things which ought to be said. It is good that the Minister has found it possible to be present here as we discuss the Bill. We have missed him at times when we have discussed financial matters in this House. We know that this has not happened through his own fault; it has happened because he is busy. But we had wished that he would be present.

Everybody in this country will welcome this Bill. They will welcome it because it creates new hope that the finances of this nation may begin to be managed properly. It is in an act of hope that we are supporting this Bill. I say ours is an act of hope because now, for almost seven years, we have all suffered from continued inflation and problems which have arisen essentially because of lack of discipline in the financial sector of this nation. That lack of discipline has not been accidental. This must be rectified because if that is not done, the attitude of those who manage the economy will not change; the law, will not, by itself, do us any good. The law is very good because it gives powers and makes things permissible and possible. But this law will be operated by human beings. It will be operated by the same human beings who have been in positions and some of the atrocious things that have happened in the last four years, hopefully may not happen. But I am saying it is a matter of hope because we are going to depend on human beings. If we strictly adhere to these laws, it will be alright. But will the laws be obeyed, above all, by the Government? This law is essentially being made to discipline the Government. It is Government institutions and Government departments which can break these laws for which we are making these provisions. Ordinary persons in the economy of Kenya, however big they are in trade, are not going to flout any of the provisions which are being made here. It is only the Government which has the means and the capacity to refuse to obey these rules. So, when we pass this law, the challenge is not with ordinary Kenyans. Kenyans will have to obey these rules. They have no choice. Even ordinary banks will have to obey these rules. So, the only player in the economic game, who is not disciplined effectively by this law, is the Government. The Government is the one to determine the fiscal policy, namely taxation. This is a policy which must supplement and assist the monetary policy. If the fiscal policy does not assist the monetary policy, what was being intended to happen, when this law is passed, will not happen.

Mr. Temporary Deputy Speaker, Sir, let me give you a typical example. Fiscal policy in Kenya today is double taxing the ordinary farmer. An ordinary farmer is charged presumptive income tax. An ordinary peasant farmer who produces his milk, grows rice, cotton, sugar-cane or whatever, the income he gets from the sale of sugar-cane is presumed to be income and two and a-half percent of that gross income is taken away from that farmer before anybody has checked the cost of production. In other words we are taxing the gross income of the ordinary farmer and yet, in this nation we have audacity to announce in the Financial Statement, that is the Budget, that the agricultural economy will pick up and will be the engine and the economy will grow at five percent per annum. It is not possible! It is a dream! If we are going to smash the ordinary peasant farmer, by these kinds of gross taxes, there is no way he is going to have the money to invest. There is no way he is going to get the money to build in order to start the economy the way we would like him to build. So, what I am saying is that these structures have to be parallel to the strict monetary arrangement that we are talking about here. The man who works hard should have some money he can save and be able to invest it. But if it is going to be taken

away from him, and then he is left with no money, and we are still pretending that he is going to be an investor, actually, we are expecting the impossible. I repeat what I said during another debate here. This was during the discussion on the Finance Bill. Today, in this nation, from the total gross domestic product, that is what we generally call national income; about 30 per cent of our national income is appropriated as taxes by the State. We then continue to believe that the ordinary Kenyan, left with only 70 per cent of what he earns and faced with a huge inflation, is still going to be able to save some money and invest, so that we can grow. Then we announce in the Budget: "This economy is going to grow by five per cent." This could only happen through some magic, because the source of that growth has not been explained. It has not been defined and cannot be identified. If we are talking about this economy picking up, the level of taxation of the ordinary person has now gone to a point where, truly, in all honesty, they are not able to save anything in this economy, and it is the truth. Therefore, we are not going to get the domestically generated savings which would then be invested. So, that is our problem. What I am really saying is: This control on money matters is very good because without it, nothing else is possible, but this is only permissive. In other words, by managing the money matters, you make it possible for the other more substantial things to happen. But those substantial things like investment will not happen unless we have some savings to invest, and that is the problem.

Those of us who represent rural constituencies--- I think we are the majority. We know that, today, the ordinary peasant farmer actually lives beyond his means. He has no way of saving anything. Perhaps, much worse, for whatever reason, if you take the farmers--- Whatever the farmer is producing, the level of taxes and cesses which are deducted from him is very high. In some cases, it is as high as 20 per cent. In case of others, it is even higher. Therefore, he has no money left to invest.

(Loud consultations)

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, could you oblige my friends from North of Trans Nzoia, who are consulting very loudly at the other end, to lower their voices?

The Temporary Deputy Speaker (Mr. Ndotto): Hon. Members, I am sure you have heard Dr. Kituyi's concern. Can we consult quietly, please? Continue, hon. Kibaki!

Mr. Kibaki: Mr. Temporary Deputy Speaker, Sir, I was saying that I do hope that the Minister for Finance, who is here and the other Ministers in the Government, will consider that, parallel to this action on monetary matters, there is need for us to review the level of taxation. Around the world, it has been presumed that, as you raise the Value Added Tax (VAT), you would lower the direct taxation on the individual persons. This has been happening in the rest of the world. But in Kenya, those taxes have been growing in tandem. You raise income tax and you raise VAT. It is good the Minister did relieve the very poorest, very recently, of that level of taxation, but there is now room for more.

The Minister for Finance (Mr. Mudavadi): On a point of information, Mr. Temporary Deputy Speaker, Sir. I just want to inform the hon. Member that the income tax level is coming down. It has come down from 37.5 per cent to 35 per cent for corporate bodies and individuals. Equally, V.A.T was brought down from 18 per cent to 15 per cent.

Mr. Kibaki: Mr. Temporary Deputy Speaker, I am aware of these facts and I have studied them. We are talking about stimulating this economy and we have had a period when we have had no investment. Even now the Minister would agree with me that there is no new investment in the economy. So, somehow we have got to look for ways of restarting that process of saving and investing. That is what I am trying to propose. It is not that we ignore what has been done. What has been done is good. If we are saying that V.A.T must be 15 per cent plus, then our level of income tax should also come down much more substantially so that we collect money from one side and not from all sides and leave the fellow very miserable. If individuals do not have savings, we shall not have any money. At the moment, we are saving nothing, and so, we have no local investment.

The second area I want to talk about on the fiscal policy is that, as the Kenya Revenue Authority clearly improves the level of collection of taxes, the Minister should feel free to spread taxes to all those whose levels of income allow them to pay taxes because the Kenya Revenue Authority is capable of doing all that. Equally, I hope that the Kenya Revenue Authority will be allowed to collect revenue from all departments. Which when we passed the Kenya Revenue Authority Act, we presumed they would be able to collect revenue. We have heard and we think it is true that, there is a tug-of-war as regards the collection of revenue from motor vehicles. We have heard that this exercise is being taken back to the department where it used to be in the old days, when there was nothing but total corruption. Everybody knows that. That concession to allow that department to be excluded from the supervision of the Kenya Revenue Authority is a sin. It should not be allowed because that is allowing a

wide open loophole where some people are just stealing Government money. When they cannot steal at source, they organize to hijack money as it is being taken to Treasury from Nyayo House. They collect Kshs5 million conveniently under the pretext that they had been raided. They were raided by nobody else apart from themselves. They are the people who organized to take away that money. It is surprising to note that nobody was pursued and the money was taken at the entrance of that house. Haya mambo ni makubwa sana.

I am saying that the revenue collection departments must be allowed the freedom which we assumed when we created the Kenya Revenue Authority Act. The good things that were happening at Mombasa Port are no more. We are getting all sorts of stories. The story about sugar, food stuffs and other goods coming free and getting exemption from tax under the pretence that it is meant for refugees. That importation is by well known people who have been doing it on behalf of the big bosses. Now they collect money and tax is not paid. This way we lose double that tax.

Sugar should not be imported until the sugar we produce in Kenya is used, but it is being imported in enormous quantities. Our farmers are not paid their dues and they are not encouraged to produce sugarcane because it is not properly paid for. We are creating a circle where the interest of traders and their sponsors becomes the priority of Government while our farmers, who depend on the sugar industry, get no money because their sugarcane cannot be harvested. It is rotting on the farms. If there are things which show the evil spirit which is penetrating into this Government, nothing is demonstrated more beautifully than the position of the sugarcane farmers. This country imports sugar and the farmer who works so hard sees his sugarcane grow to become trees. Sugarcane cannot be harvested because nobody is interested in it. Nobody is organizing any finance for that particular industry. This is happening because the market must be sustained for the importers. Who are the importers? The friends and supporters of Government bosses.

Mr. Temporary Deputy Speaker, Sir, Kenyans see that scenario very clearly. Do we have a Government or not? If not, then what do we have? If something like that cannot be put right, and when anybody in the Government speaks the truth about it, he has to be sacked, then something is terribly wrong with this government.

These are very important matters. Shall we go on like that for the whole of 1997? Shall we have a Government of that nature going back to the public of Kenya, to seek further mandate in order to go on doing the same things? If that is the case, then we are heading for a catastrophe. These are very important fundamental questions and they are the root of these monetary things we are talking about. Even if you organise your money situation, if the production and taxation side is not taken care of, you will not achieve what should be presumed by money.

If money policies are right, they only create the environment, which is correct. But true economic growth does not come from monetary policies. It comes from genuine savings, genuine investments and hard work. But if the farmer's hard work is not rewarded, and if the things that are happening in the sugar industry continue to happen, and if we continue to have the Nyayo Tea Zones, where tea is growing into trees, and we are prohibited from picking that tea, and the Government which uses public money does not pick the tea or organise for it to be picked, we will just be putting money down the drain, and nobody will benefit from it. We really look ridiculous. It is a very peculiar situation. You see tea that was planted and meant to be picked and exported in order to earn foreign exchange. However, it is not being picked, neither is it being taken care of because it is "Nyayo Tea Zone", and only certain people may take care of it. But they are not doing anything and it is neglected. I see it in my constituency, and even many other hon. Members see it in their constituencies. What is the meaning of that kind of thing? Is it negligence? No, it is not negligence. It is deliberate.

Mr. Temporary Deputy Speaker, Sir, for instance, we have the producers of rice, which is a Government irrigation project. The farmers are being told that they must behave in a given manner by the National Irrigation Board (NIB). When they protest and want to negotiate with the NIB, they are told by the NIB that there are no negotiations. They are told that if they do not do what they are being told by the NIB, their water supply will be cut off. The irrigation water that should irrigate the Mwea rice fields, has been cut off. Consequently, the rice has become yellow before it produces any yields. The Minister of Agriculture, Livestock Development and Marketing, and the Minister in charge of irrigation should visit the place.

Mr. Temporary Deputy Speaker, Sir, this is a criminal act which is going on in the middle of this nation. It is a fact of life.

The Minister for Agriculture, Livestock Development and Marketing (Mr. Nyachae): I am not responsible for irrigation!

Mr. Kibaki: Even if the Minister says he is not responsible, he should know why we are failing to get food. This is because a food-crop which is being produced, is being made to die on the fields, for lack of water. All this is due to action that has been taken by Government people. Those peasant farmers in Mwea are going to miss the crop. The nation of Kenya will miss the crop. But the Government does not seem to care because it is saying that it will import rice. What money will they use to import rice? The money which is available in the

nation. So, there is no development. I am saying that these kind of actions will matter a lot. Money is very important, but the actions that will matter, are the kind of things that we are describing.

Mr. Temporary Deputy Speaker, Sir, I welcome the restriction which has been put here by the Government through the Central Bank. But you will remember that restriction is not new, it was there even in the previous law and it was clear. It was there, but it was not obeyed. Government borrowed and borrowed until now they have borrowed more than Kshs82 billion. This is not based on anything. The restriction is good if it says that they must borrow only to the extent of 25 per cent of the established revenue that they are going to have. That rule was there of 25 per cent, but it was never obeyed.

The question we are asking now because it is mentioned here, but it is not clear is: In Central Bank today, Government has some Kshs81 billion in terms of Treasury Bills outstanding. In Central Bank today, there is an Account No.2 and No.3, and yet the Government should have one account called the Consolidated Fund Account No.1. It has somehow been found necessary to have Accounts No.2 and Account No.3. If these figures are going to make any sense, the presumption behind whoever drafted this law is that the Government shall continue to maintain one account in the Central Bank, the Consolidated Fund Account, which should be checked and from which this report which we are supposed to get quarterly will come, showing the amount of money available, the amount that has been spent and so on. But if we are going to have another two accounts in the Central Bank, we want to be told from the beginning, first of all, the legality of having two other accounts over and above the first Consolidated Fund Account because Government should have only one account so that, at least, the checking by the Controller and Auditor-General and everybody else will have a basis.

Mr. Temporary Deputy Speaker, Sir, that is important because we could be passing very good laws and making very beautiful statements, but then Government creates its own special accounts through which they will do manoeuvres, manipulations, scheming, stealing and supporting the "political banks" which are there, although the Vice-President and Minister for Planning and National Development was denying that they do not exist. They exist and are flourishing.

We must say we want to have only one Government account, the way it is presumed in this law. It is not presumed that we have two other accounts. That is the first point, I would want to make.

The second point regarding the same account is the debts now outstanding because they are fabulous, they are much too big. The reason why the Treasury has to go on borrowing heavily, surely, is for the purposes of servicing the interest rates on the outstanding debts now. That is why they must go on borrowing every week, Kshs2 billion, Kshs3 billion, Kshs5 billion and so on. That is the purpose, there is no other reason. We are being told here what is going to happen to the future, what is to happen to the present, because the present volume of borrowed money is so excessive that there is more than Kshs82 billion already in Treasury Bills. There are also other large sums of money borrowed. What is the Minister going to do about the present borrowing outstanding with the Central Bank? How will that be frozen? How will it be accounted for in this quarterly report because they are treated as if they do not exist and they are genuine debts?

The Minister for Finance (Mr. Mudavadi): On point of information, Mr. Temporary Deputy Speaker, Sir. I think that is a very valid question from hon. Kibaki. I would like to say that we do recognise that there is substantial borrowing already and the intention of the Government is to make sure that this can be converted into long term bonds which can again be securitised so that the process of the debt is then spread over a longer period of time, but it will then assist in easing the problems we are facing currently on the question of inflation and high Treasury Bills.

Mr. Temporary Deputy Speaker, Sir the information that the present debts will be made long-term is welcome. But for how long because the money is borrowed locally? Those who lent the Government would want to be repaid their money. How long-term can we make it? But, what we are really saying is that in law--- I am not really questioning what the Minister is saying that he is going to do, but how come that there is no clause in this Bill describing how this huge borrowing is going to be treated?

Mr. Temporary Deputy Speaker, in terms of the economy, the amount that I am talking about is greater than the whole national income of Kenya. We are not talking about a pittance. If Treasury Bills alone amount to Kshs83 billion, and if these other borrowings are similar, we are talking about sums which are bigger than the whole national income of the nation. So, it is not a pittance and we cannot just say that, we shall see how to deal with that problem. It is not a small problem. Even if we are controlling the level of Government's new borrowing, because this Bill is talking about new borrowing, we should understand that. What are we going to do with large borrowing that is already in place? I am not doubting that there may be some action, but what I am saying is that: In order to ensure that the activity of dealing with the whole debt does not frustrate the very good intention of this Bill, we have to be told now how that money would be excluded from influencing the volume of money supply. How will it be controlled? This

must be stated because if it is not stated, then half of the problem is left in one corner and since it is not going to go away or rot away, it will flow back into the economy. So, the inflation that we are trying to control will not be controlled. That is all we are saying; that the Minister should explain what he is going to do with the present very heavy level of borrowing which is there in the name of the Government. That is what is omitted here and yet it is a very big problem, which can actually frustrate the operations of the law the way it is going to be passed because the Minister is not going to default and tell Kenyans that he is not going to repay them what they have lent the Government. He is going to continue selling Treasury Bills to service that loan.

Mr. Temporary Deputy Speaker, Sir, the other point that I am making which has to do again with that level of borrowing is that, at the moment, the Central Bank borrows mostly from commercial banks and other financial institutions, including insurance companies, etcetera. At the moment the rate of interest that he is paying is around 25 or 26 for this borrowing. The way the banks in Kenya talk to us as ordinary customers is very simple. They say: "If the Government is willing to pay me 26 per cent, how can I lend you an ordinary person for less?" It would not make economic sense, would it?

An hon. Member: No.

Mr. Kibaki: Then we are bound to agree, yes, it would not make any economic sense, because if you can earn 26 per cent by putting your money in the Government, that is why you do not want to lend us the ordinary people in Kenya. Therefore, if we want to borrow from banks, we are told; "You will pay 30 per cent". Oh yes, the rate of borrowing is 30 per cent. In this economy, if you are going to pay interest of 30 per cent on what you borrow from the bank and we are being told in the Budget Statement that the economy is going to boom and there will be 7 per cent growth in some sectors then you are bound to ask: Which sectors?

Which sector can finance 30 per cent interest? They are not there and that is why there is no new investment. It is not because people do not want to invest. But whatever you calculate, if you want to establish any small industry or to expand your farm, you will find that 30 per cent is much too high and this is priority action that the Ministry of Finance and the Office of the Vice-President and Ministry of Planning and National Development must take. They must do everything possible to bring this rate of interest down. One of the obvious places of attacking it from is to introduce the amount that the Government itself borrows through Treasury Bills. Let this business of having longer term bonds be explored. It is helpful. With regard to Treasury Bills which take three, six and twelve months to mature and the interest is at 26 per cent, then only the Government will keep borrowing money from the economy of Kenya. The rest of the economy cannot borrow. So, we shall have a very beautiful structure in the eyes of the International Monetary Fund (IMF) and similar people. They will see an economy which is quite balanced and creating no instability but there is no growth. So, we are stuck. It is like a fellow saying that "I found somebody standing there and he is in perfect peace". Of course he is in peace. If he is not moving how can he get into any problems? He will keep standing and when his blood can no longer sustain him, he shall just fall down like a dead tree. That is true. It is the same with the economy. You are not borrowing or lending. So, you have very perfect stability. You keep standing there until you fall down.

Mr. Temporary Deputy Speaker, Sir, this thing is actually truly worrying. This is because somehow the IMF, Treasury and the Central Bank are happy but the economy is not growing. There is one aspect which the Minister should look into. Although we have liberalised the system of interest and the system of money, there is something the Minister must look at. Today those who put money in the banks for the normal current accounts and those who invest in the savings account --- Those who have savings accounts are being paid interest at about 13 per cent by the bank. That money which is borrowed from the whole economy at 13 per cent is being lent back to the same economy at 30 per cent. Does this not worry the Minister, the Bank and the Government? I mean, should it not worry them? How can it be that for the money that we, the public of Kenya, are putting in the bank as savings are only being rewarded by 13 per cent on our money? When that money is lent to any other customer, he pays interest at 30 per cent. So, the bank, for doing nothing earns 17 per cent. Oh, yes, it is a fact. It is real. And, therefore at the end of the year, every bank is saying that "We have made Kshs4 billion, Kshs5 billion or Kshs2 billion", and we all cheer up and celebrate. Whose economy is it now? I mean, nobody is taking care of it because the money is taken out and those who want to borrow cannot borrow it. Only banks are prospering and at this level; this differential between the savings rate and the rates at which the money is lent should surely be looked at regardless of whether we are talking about liberalisation and freedom. Even in this Bill, the phrase is incorporated there; that the rates of interest shall be determined by free market operations. How is it free? It cannot be free because there is no competition between banks in Kenya. So, is that situation going to continue into the future undisturbed, because we want freedom? This is a problem which must really be faced. Because until it is faced, we are not going to get the savings money that we need and that is one aspect that is worrying me. Because, if we are going to---

Mr. Shikuku: Even the savings are taxed!

Mr. Kibaki: Well, the savings are taxed, that is one area taxation is growing, but the level of taxation on interest should be looked into. The Minister did one very good thing, by exempting about 140,000 poor people from taxation, because their level of income does not reach the thresh-hold of income tax. That was very good and we congratulate him. But then, when you are taxing the rate of interest, it is any rate of interest. However small your savings are, that is an income of anybody who earns any interest. If you take, for example, an ordinary primary school teacher, that interest he earns on the little money he has saved somewhere is chopped. Now he is not being taxed income tax, but this interest which should help him is taken. Again, it is gross taxation like we are doing with the farmer, yet this can be taken care of very easily. People who are paying income tax do declare what they earn from interest and formerly, these things used to be added together. I can see how simple it is for us to tax from banks because then, it is just deducted at source. So, it simplifies the administration of tax. But we are taxing people who do not qualify to pay income tax, by chopping off their interest earnings. So, this is something to be looked into, because, to encourage savings, it is the other side of this policy we are announcing here. If we do not do it, we are not going to promote development.

Mr. Temporary Deputy Speaker, Sir, there is a provision on paragraph 15 on Loans. It says:-

"The Bank is prohibited from giving commercial loans."

What about the commercial loans it has already given? It is very important that the Central Bank of Kenya, truly now with the independence we are giving it, becomes a separate entity, a Central Bank, a manager of other banks, a banker to the Government and an advisor to the Government. It should cease to be seen in the commercial operations of banking.

Mr. Temporary Deputy Speaker, Sir, it is a terrible thing because around the rest of the world, central banks do not enter into commercial trading. But in Kenya, for a certain period of time, Central Bank entered into the commercial trading of banking which is not its field and it should not enter there. Now, it is being said that in future, it is going to be forbidden from entering in those places.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Ndotto): Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until 21st November, 1996, at 2.30 p.m.

The House rose at 6.30 p.m.