

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 2nd July, 2003

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPER LAID

The following Paper was laid on the Table:-

Report of the Committee on Administration of Justice and Legal Affairs on the Selection of Commissioners to the Kenya National Commission on Human Rights

(By Mr. Muite)

NOTICE OF MOTION

ADOPTION OF REPORT ON NOMINATION OF KNCHR COMMISSIONERS

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

THAT, this House adopts the Report of the Committee on Administration of Justice and Legal Affairs on the nomination of Kenya Human Rights Commissioners laid on the Table of the House on Wednesday, 2nd July, 2003.

Mr. Speaker: Mr. Muite, as a matter of interest, do you think that Motion will be debated?

Mr. Muite: Mr. Speaker, Sir, I understand that the intention is to have this Motion debated tomorrow.

Mr. Speaker: Very well.

ORAL ANSWERS TO QUESTIONS

Question No.312

RECRUITMENT OF SECURITY PERSONNEL IN BARINGO EAST

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

(a) whether he is aware that recruitment Office of the President (Mr. Tarus): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that recruitment of Kenya Police, Kenya Army and Administration Police is always conducted at Kabarnet, which is the District Headquarters of Baringo District.

(b) The current recruitment policy and practice has served the public service and the security forces well. Administrative district headquarters are central and constitute the main centres of population, hence there are no immediate plans to change the policy.

(c) The policy of recruitment at the various administrative district headquarters is contained in the Standing Orders of the various security forces. Declaring East Pokot Sub-District a recruitment centre would set a precedent where all other divisions countrywide would have to be considered as recruitment centres. Also, the logistical demands and financial requirements would be too prohibitive.

Mr. Kamama: Mr. Speaker, Sir, the Assistant Minister is not telling us what is practical on the ground. Even this year, a recruitment exercise was conducted in Marigat, which is a division in Baringo Central Constituency. So, he is not telling us the truth. We would like the recruitment centre at Marigat to be relocated to East Pokot Sub-District Headquarters instead of having two recruitment centres in one constituency. Could he confirm to the House that he is going to do that?

Tarus: Mr. Speaker, Sir, Marigat was, indeed, used as a recruitment centre. We know that Marigat is occupied by members of the Njemps community. We are all aware of the affirmative action initiative. For the second time, recruitment was conducted in Marigat, so as to accord members of the Njemps community the opportunity to participate in the exercise. That is the current position. Unless the Kenya security forces create other recruitment centres, the situation will remain as it is.

Mr. Wanjala: Mr. Speaker, Sir, in this country, there are some districts with only one constituency whereas others have up to five constituencies. As of now, our security forces recruit an equal number of people from each district. So, could the Assistant Minister consider basing the number of recruits to be enrolled into the security forces' units on a constituency?

(Applause)

Mr. Tarus: Mr. Speaker, Sir, even in the current arrangement, where the target is the district, the numbers have been based on divisions, and not---

Hon. Members: On a point of order, Mr. Speaker, Sir!

Mr. Speaker: Order! Order! We must hear the Assistant Minister.

Mr. Tarus: Mr. Speaker, Sir, the number of recruits has always been determined on the basis of a division. I was going to add that the proposal given by the hon. Member will be considered.

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

Mr. Speaker: Order! Sit down, Mr. Kamama. You have already had your chance.

Mr. Angwenyi, proceed!

Mr. Angwenyi: Mr. Speaker, Sir, the reply given to Mr. Kamama is that they have two recruiting centres in one constituency because they want to undertake affirmative action for the Njemps. Could there be affirmative action for the Pokot who live 200 kilometres away from Kabarnet as opposed to Marigat, which is only 30 kilometres away from Kabarnet? Could you consider taking the recruiting exercise to Munyang' in East Pokot so that there is affirmative action for the Pokot?

(Applause)

Mr. Tarus: Mr. Speaker, Sir, I cannot give that undertaking now. However, we have heard the sentiments and we will give the matter due consideration.

Mr. Speaker: Very well! I shall give the last chance to Mr. Sasura.

Mr. Sasura: Mr. Speaker, Sir, the issue of recruiting has been very painful in this country,

considering the fact that there are so many unemployed youths. Even the latest recruitment of regular police officers and administration police was marred with a lot of corruption. The candidates were required to pay Kshs20,000 to the police officers for their names to be listed before they were recruited. When we complained, we were told to record a statement with the same police officers who were demanding money from us. Can the Assistant Minister assure us that some independent form of system will be devised so that our young men are employed fairly in the spirit of creating 500,000 jobs?

Mr. Tarus: Mr. Speaker, Sir, first of all, I want to correct the position of recruitment. The past recruitment was for the regular police. The recruitment for the administration police has not yet been done. Secondly, the habit of bribery was rampant in the last couple of years.

Mr. Speaker, Sir, during the recruitment of police officers, clear instructions were given that it would be done at the district headquarters. This is the first time I am hearing of allegations of bribery. However, we would like to give a clear message that, where there is evidence of bribery, we would like to have it so that we deal with those culprits.

Mr. Kamama: Mr. Speaker, Sir, I am happy that the Assistant Minister has promised to consider East Pokot as a recruitment centre. It is very far away from Kabarnet. We want that to be actually done.

Mr. Speaker: Well done! That does not call for an answer.

Question No.325

MAINTENANCE OF ROADS IN CHEPALUNGU

(Mr. Koech) to ask the Minister for Roads, Public Works and Housing:-

(a) How much money has been given to Chepalungu for maintenance of roads during the last financial year?

(b) Could the Minister give a break down of the roads which were done?

Mr. Speaker: Mr. Koech's Question is withdrawn.

Hon. Members: Why?

Mr. Speaker: Because he has withdrawn it.

(Question withdrawn)

Question No.344

CLOSURE OF MOLO POTATO
COOLING PLANT

Mr. Mukiri asked the Minister for Agriculture:-

(a) why the potato cooling plant in Molo was closed; and,

(b) what he is doing to have it opened.

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

(a) Molo potato cooling store has never been closed down since its inception in 1985. The problem with the store is its storage capacity that has been greatly affected by:-

(i) reduced acreage; from 150 hectares to 16 hectares which is required to meet the total capacity.

(ii) loss of land which was more suitable for seed growing to private owners.

(b) To stimulate seed potato production and optimise utilisation of the potato cooling plant, the Government is:-

(i) in the process of sourcing for a few large scale farmers to advance the growing of

certified seeds.

- (ii) proposing to have an outgrower programme.
- (iii) proposing to rehabilitate the facility so as to restore it to its original state.
- (iv) encouraging seed growers association to facilitate marketing.

Mr. Mukiri: Mr. Speaker, Sir, the Assistant Minister has said that there is land that was lost to private owners. I believe this is Government land. Most of it belonged to the ADC farms. Could the Assistant Minister tell us who took this land that belongs to the Government? Why do farmers in Molo Constituency have to suffer because of some few Kenyans? Can he also tell us who they are and what he intends to do with this land?

Mr. Khaniri: Mr. Speaker, Sir, the land that was being used for the nucleus production belonged to the ADC. The land was allocated to individuals. However, I do not have the list of the individuals here, but I can undertake to table it, given time.

Mr. Munya: Mr. Speaker, Sir, can the Assistant Minister also tell the House whether he is going to cancel the allocation so that the ownership of the farm reverts to the Government?

Mr. Khaniri: Mr. Speaker, Sir, I cannot give an undertaking on that. We know very well that the President recently formed a Commission to look into this matter and we will wait for the outcome of the Commission.

Mr. Mukiri: Mr. Speaker, Sir, it is very important that we know the people who were allocated this land. The Assistant Minister has just said that, if given time, he will be able to table the list of the people who were allocated this land.

Could we then defer this Question so that he can table the list? It is very important.

Mr. Speaker: He can table it without deferring the Question. When are you going to table the list? Tabling simply means presenting the names of these people as per the record and the matter ends there.

Mr. Khaniri: Mr. Speaker, Sir, I undertake to do that on Tuesday, next week.

Question No.216

RURAL ELECTRIFICATION
PROGRAMME IN KIRINYAGA

Mr. Karaba asked the Minister for Energy:-

- (a) whether he could inform the House the amount used to date in rural electrification in Kerugoya/Kutus, Kirinyaga District; and,
- (b) what plans he has in place to ensure that more areas are supplied with power.

The Minister for Energy (Mr. Ochilo-Ayacko): Mr. Speaker, Sir, I wish to say that this Question came to the Ministry this morning. We have worked overtime to get an answer and we have forwarded it to Parliament. I am sorry that the hon. Member has not received his copy.

Mr. Speaker: Are you happy with that, Mr. Karaba? Will you be able to participate without the written response?

Mr. Karaba: Mr. Speaker, Sir, it will depend on the way he will answer the Question.

(Laughter)

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

(a) My Ministry has so far spent a total of Kshs790,000 to supply electricity to Rutui, Ndombi, Kariako and Kadendu coffee factories; Kiwaka and Kitumbi markets and Ritui. Ritui got electricity supply between 1996 and 2000. The rest of the projects were done in the early 1990s.

(b) The Government is in the process of developing a new rural energy policy strategy aimed at among other issues, increasing electricity access to the rural areas. This new strategy will shift emphasis from the traditional focus on grid extension to an integrated approach using grid extension

and decentralised energy supply options, including renewable energy based on least cost criteria.

Mr. Karaba: Mr. Speaker, Sir, I would like to draw the attention of the Minister to his answer. The answer that he has given is not on rural electrification. He gave us the names of coffee factories which have electricity. Money had already been provided for electrification in these factories. He should tell us how much money was allocated for rural electrification. The amount he is quoting was meant for coffee factories and not for rural electrification. What is the Government's policy on rural electrification?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, the rural electrification scheme is intended to provide electricity connectivity in rural areas and to coffee factories. The scheme I am talking about in respect of Kerugoya District covers 15 projects. These are Kibugoti, Kiunguri, Gathambi and Karaini coffee factories, Gabere tea centre, Gatambi SDA, Karani factory, Ritui, Ndukatha, Mukanga, Kambue, Kibuguiiri, Mukure, Kathata and Ngati which are all rural areas of Kerugoya District.

Mr. Sambu: We are aware that the STABEX funds were meant for the electrification of coffee factories. Could the Minister confirm or deny that in fact, those factories were electrified using the STABEX funds, and not funds from the Rural Electrification Programme?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, I am sorry that many of the Members do not understand the distinction. Rural electrification is the electrification of rural areas. The sources of funding are the Government (GOK) and donors who have been assisting us, for example, the French, Koreans and even Chinese. But the objective of the donor aided fund is also to electrify rural areas, so it also falls under the rural electrification category.

Mr. Sambu: Mr. Speaker, Sir, having been the Chairman of the Agriculture, Lands and Natural Resources Departmental Committee in the last Parliament, I know very well that the STABEX funds had allocations for the electrification of coffee factories. Is it in order for him to mislead the House? If he is not aware, then he should ask because I will table the records here to show that the STABEX funds have a portion or a tranche for the electrification of coffee factories.

Mr. Speaker: Order! Order! That is your argument. I think the argument from the hon. Minister is unassailable.

(Applause)

The purpose of rural electrification is to provide electricity to the rural areas. Where the funds come from is irrelevant, as long as the project is done. I think that is the point. So, we should not spend time splitting hairs!

Mr. Sungu: Thank you, Mr. Speaker, Sir. By far, the heaviest cost for all electricity projects is the cost of transformers. Consumers are expected to pay for these transformers, yet they still belong to Kenya Power and Lighting Company (KPLC). Because of corruption, would the Minister consider ensuring that consumers are allowed to source for their own transformers at cheaper costs?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, the next Question is about the cost of electricity and power transformers. So, if I would be allowed, I would like to reply to that when I answer the next Question by hon. Obwocha. This response is not tailored to cater for that supplementary question.

Mr. Karaba: Mr. Speaker, Sir, it is important to note that in Kirinyaga-Kutus, more than 20 self-help rural electrification projects have been registered and were forwarded to the Ministry of Energy in 1997. To date, not a single self-help project has benefitted from this scheme. So, I am still wondering when the more than 30 groups in Kirinyaga-Kutus; who have paid the statutory 10 per cent fees to KPLC to have power connected, will get power?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, under the NARC administration, we shall be looking at the requests from various districts, and I must say that--

(A mobile phone rang)

Mr. Speaker: Order! Whose mobile phone is that? Will all hon. Members switch off all their mobile phones now!

An hon. Member: Grace period!

Mr. Speaker: The grace period to do that is now. Very well, proceed, Minister.

Mr. Ochilo-Ayacko: Now, Mr. Speaker, Sir, I was saying that under the NARC administration, we will be meeting this month to look into the requests that have been made from various parts of the country, and one of the considerations will be projects prioritized by the District Development Committees (DDCs). I am glad to inform the Member who has asked this question that he should ascertain that,

in view of the fact that the supply of power to rural areas is too expensive due to the cost of power transformers, what the Ministry is doing to reduce its cost in order to make power affordable to many Kenyans.

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

The sourcing of power transformers and other transmission and distribution equipment is done in bulk by KPLC, thus giving credit to the country in terms of economies of scale. However, my Ministry is aware that out-sourcing of construction components of project work to the private sector has, in effect, reduced the project costs by about 20 to 30 per cent. In an effort to bring the project costs further down, my Ministry is encouraging contracting out other works, like survey and design, wayleave acquisition and procurement of materials; an activity traditionally undertaken by KPLC. These initiatives together with the recent reduction of Value Added Tax (VAT) from 18 per cent to 16 per cent on power transmission and distribution equipment, will accelerate the pace of access to electricity in the rural areas, and will also reduce the cost of connecting electricity.

Mr. Obwocha: Mr. Speaker, Sir, if this Minister were to sit for an examination, he would score a "D".

(Applause)

If you heard what he has said---

Mr. Speaker: Order! Order, Mr. Obwocha! Order! Every Member who is here has been certified literate enough both in English and Kiswahili to be in this House, in addition to voter certification.

Proceed, Mr. Obwocha!

Mr. Obwocha: I was talking about his answer, and not his qualifications. He is a very qualified Minister, Mr. Speaker, Sir.

The hon. Minister has talked about the distribution of power. My Question is on the cost of transformers. I was expecting him to tell us that he has consulted hon. Mwiraria, and that the duty on transformers is going to be reduced from 20 per cent to zero.

Could my dear Minister tell us whether he is going to request the Ministry of Finance to zero rate the cost of transformers so as to reduce the cost of power in rural areas?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, before answering that question, it appears that the hon. Member had an answer in mind, and I know it is contrary to the Standing Orders to ask a question whose answer you know.

However, we are working out ways and means of reducing the entire cost of electricity in this country, particularly its installation. A transformer is just an item, and contrary to what Members believe, the transformer is not the most expensive item when it comes to connecting electricity. The most expensive item is the labour contract. If we are talking about the French scheme that is being taken to western Kenya, what KPLC had estimated to be the cost of acquisition of wayleave was Kshs39 million. When it was subjected to competitive bidding, it was given out at Kshs20 million, nearly a reduction of 50 per cent. So, the cost is not on transformers. There are other variables that need to be addressed, and we are doing this with the Ministry of Finance and also internally, within my

Ministry.

Mr. Gitau: Mr. Speaker, Sir, could the Assistant Minister confirm to this House that what we are requesting is for the Government to subsidise the cost of transformers because the main revenue that KPLC is supposed to earn is from selling power to wananchi, but not from selling transformers to wananchi?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, one of the reasons why it is costly when you apply for electricity from KPLC is that, in the past there has been a policy that the applicant bears the cost of the transformer. There is a policy that is being initiated and it is intended to spread out the cost among the applicants and also to spread out the period within which that cost should be met. For instance, if it costs about Kshs1 million to undertake a particular project up to a particular level, then it is possible for KPLC to enter into an understanding with the applicant to spread out that cost over a period of maybe five years and share it among the applicants so that this heavy cost is not borne by a single applicant. That will translate into some benefits to the applicants.

Mr. Obwocha: Mr. Speaker, Sir, it is so frustrating that this is a Question that affects most of us. The most important project we can undertake for our people is supplying them with electricity. Now, somehow, the Minister is not addressing this issue. He is saying the other costs are more important than the cost of transformers when we know that the cost of transformers is the problem. Could the Minister tell us whether KPLC is going to lease these transformers to the people or they are bearing the costs themselves so that the cost of transformers can be reduced? Which is which? Is KPLC going to lease them out to the people or they are going to bear the costs themselves? What is the policy?

Mr. Ochilo-Ayacko: Mr. Speaker, Sir, let me put it this way: In exactly two months from now, we are going to come up with a proper policy position that is going to address the entire cost of providing electricity to rural people and it will cover the cost of transformers plus other costs that make it expensive. So, perhaps, the hon. Member can bear with us. What is going on currently is the position that had been prevalent or obtaining in the last Government.

Question No.335

ILLEGAL ALLOCATION OF UMANI SWAMP

Mr. Ndile asked the Minister for Environment, Natural Resources and Wildlife:-

(a) whether he is aware that the water catchment area (Umani

[Mr. Ndile]

Swamp) in Kibwezi was illegally allocated to developers known as Chyulu Developments Limited of P.O. Box 47363, Nairobi; and,

(b) if he could inform the House how much was paid to the Government for the land in "a" above.

The Assistant Minister for Environment, Natural Resources and Wildlife (Prof. Maathai): Mr. Speaker, Sir, I beg to reply.

(a) No, I am not aware that the water catchment area (Umani Swamp) was illegally allocated to developers. However, I am aware that the area in question which is in Kibwezi Forest Reserve is licensed under the Forestry Act, Cap.385 to Chyulu Developments Limited of P.O. Box 47363, Nairobi for development and operation of an eco-tourism facility. The licence was issued on 22nd September, 1995 and it is for 25 years. The licensed area is 15 hectares and it is outside Umani Springs. However, it enjoys a front view of the swamp which is a breeding ground for crocodiles, birds and wild animals which are the main tourist attractions. The area remains a gazetted forest.

(b) The Government collects an annual licence fee of Kshs5,000 and an annual land rent of Kshs31,500 for the licensed 15 hectares. In addition, the licensee pays five per cent of gross tariff rates to the Government as Appropriations-in-Aid. The above payment will continue over the licensed

period. The land rent and licence fees are subject to revision by the Chief Conservatoire of Forests as provided for in the Forest Act, Cap.385, therefore they will pay over the licensed period. The land will revert back to the Forestry Department up to the licensed period expires and it maybe renewed with revised conditions.

Mr. Ndile: Bw, Spika, sielewi kama Waziri Msaidizi alikuwa tayari kujibu hili Swali kwa sababu yale maneno ambaye anasema ni tofauti sana na vile mambo yako kule nyumbani. Hili shamba limepewa mzungu ambaye ameharibu maji haya ilhali watu wa Kibwezi wanatumia hayo maji. Je, ni hatua gani atachukua--

Mr. Karaba: On a point of order, Mr. Speaker, Sir. Is it in order for the hon. Member to frame his Question in English and then ask supplementary questions in Kiswahili? Which language should he use in asking supplementary questions?

Mr. Speaker: Order, hon. Members! Mr. Karaba is a new Member and so is the Member asking the Question. The position is that you may put the Question in English but when you orally ask supplementary questions, you can choose either to ask them in English or Swahili. However, once you have made your option, you stick to it. So, he is entitled to ask in Swahili, but must continue doing so in Swahili until the end of the Question.

Mr. Ndile: Asante sana Bw. Spika. Unajua Wabunge wengine wameiga lugha za kigeni sana na pengine hawajui kwamba Kiswahili ndiyo lugha ya taifa.

(Laughter)

Mr. Speaker; Order, Mr. Ndile! You maybe asking for something else, but please now continue.

Mr. Ndile: Asante sana Bw. Spika. Waziri Msaidizi atafanya nini kuhakikisha hawa watu wa Kibwezi wamepewa hili shamba kwa sababu ina maji ambayo watu wa Kibwezi wanategemea? Atafanya nini kuhakikisha hawa watu wameondolewa hapo kwa sababu siku nyingine waliweka sumu kwa maji na watu wakafa? Hili jambo liliandikwa katika magazeti. Je, atafanya nini ili aweze kuwaondoa hawa watu hapo?

Prof. Maathai: Mr. Speaker, Sir, I am not aware of that. That is something that will have to be investigated.

Mr. Speaker: Madam. Assistant Minister, you do not have to answer a hypothetical question. Mr. Kalembe, you are totally out of order to ask a hypothetical question. It must be factual and not hypothetical. Madam, do not answer that question.

Mr. Ndambuki: Mr. Speaker, Sir, I really appreciate the answer that was given by the Assistant Minister. However, Kibwezi Town suffers from water shortages and Umani Swamp is the only source of water for Kibwezi residents. If Umani Swamp has been leased to this person, could the Assistant Minister assure us that he is not going to interfere with it because the people of Kibwezi rely on its water?

Prof. Maathai: Mr. Speaker, Sir, my understanding is that the 15 hectares that have been leased to Chyulu Developments Limited is not part of the Umani Swamp, but the camp overlooks the swamp and, therefore, the swamp has not been leased and the water should still be available to the people. I was also under the impression that the swamp is not really a source of direct water for the people. It just happens that the river comes above the ground and creates the swamp.

Mr. Speaker: Order! I do not intend to keep on postponing Questions by Private Notice. I intend to cover all of them within the time available. Proceed!

(Mr. Ndile stood up in his place)

Mr. Speaker: What is the matter with you Mr. Ndile?

Mr. Ndile: Bw. Spika, Swali langu halikujibiwa kikamilifu.

Mr. Speaker: Muda wa Swali lako umemalizika. Sasa tutaendelea na Swali lingine.

Question No.120

ISSUANCE OF TITLE DEED
TO SEROSAN INVESTMENTS

Mr. M. Kariuki asked the Minister for Lands and Settlement:-

(a) why the Commissioner of Lands issued a title deed to Mr. Sammy Seroney and Serosan Investments in respect of LR452/1/4 whereas Mr. Mwenja Ngure had been issued with a letter of allotment for the said piece of land on 16th September, 1970; and,

(b) if he could cancel the title issued to Mr. Seroney and have the same issued to Mr. Ngure.

The Assistant Minister for Lands and Settlement (Mr. Ojode): Mr. Speaker, Sir, I beg to reply.

(a) The Commissioner of Lands issued a title deed for LR452/1/4 which is now LR No.13123 within Nakuru Municipality, to Mr. Sammy Seroney, after he applied for the land which was previously Government land. The same was allocated to him after the approval of his application. The Temporary Occupation Licence (TOL) to Mr. Mwenja Ngure, issued on September 16, 1970, expired on December 19, 1974, and the land reverted to the Government.

(b) I cannot cancel the title deed issued to Mr. Seroney in order to issue it to Mr. Ngure, because that will be in breach of the law.

Mr. M. Kariuki: Mr. Speaker, I believe that the Assistant Minister for Lands and Settlement is aware of the provisions of the Government Land Act, in particular, Chapter III, Sections 11, 12, and 19 which make a clear provision that Government land within a township or a municipality, can only be disposed of by way of public auction and to the highest bidder. I want the Assistant Minister to tell this House whether that particular procedure in law was complied with. If it was not complied with, why should the title deed not be nullified?

Mr. Ojode: Mr. Speaker, Sir, I want to give the background first before I reply to that particular Question. Parcel

No.452/1/4 was a vacant Government land which was subdivided into two plots; LR No.12122, measuring 8.97 hectares and LR No.13123, measuring 6.31 hectares. LR No.13122 was allocated to Mwenja Ngure on December 16, 1970 on freehold terms and a title deed registered in his favour. The remaining portion of LR No.13122 was allocated to Mwenja Ngure for purposes of quarrying building stones, on September 16, 1970. The TOL issued to Mwenja Ngure for plot No.13123 expired on December 19, 1974 leaving the land intact for Government use. In 1999, LR No.13123 was allocated to Mr. Sammy Seroney for agriculture purposes after he applied for it. So, I was generous because I could not give two portions of a parcel of land to the same person whereas there are other people who also applied for the same land.

(Applause)

Mr. M. Kariuki: Mr. Speaker, Sir, my Question has not been answered. The Question is whether this property was advertised for sale or there was a public auction and Mr. Seroney was the highest bidder. That is the Question I want to ask---

Mr. Speaker: Order! Order! Perhaps you may also wish to inform Mr. M. Kariuki, whether Mr. Ngure did get the property by public auction.

Mr. Ojode: Mr. Speaker, first of all, we have to treat the applications the way they should be. Mr. Ngure applied the same way Mr. Seroney applied. They both met the conditions. The conditions under which Mr. Ngure's application was approved are the same conditions that were applied to Mr. Seroney's application.

As a Ministry, we are not going to discriminate on the basis of religious or tribal backgrounds.

(Applause)

Mr. Speaker: Let us move on to the Questions by Private Notice! What is it, Mr. M. Kariuki?

Mr. M. Kariuki: On a point of order, Mr. Speaker, Sir, my Question has not been answered. Could the Assistant Minister say whether the property was advertised, there was a public auction and whether Mr. Seroney was the highest bidder?

Mr. Speaker: Order, Members! Any Member dissatisfied with an answer to a Question, knows the procedure to be applied. That is, you can do that under Standing Order No.17.

Mr. Ojode: But Mr. Speaker, Sir---

Mr. Speaker: Order, Mr. Ojode! You have no business overruling me. The fact that Members ought to appreciate is that I have very limited time and as a House, frankly, we are unable to adjudicate on the law. The proper forum for adjudicating the meaning of the law is not the House, rather, it is the courts. We will be acting in futility if we tried to usurp from the High Court, the power conferred upon it by the Constitution of Kenya.

Next Question!

Mr. M. Kariuki: On a point of order, Mr. Speaker, Sir. I have tremendous respect for your ruling. This is a law making body. A Minister of Government is supposed to administer the law. When we demand an answer in compliance with the law, that is a factual situation. It is a matter of procedure, and I think the Government has a duty to see whether it has complied with the law. That is why I insist that my Question has to be answered. I understand the constraints of time. Could the Assistant Minister be given time to come with a clear answer another day?

Xa

all income generating businesses using electricity. One way of doing that is to ensure that licence fees are cheaper and there are less bureaucracies. That way, any woman or young person who intends to start any business can do so without any hindrances. To that end, we hope that the **[Ms. Mbarire]** Government will establish micro-credit lending facilities to enable women and young people to start small income generating businesses.

In conclusion, I would like to say that, in the past, Kenyans have been heavily taxed. Our economy depends heavily on taxes. It is a tax economy. We want to see Kenyans receiving services for the taxes and duties that they pay. Therefore, we look forward to seeing a greater fight against corruption, so that we can offer better services to Kenyans. We want to see every penny that belongs to the public being used for the purpose it was intended for. We should not allow, at any one time, thieves to run this Government.

With those few remarks, I beg to support.

Mr. Kagwima: Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me this opportunity.

I would like to start by saying that the NARC Government is fortunate to have a lot of goodwill from Kenyans. Kenyans are willing to pay taxes and, in fact, people and corporate organisations are busy paying taxes. Of course, when all Kenyans pay taxes, they require services.

They should all be looked at as Kenyans. In the past, the former Government provided services to areas where it got support in terms of votes. It rendered services discriminatively to some sections of this country. I urge the NARC Government not to fall into the same temptation. I appeal to Ministers to have a national outlook while performing their duties.

Having said that, I request the Minister for Finance and the Minister for Planning and National Development to look very carefully at the tariffs they have put in the books and ensure that there is accuracy both in the Development and Recurrent Expenditures. I say that because I have noticed some omissions. If the Printed Estimates and tariffs are brought here and one hon. Member moves an amendment, the Government can easily find itself in a lot of trouble. I request the Ministers to do that well in advance, in order to avoid any tension in the House, or to persuade hon. Members to withdraw amendments to the Printed Estimates.

I have noticed that Tharaka District has been omitted in terms of giving cost, both in taxation and expenditure. If the Printed Estimates are laid here, there will be problems because we shall try to make some corrections and there will be a crisis. I am asking the two Ministers to make the amendments quickly, so that we are not faced with that crisis. If that is not done, maybe by next week, I will give a notice of Motion, to correct the Printed Estimates. I am appealing to the Ministers to make that correction.

We are happy that in agriculture, coffee and tea are substantial foreign currency earners. We should also develop other sectors that will, in future, contribute more taxes. There are those sectors which earn the Government a lot of revenue now, but we should also look into the future and see where we can raise more revenue. I have in mind the textile industry. Cotton growing in this country was run down a few years ago, and the Cotton Board of Kenya offices closed. That board exists just in the books. I would want to appeal to the Government to ensure that the Cotton Board of Kenya is reinstated. Members of the board should be appointed, so that we can revive the textile industry. That will not only provide employment locally, but will also earn us foreign currency. In fact, that is not in the distant future because we have market in the African Growth and Opportunity Act (AGOA). We have up to the year 2008 to trade through the AGOA. With that market, we should revive the cotton industry, create jobs and stop the importation of *mitumbas*, so that instead of draining our foreign currency, we shall be earning dollars, pounds and euros.

We need to look into that issue in terms of giving farmers incentives, even if it means subsidising them to ensure that one kilogramme of cotton fetches about Kshs30. If we can ensure that we pay our farmers, at least, Kshs30 per a kilogramme of raw cotton, I am sure cotton production will increase and earn us the foreign currency that we require, and create part of the 500,000 jobs that we are talking about. That is an important issue to address. To ensure that raw cotton is transported easily from the farms to the factories, we need to have cotton roads. In our books, we only have coffee and tea roads, but we need cotton roads, fish roads and roads that serve other sectors that contribute to the growth of our economy. So, I am requesting the Minister for Roads, Public Works and Housing, the Minister for Planning and National Development and the Minister for Finance to ensure that roads leading to cotton growing areas are also properly maintained. Those roads should be opened up, so that cotton can be delivered quickly to factories.

Mr. Temporary Deputy Chairman, Sir, for many years, we have talked about food security in this country. I will not repeat what has been said in the past, but we need to have food security in this country. We should not rely on rainfall and continue losing in terms of seeds and manpower. When rains fail, whatever is invested in terms of labour, seeds and pesticides is all lost. So, to ensure that farmers can plan, know when to plant and harvest, because they have adequate water supply, the Government should initiate irrigation schemes as a priority. The bigger part of Kenya is unproductive.

At the moment, probably, we utilise less than a third of our productive area. We have neglected the dry parts of Nyanza, North Eastern Province and Eastern Province. At the moment, we are only

utilising half of the land that we need to use. I hope the Government will review the policy and ensure that our farmers are able to plant and take farming as an investment. Otherwise, farming in the rural areas is just erratic; it is a "*pata-potea*" game.

Mr. Temporary Deputy Chairman, Sir, having said that, in the recent past we have heard of issues of corruption. I would like to appeal to hon. Members in this House and outside to ensure that when we say someone is corrupt, we are sure that, that person is, indeed, corrupt. This is because we can mislead our people in the rural areas and kill the goodwill that is already there in terms of people wanting to pay tax because they know services will be delivered. When we say the Ministers are corrupt, then people will say: "After all, why pay taxes to a Government with corrupt Ministers? Therefore, we will be killing the goodwill that is already there. Therefore, let us go for accurate debate and utterances. Let us not revenge. Some hon. Members feel that when they are wronged by a Minister, they think the best way to solve it is to come to this House and malign him. Of course, even if we apologise, the damage we will have been done and the worst bit is that we will have misled the society out there. They think that the hon. Member of Parliament is always correct and whatever he says in Parliament is the Gospel truth. Therefore, we should be very careful. I am not saying that people should be corrupt. Corruption is a bad thing. If hon. Ministers and hon. Members of Parliament want to invest, the environment is good. People should invest and work hard to earn money and improve their standing status. Corruption is not necessary. In any case, the more money you have, the more problems you have. Yes, it is good to have money, but let us earn it in the right way.

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

The Minister for Planning and National Development (Prof. Anyang'-Nyong'o): Thank you very much, Mr. Temporary Deputy Chairman, Sir. I would like to add my voice of support to the hon. Member who has just made a strong plea for roads in all areas, especially when he appealed to the Government to improve infrastructure around Lake Victoria and cotton growing areas. I do hope that this is something that the Government will take seriously. Coming from a fish producing area, I can appreciate the use of the ring road around Lake Victoria to make access to the lake for both fishermen and those dealing in the fish trade much better. However, I just want to make a few remarks with regard to taxation. The Motion before us is on the proposals relating to various types of taxes. The Minister has made various proposals to the Committee of Ways and Means.

Mr. Temporary Deputy Chairman, Sir, just this week we tabled in this House, the Government's Strategy for Economic Recovery for Wealth and Employment Creation. It is important that we lay emphasis on wealth creation if we are going to fight poverty. Talking about poverty reduction can be a little passive and paternalistic because, the ordinary person may feel that the "big brother", the Government, is there and it will do all it can to reduce poverty.

Mr. Temporary Deputy Chairman Sir, when we talk about wealth creation, the responsibility is in the hands of both the Members of Parliament and the people of Kenya. The Government's responsibility is to create an environment that is conducive to the creation of wealth. That environment involves good infrastructure. As hon. Kagwima has emphasised, it is only a good governing atmosphere that can make all citizens feel at home. It is in that regard that we shall develop a constructive attitude towards the initiative of the Government of bringing a Bill that will deal with terrorism in this country. The Government is open to suggestions on how to frame that Bill in a manner that will achieve the objectives. However, I would request the people of Kenya, as well as the Members of Parliament, to realise that we have a problem that undermines the creation of an atmosphere for economic and social prosperity in this country. Therefore, it requires leadership action to see how we can deal with it in terms of institutional arrangements, legal framework, and political culture.

Mr. Temporary Deputy Chairman, Sir, I would also like to appeal to the business community, and especially the multinational corporations, that while the Government is doing its best to create an

atmosphere where business can prosper, they also have some amount of social responsibility to help Kenyans create wealth. I know that in the past, there have been some difficult times for the business community, and some multinational corporations have found it necessary to even decamp from this country. Those that have remained should bear their social responsibilities.

Mr. Temporary Deputy Chairman Sir, I was shocked last weekend while I was in Kisumu. I had known for a long time that Kenya Breweries Ltd had downed its operations in the town, though I did not realise to what extent this had been done. While this company in the past employed 1,500 people in its Kisumu subsidiary, it has scaled down this to the extent that it only now employs 35 people. This is a tremendous blow to the idea of equitable development in this country.

Mr. Temporary Deputy Chairman, Sir, whatever reasons the company had in terms of profitability to scale down its local operations, centralising everything in Nairobi goes against the objective of distribution of wealth and social justice in this country. I do hope that it is not just the profit motive that will guide the companies as to where they should invest and where to divest. There are a number of social responsibilities necessary.

Mr. Temporary Deputy Speaker, Sir, I also learnt that Kenya Breweries Ltd is trying to move machinery from Kisumu and concentrate everything in Nairobi. Whatever difficulty KBL has in its investments portfolio, it should discuss it with the Government so as to make profit and exercise its social responsibilities to the people of Kenya. This is to make the company realise that the Government is committed to social justice and to equitable distribution of resources, including employment opportunities. I would, therefore, like to appeal to KBL from the Floor of this House to rethink about its investment strategy in this country, and also realise that it may compound the problem of fighting poverty in this country if it continues with its present efforts to de-industrialise the city of Kisumu. As we move towards the East African Federation, the city of Kisumu will be very central to the economic integration in this region. It therefore goes counter to our policy of economic recovery, wealth creation and employment generation in this country for that kind of behaviour to continue.

Mr. Temporary Deputy Chairman, Sir, the Minister for Finance has made tremendously progressive proposals in the Budget regarding the taxes. In this Budget, tax is seen as an incentive towards achieving productivity. It is not seen as a measure of penalising the rich so as to support the poor. I did listen yesterday to some contributions in this House which we started by a rather populist notion that this Budget and the tax proposals are not pro-poor. The word "pro-poor" is itself paternalistic. There is no economic literature that says that an economy is either pro-poor or pro-rich. "Pro" itself is a very paternalistic language. We would like to see whether these tax proposals will help us to generate wealth so that more investments can be carried out in this country, more people can find employment and, therefore, have the money wherewithal to pay taxes.

The approach in this Budget is to spur economic growth in the country. You are not going to force somebody who is already poor to invest. The only person who can invest is somebody who already has money. We must stimulate and encourage those with money to put that money in productive enterprises that can create opportunity for employment, and this will further lead to reduction of poverty. If we live within a populist notion that from negative growth we can all of a sudden increase salaries and make the unemployed, employed overnight, that is rather utopian. We should ask ourselves one sensible question: Will the tax proposals that the Minister made for the Committee of Ways and Means lead to stimulating investment and economic growth?

The second question to ask is: Will the consequences of increased investment lead towards increased employment? If you do not invest in such a way that you expand opportunities for employment, you can envisage a situation where over the last 20 years there has been increasing income earning in this country without necessarily widening the income gap for a lot of people. You can have a few people earning a lot of money while there are many who do not earn money; thereby, you have increased a lot of income for a few people. Income levels have gone high, but employment

opportunities as well as unequitable distribution of income has not occurred.

I do feel that this particular Budget, particularly tax proposals for the Committee of Ways and Means, are aimed at two things: One, to reverse the previous trend of concentrating incomes into a few hands and denying employment opportunities to the many; two, encouraging investors to put money in the economy and thereby stimulate growth as well as open new opportunities for employment. The Government wants to do this by investing substantial sums of money in infrastructure. This will lead to deficit finances. That by its very nature is not wrong. It simply means that you are deficit financing, but putting that money in activities that will increase productivity. In other words, you are trying to re-orient the economy from consumption towards productive investment.

Our economy is in its present state because the previous Government was very wasteful, corrupt and invested more on consumption than production. During the immediate period, the Government is constrained regarding its resources. It, therefore, must raise revenue from getting credit. Like any businessman would do, when you do not have money of your own, you borrow wisely to invest wisely. I do believe that when we look at the taxation proposals that the Minister has put before us, we shall realise that they are aimed in the right direction, and the National Assembly should support the Government and the Minister in this effort.

I beg to support.

Mr. Muchiri: Thank you, Mr. Temporary Deputy Chairman, Sir. I want to make a few comments regarding this Motion.

First of all, there is the issue of the VAT which has dropped by 2 per cent. I think, in future, the Minister should consider making a graduated percentage on various items. For example, I have in mind the issue of building materials in this country. As the House is aware, shelter is a very important item in this country, just like food is. I am surprised because the rate of building houses for people to live in is very slow in this country. One of the things that has led to this phenomenon is the high cost of building materials. For example, cement is very expensive. I would have expected that such items like cement, reinforcing bars and all those other materials that are used in building should have been given a more moderate percentage in VAT, such that we will be able to build houses in a more drastic way than the way we are doing now. The reduction of the 2 per cent was rather minimal. If it was 15 per cent, perhaps the poor *mwananchi* of this country would have benefited from that tax reduction.

It would be important if the Minister would consider reducing income tax on rental income. A lot of housing developers are now fairly discouraged when it comes to building essential houses because the tax on rental income is fairly high. If this country cannot think in that direction, sooner or later, we will find ourselves in a situation where we are not building houses in this country. Notwithstanding that, in this sector there is a lot of harassment from the city planning department and all these other sectors because people are not allowed to build their houses in a proper manner.

First of all, it takes too long to approve plans and eventually the house ends up costing expensively. In that respect, there should be some moderate tax measures to encourage this sector. This has already been said, but I want to add my voice that the tariffs that have been increased on airtime duty were a bit punitive. If there is a way that we can revise this to a more moderate percentage, it would be very encouraging to Kenyans.

I am surprised that this Parliament is quite often called to approve things that it does not add or subtract. My experience in the private sector tells me that if you are called to approve something, if you do not subtract or add anything, then you are only rubber-stamping. Whatever Standing Orders say that we cannot add or subtract, to me, that is not approval; it is mere rubber-stamping. I have been told here that, perhaps, we can reduce by £1 or something just to show that there has been some approval. Those Standing Orders that stipulate that particular provision need to be revised in due course. We were able to approve the Budget Office so that this Parliament could be involved in

conceiving the Budget. We should stop discussing or debating things whose price we cannot change.

The taxation in this country must be seen to pass the test that we know all taxation systems should have. The issue of affordability is fairly important. If people are going to be encouraged not to evade tax, then the tax measures must be fairly reasonable. Reasonability of taxation is quite an important test. If people do not perceive any taxation system to be fair, then they will look for ways and means of avoiding that taxation system. It is also important any taxation system must not incur a lot of administrative costs to manage it. I have in mind the kind of expanded net that we have now that we will even tax the informal sector.

I think taxing the informal sector will incur the Government more than it is trying to get. This is because we are talking about a sector that, perhaps, does not keep books. We are talking of a sector of businessmen who do not have fixture board. To me, as much as we are queuing to get the forms to beat the deadline, I think we will lose more money. Any tax system that the Minister would want Kenyans to have must not have a lot of administrative costs.

Mr. Temporary Deputy Chairman, Sir, any tax system must also be equitable. I am a bit surprised because when I look at the kind of Government expenditure as contained in the Printed Estimates, I find that there is no fairness in allocation of funds to constituencies. There is one particular constituency that has been given Kshs300 million for a water project, whereas some districts have been given a meagre amount of money for water projects. The culture of patronising development in particular areas simply because a certain person comes from that particular area, district, or constituency should stop. I am very surprised that for the last five years no development has taken place in my constituency. For example, roads were not constructed, and no water or electricity projects were initiated in the same period. In fact, Ndaragwa constituency in Nyandarua District has never seen tangible development. I do not want to blame the previous leadership, but I am saying that the tax that Kenyans are paying must be equitably distributed to all areas of this country. Every area of this country deserves development.

Mr. Temporary Deputy Chairman, Sir, I am happy that the Minister has given concessions on power gadgets and power equipment. I hope this will translate into more rural electrification. This is one area that I find that there is a lot of patronage, favouritism, or lack of proper planning. That is why we find that there are some areas that have more electricity cables than others. I can understand, as an economist, that perhaps you are supposed to take electricity where there are more people. However, I cannot understand, as a physical planner, how an electricity line can pass over a school and the planners cannot even think of providing electricity to that particular school or hospital. I wonder what electricity is supposed really to assist if it cannot assist some of these institutions.

As far as taxation measures as proposed by Minister are concerned, we need also to think very carefully about the corporate sector because it is the one producing all the taxation the Government is actually trying to levy. It is also giving some of the services. The private sector in this country is actually the goose that lays the golden eggs. However, this sector is overtaxed. At the moment, the corporate tax is 32 per cent. There is also the Value Added Tax (VAT), the National Social Security Fund (NSSF) and the Pay As You Earn (PAYE) taxes levied on the corporate sector. So, if we are going to sustain any meaningful employment in the private sector, I think this is one area that really needs to be encouraged. The tax man always knocks at the private sector's door and demands tax. Fair enough! As one philosopher said, the only thing that is certain in this world is death and taxation.

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

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo):
Mr. Temporary Deputy Chairman, Sir, I rise to support this first Budget by the NARC Government. I would like to say that like with all good Budgets, it has given us a proper statement of the Government's intentions. It has shown us the policy interventions of the Government. Overall, I can comfortably say that the Minister, who was a previous Member with me in the Finance, Planning and

Trade Committee, has done us proud by having a very well-balanced and articulated Budget.

One of the first observations of this Budget is that the deficit is as high as 6.5 per cent. The deficit is the difference between the normal Government revenue and Government expenditure. Under normal circumstances, the deficit should be 5 per cent. In this case, it is as high as 6 per cent. This is a good reflection of some of the ills of the previous regime. That they went on a looting spree has been well articulated by the Members of KANU themselves, who continue to confess as to how reckless they were with their extortion and looting of the coffers of the people of Kenya.

Ms. Abdallah: On a point of order, Mr. Temporary Deputy Chairman, Sir. Could the hon. Member substantiate and name the Members of KANU who confessed that they were looters before he moves on?

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Thank you, Mr. Temporary Deputy Chairman, Sir. I will not use a powerful statement made by a former Member of Parliament who, during the Kenyatta Regime, said: "I will not substantiate the obvious." But let me take the opportunity to ask my colleague to read a few pages of the report of the Controller and Auditor-General and the Public Accounts Committee Report that has recently been released. She can also look at a few cases that are in courts in Kenya, or read the excerpts of the Goldenberg Scandal and take a look at a few areas dealing with the land clashes---

Ms. Abdallah: On a point of order, Mr. Temporary Deputy Chairman, Sir. Is the hon. Member in order to confuse accusations with confessions?

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): My wonderful colleague, who is a great participant in all matters pertaining to this House and in respect to her wide knowledge--- I will like to request her to be patient. The confessions were made in the written documents by those individuals. Those documents will be tabled very soon and would become public knowledge. But if she wishes to have advance information, then I request her to read the police reports that have been written by those individuals at the CID Headquarters. They are duly available to her as a Member of KANU who can read documents written by fellow KANU Members. They will be made available to her as soon as possible. But be that as it may, I respect the step taken by the hon. Member to defend fellow KANU Members.

I was just saying that the deficit is too high and that the immoral looting has been reflected in the manner the Minister for Finance is experiencing. He is experiencing a wide deficit of 6.5 per cent which he has tried to bridge without giving us wide-ranging statements on money coming from the International Monetary Fund (IMF). For the very first time, we are not carrying a bowl in our hands begging that the IMF will come. Kenyans are no longer waiting for that IMF; but should they come, that will be a bonus to the Minister.

Mr. Temporary Deputy Chairman, Sir, as an Assistant Minister for Labour and Human Resource Development, I would like to respond on matters of employment. We are all aware about the NARC Government commitment to employ 2.5 million people by the end of the five years. People may misread this to mean that the first year, we shall create 500,000 jobs. I wish to assure the House that the Budget that has been presented will create a minimum of 2.5 million jobs over a five-year period. But in this first year, it is likely we may create 300,000 jobs; in the second year - 600,000; the third year - 700,000; the fourth year - 800,000 and the fifth year - 1 million. I request my colleagues to give those policies time to "germinate" and produce some of the best results.

When the Minister was a colleague in the Finance, Planning and Trade Committee of the previous Government, many of the issues we discussed have been reflected in this Budget. He has proved to us, who were his colleagues in that Committee, that he meant all the things he used to say. He has brought this to the fore, including issues relating to Government taxation as imposed by commercial banks. We are all aware that commercial banks in this country have such a wide leeways. They do things you will not find in any other country. One of the widest leeway is that they can tax

individuals without reference to any other authority. It became so bad that financial institutions could do anything they liked. I wish to commend the Minister for the wonderful step he has taken. But I wish to bring it to his attention that banks have also decided to take some other punitive steps. One, they have started raising the minimum deposit rates for savings and current accounts as another way of trying to ensure that they circumvent some of the new policies that we have. I am sure, somewhere along the line, this may be brought to the attention of the Minister.

Mr. Temporary Deputy Chairman, Sir, I also wish to refer specifically to this issue about production and agriculture. I wish the Minister could have allocated more funds for the *Jua Kali* sector. I believe that as the most important sector on employment and in the production sector at the rural and urban areas, more support for the small-scale industries should have been forthcoming so that we are able to mobilise more resources. But be that as it may, the Minister would be reading five Budgets. It is fair to say that we have made a positive start and that next year and the year after, the follow-ups will be better than the first one.

Mr. Temporary Deputy Chairman, Sir, finally, let me say that the background of the whole Budget is dictated by the commitments that NARC made during the elections, and reflected in the pursuit of matters relating to corruption, employment, increasing agricultural production and getting rid of sugar barons who continue to exploit the poor farmers. I congratulate the Minister for a wonderful Budget. God willing, we shall move from the dark ages of the past, to better days which *wananchi* are praying for. True reforms are here.

Thank you.

The Temporary Deputy Chairman (Mr. Khamasi): Are there no more speakers?

Mr. Biwott: Mr. Temporary Deputy Chairman, Sir, first of all, I would like to, as I did last time, congratulate the Minister for making the effort to introduce this Budget, which aims at reviving the industries. In so doing, some of the measures he has introduced will have negative effects. For example, in the case of cashew nuts, when you remove export tax, you are actually exporting jobs to India and other places, where they will process the raw cashew nuts and make more profits out of value added items. That destroys the factories which creates the jobs.

If the NARC Government desires to create the jobs they are talking about, those are the areas they should concentrate on, so that jobs are created and retained here, and not exported.

Likewise, in the case of hides and skins, there is enormous market abroad, especially now that we have the African Growth and Opportunity Act (AGOA) market and the European Union. The market for leather and leather goods is enormous. We should ensure that our raw hides are not exported but, rather, processed here to contribute to job creation in our country. If we do not do that, we will not be able to succeed. We will continue to have the problem of imported second-hand shoes and other things because of the poverty affecting our people. Exporting them will be exporting jobs abroad and making us depend on products from other countries.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): On a point of order, Mr. Temporary Deputy Chairman, Sir. My colleague is a former Minister for Trade and Industry. He is the one who signed the World Trade Organisation (WTO) terms that are now hurting us. Why is he misleading the House that those rules are bad, when he is the signatory to some of the things that are now hurting us?

Mr. Biwott: Mr. Temporary Deputy Chairman, Sir, indeed, I was the signatory to the WTO terms and I am proud I did that. As a result of signing and becoming a member of the WTO, we have been able to open up a huge market at the European Union via the African, Caribbean and Pacific (ACP) and more so, the AGOA. The AGOA is a direct result of WTO. It is a market access and through it, we were able to create jobs and export goods to the American market. The American market alone is huge. It is something which I thought you had seen, and seized the opportunity which we saw with our eyes. I thought Kenya is one and you would benefit from the work we had done in

creating the jobs and the projections of those jobs.

It is good that the Minister removed tax on fertilized eggs. If we intend to export chicken to countries like Nigeria and Gabon, which still depend on Europe for their imports, we have to encourage local production of fertilized eggs by introducing other incentives to the poultry farmers. If we fail to do this, we will not create jobs.

Mr. Temporary Deputy Speaker, Sir, the Minister has put a lot of effort into the agricultural sector, and I would like to thank him. The Minister has allocated the Agricultural Finance Corporation (AFC) some money so that our farmers can borrow money from it. However, the Kshs1 billion allocated to the AFC is a very small amount. I hope that the Minister will continue to induce investors to come and invest in this country. He should also give incentives to our farmers in order to promote agriculture. The AFC should cover a wide range of crops, such as sorghum and sim sim, which used to be grown in Nyanza Province. These crops have a ready market. The

Government should ensure that the money made available to both small-scale and large-scale farmers is enough. The Government should establish a special scheme to cover the agricultural sector, as is in the case with the tourist industry. The KANU Government created the Tourism Trust Fund and the Smaller Medium Enterprise Trust Fund to assist the needy people.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): On a point of order, Mr. Temporary Deputy Chairman, Sir. Is it in order for the former Minister for Trade and Industry to speak on agriculture and articulate many good things in this sector but deliberately refuse to refer to the sugar industry? Is it in order for the former Minister for Trade and Industry, who licensed sugar barons to import sugar into this country, to deliberately mislead this House by excluding the sugar industry from his definition of "good agriculture"?

Mr. Biwott: Mr. Temporary Deputy Chairman, Sir, if the hon. Member had bothered to wait, I was actually coming to the sugar subsector. I would like to emphasize the fact that sugar is one of the crops for which we looked for a market. When I was appointed the Minister for Trade and Industry, our sugar did not have a quota in the European Union (EU), and we struggled to ensure that our quota was restored. The Mauritians had taken our quota. We also ensured that our sugar had a ready market. We were made to understand that sugar production in this country was only 400,000 metric tonnes, and that this country consumed 600,000 metric tonnes of sugar per year. We also ensured that we only imported 200,000 metric tonnes of sugar into this country. The moment we met that sugar production deficit---

QUORUM

Mr. Kagwima: On a point of order, Mr. Temporary Deputy Chairman, Sir. I do not want to interrupt my friend, Mr. Biwott. This is a very important Motion, but we do not have a quorum in the House.

The Temporary Deputy Chairman (Mr. Khamasi): Indeed, we do not have a quorum. Ring the Division Bell.

(The Division Bell was rung)

Order, hon. Members. We have a quorum now.

You may proceed, Mr. Biwott.

Mr. Biwott: Thank you, Mr. Temporary Deputy Chairman, Sir. Let me also take this opportunity to thank the Minister for looking at the welfare of the farmers, especially the dairy farmers, by taking over the management of the Kenya Co-operative Creameries (KCC). I would hasten to urge the Minister for Co-operative Development and the Minister for Agriculture to ensure

that the KCC is run properly, so that the common farmer can benefit.

I also urge the Minister for Agriculture to look into the plight of pyrethrum farmers because, up to now, they have not been paid money for the crop they have so far delivered to the Pyrethrum Board of Kenya. We have been told that the money these farmers were to be paid was deposited in a bank which collapsed. We have also been made to understand that Johnson and Johnson Company incurred heavy losses during the 11th September, 2001 terrorist attack in New York. We need to know the truth because these farmers need their money.

Mr. Temporary Deputy Chairman, I hope that when the Government starts administering the funds allocated to our roads, especially to the rural access roads which serve the farmers, it will do so transparently. I hope that the Government will not be tempted to ignore the Opposition areas, which are productive.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): On a point of order, Mr. Temporary Deputy Chairman, Sir.

Mr. Biwott: Mr. Temporary Deputy Chairman, Sir, my time is up.

(Laughter)

The Assistant Minister for Trade and Industry (Mr. Miriti): Thank you, Mr. Temporary Deputy Chairman, Sir, for allowing me to contribute to this important Motion. First and foremost, let me congratulate the Minister for Finance for bringing forward the best Budget we have had in recent times.

The Budget sent signals to all Kenyans that the NARC Government is committed to improving the welfare of the common man. It also confirmed the Government's commitment to fulfilling its promises to the people as entrenched in the NARC manifesto.

When we look at the Budget, we see that the allocation of funds to major areas of infrastructure confirms that, what is going to happen in the near future will transform the economy of this country.

I pay tribute to the Minister, especially for reducing electricity tariffs. We cannot improve our industrial and manufacturing sectors if the power tariffs are high. The manufacturers cannot be able to pay the high electricity bills. It is also very difficult to decentralise industries because of the lack of electricity in most areas.

The Temporary Deputy Chairman (Mr. Khamasi): Order! Order! Hon. Members, it is appropriate for us to stop here!

Mr. Minister?

The Minister for Finance (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I beg to move that the Committee of Ways and Means do report progress to the House and seek leave to sit again.

The Temporary Deputy Chairman (Mr. Khamasi): Mr. Miriti, you still have seven minutes, which you will take tomorrow afternoon.

(Question proposed)

(Question put and agreed to)

(The House resumed)

[Mr. Deputy Speaker in the Chair]

PROGRESS REPORTED

APPROVAL OF TAXATION MEASURES

Mr. Khamasi: Mr. Deputy Speaker, Sir, I am directed to report that the Committee of Ways and Means has considered the proposals relating to Customs Tariff, Excise Duty, Value Added Tax and Miscellaneous fees and taxes, as contained in the Financial Statement for the year 2003/2004 and has instructed me to report progress and seek leave to sit again. **The Minister for Finance**

(Mr. Mwiraria): Mr. Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said report.

The Assistant Minister for Labour and Human Resource Development (Mr. Oduyo) seconded.

(Question proposed)

(Question put and agreed to)

ADJOURNMENT

Mr. Deputy Speaker: Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until Thursday, 3rd July, 2003, at 2.30 p.m.

The House rose at 6.30 p.m.