

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 18th September, 2007

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

COMMUNICATION FROM THE CHAIR

DELEGATION FROM SOUTHERN SUDAN IN SPEAKER'S ROW

Mr. Speaker: Hon. Members, I wish to introduce to you a distinguished delegation of Speakers, Deputy Speakers, Clerks and Deputy Clerks from the Southern Sudan and its State Assemblies who are attending a capacity building programme here in Nairobi.

(Applause)

The Speakers are seated at the Speaker's Row lead by:

1. The hon. James Wani Igga Mergon, Southern Sudan Legislative Assembly.
2. The hon. Sabina Dario L. Nyangamoi, Eastern Equatorial State.
3. The hon. Richard Noti Runge, Western Equatorial State.
4. The hon. Andrea Mayar Acho Apat, Western Bahr El Ghazal State.
5. The hon. Charles Yor Aduok, Upper Nile State.
6. The hon. Angelo Marac Thiik, Northern Bahr El Ghazal State.
7. The hon. Ayok Deng Agor Wol, Warrap State.
8. The hon. Isaiah Alier Mashin Kok, Lakes State.
9. The hon. John Lado Tombe Lado, Central Equatorial State.
10. The hon. Tap Malual Won Kouth, Unity State.
11. The hon. Jodi Jonglei Boyoris;

Jonglei State.

All the Clerks and their Deputies are seated at the Speaker's Gallery.

Hon. Members, on your behalf and my own behalf, I wish them an enjoyable stay without fear in Kenya.

Thank you.

(Applause)

PAPER LAID

The following Paper was laid on the Table:-

Report of the Departmental Committee on Finance, Planning and Trade on the

Constituencies Development Fund (CDF) Amendment Bill, 2007.

(By Dr. Oburu)

QUESTIONS BY PRIVATE NOTICE

EVICITION OF TENANTS FROM NEW KCC BUILDING

Mr. Bett: Mr. Speaker, Sir, I beg to ask the Minister for Co-operative Development and Marketing the following Question by Private Notice.

(a) Is the Minister aware that the New KCC Ltd is in the process of evicting tenants in one of its buildings in Kericho Town?

(b) Could the Minister confirm that the New KCC Limited has sold the building situated on Kenyatta Road in the town?

(c) When was the sale advertised and at what price was it sold?

The Assistant Minister for Co-operative Development and Marketing (Mr. Mwenje): Mr. Speaker, Sir, I beg to reply.

(a) When this Question came to my notice, I established that the New KCC Limited is the registered owner of LR.No.631/5/V in Kericho Town, which comprises of commercial units in the front and seven small residential rooms at the back. The occupants of the seven rooms have no formal agreement or any arrangement with the New KCC and have refused completely to pay rent for the last three years. These occupants are not tenants of the New KCC. They are just there and so they are illegal tenants.

(b) It is not true that the New KCC Limited Building in Kericho Town has been sold. The building has not been sold at all and we are not even in the process of selling it.

(c) In view of my answer in (b) above, (c) does not arise.

Mr. Bett: Mr. Speaker, Sir, I would like to thank the Assistant Minister for that answer. The evictions are, indeed, in progress. This arose because the new tenant was going round saying that he was the new landlord. That precipitated the question as to whether the property had been sold. I hope the Assistant Minister is confirming that the new tenant was misrepresenting himself by describing himself as the new landlord.

Mr. Mwenje: Mr. Speaker, Sir, there is no new landlord. We are not selling the property. We are not even going to sell it. It is not for sale! So, it still belongs to the New KCC.

However, I would like to appeal to the hon. Member to ask those tenants, if he knows who they are, either to pay the New KCC or we will throw them out. They cannot occupy those rooms without paying and without any legal tenancy. They have refused to pay and to sign any agreement. So, we will throw them out if they do not pay.

Mr. Sambu: Mr. Speaker, Sir, yes, they are going to throw out the alleged tenants. But how did the New KCC acquire the property of the KCC? There are now three KCCs. Which is the legal one? There is the original KCC, which our people bought from the colonial settlers when they were moving out of this country, for which we bought shares.

Then there is something which came in- between, called the KCC 2000. Then there is the New KCC, whose vehicles even have parastatal number plates. Which is the real KCC which belongs to the farmers of this country? Is it the original KCC or this parastatal?

Mr. Mwenje: Mr. Speaker, Sir, hon. Sambu knows very well the answer to the question he has asked.

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

Mr. Speaker: Mr. Sambu, please, sit down!

Mr. Mwenje: Mr. Speaker, Sir, all the properties that belonged to the KCC then were

transferred to the New KCC. The transfers were done legally. Hon. Sambu was a Minister in the Government that effected that transfer. So, everybody knows how the property of KCC came to be owned by the New KCC.

Mr. Angwenyi: Mr. Speaker, Sir, there is this tenant, who misrepresents himself to the sub-tenants as the new landlord. What action is the Assistant Minister going to take against this tenant for misrepresenting himself as a landlord?

Mr. Mwenje: Mr. Speaker, Sir, if I get his name, I will get him arrested tomorrow morning.

Mr. Bett: Mr. Speaker, Sir, I am impressed by the reply by the Assistant Minister. I wish not to accept the appointment by the Assistant Minister to be the estate agent for the KCC. The KCC must do its work and the Assistant Minister must not purport to hand over the work of [Mr. Bett]

the KCC to me, to look for tenants or to evict tenants for him.

However, are these tenants still in the building? If they are still there, I would want to evict them for the Assistant Minister at a fee.

Mr. Mwenje: Mr. Speaker, Sir, these are illegal tenants. They entered the house without anybody's consent. When they were approached by the KCC, they refused to sign any tenancy agreement. They also refused to pay. If they are willing to pay or if Mr. Bett is willing to assist them, he should ask them to agree to sign an agreement and pay the arrears of three years which they have not been paying. If they do not pay and sign the tenancy agreement, I will put new tenants there and throw them out.

EVICTON OF NWCP PERSONNEL FROM BOREHOLE SITE IN TANA RIVER

Mr. M.Y. Haji: Mr. Speaker, Sir, I beg to ask the Minister for Water and Irrigation the following Question by Private Notice.

(a) Is the Minister aware that personnel from the National Water Conservation and Pipeline Corporation sent to sink a borehole to supply water to Hara Trading Centre in Ijara District were recently evicted from a site near the Tana River?

(b) What steps is the Minister taking to ensure that the trading centre is supplied with water and diffuse simmering tensions between the residents of Ijara and Tana River Districts over the control of the resource?

The Assistant Minister for Water and Irrigation (Maj. Sugow): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that personnel from the National Water Conservation and Pipeline Corporation sent to sink a borehole to supply water to Hara Trading Centre in Ijara District were recently evicted from a site near the Tana River.

(b) My Ministry is constructing a water supply scheme for Hara Trading Centre. The water supply has a river source and a pump house, and the rising main pipelines were constructed during the last financial year.

In the current financial year, 2007/2008, the remaining works for this water supply, which include the construction of a composite filtration unit and purchase and installation of a pumping unit will be completed.

Ijara District has poor ground water potential and good yielding borehole sites are allocated along Tana River, which is administratively under Tana River District. Drilling of boreholes along Tana River has sometimes caused tension between the residents of Ijara and Tana River districts. Water resources are, however, the property of the State and my Ministry has involved the

Provincial Administration to reconcile and sensitise the residents on Government policy.

In the meantime, my Ministry has mobilised a drilling rig and personnel to drill a borehole at Kitele to serve the residents of Kitele in Tana River District and Kotile in Ijara District. The drilling works are ongoing and on completion, the rig will be moved to drill two more boreholes in Majengo area within Tana River District to serve Masalani in Ijara District.

Mr. Speaker, Sir, my Ministry will also drill two other boreholes at Sagaillo and Hulugho in Ijara District.

Mr. M.Y. Haji: Mr. Speaker, Sir, I am, indeed, very happy that the Government has now come out very clearly and stated that the water of Tana River does not belong to any community, nor does it belong to Mt. Kenya where it flows from. It is water for the country and, therefore, a natural resource.

I would like the Assistant Minister to confirm that all the trading centres in Ijara District, including Bura, which is along Tana River, Masabubu, Masalani, Kochile, Hera and Korisa will be allowed to draw water from Tana River for the consumption of the local people.

Maj. Sugow: Mr. Speaker, Sir, I understand the hon. Member's problems. The River Tana, administratively, up to three miles on the side of North Eastern Province falls under Tana River District. But as far as a Government, and water being what it is, this is a State property and the river is a resource for the nation. It does not belong to any particular district. The exploitation of that is for every Kenyan.

Mr. Speaker, Sir, therefore, I would like to assure the hon. Member that all the projects along the Tana River, be they in Tana River District or in North Eastern Province, will be utilised by Kenyans independently without any interference from the other.

Capt. Nakitare: Mr. Speaker, Sir, I would like to applaud my colleagues from Southern Sudan, where I was visiting and I came back yesterday. I would like the Assistant Minister to tell this House whether there is enough underground water in Tana River and other dry areas to last for 50 years after drilling all these boreholes?

Maj. Sugow: Mr. Speaker, Sir, I do not have details as to whether Tana River will continue for 50 years. It all depends on how we actually exploit and preserve our catchment areas in the years to come.

However, I would like to assure the hon. Member that we have control over water extraction and we seriously monitor water levels where the ground water is being exploited anywhere in the country, be they areas where we rely wholly on ground water or areas where we use river water.

Mr. Y. Haji: Mr. Speaker, Sir, I hope this will not only be confined to boreholes, but we should also draw water from the river for irrigation in that part of the district.

Maj. Sugow: Mr. Speaker, Sir, water exploitation for irrigation or any other use is regulated at the Ministry level. It is not controlled at the regional, provincial or district level. Water extraction, therefore, for any use, will be based on priorities at the national level. Where water for irrigation use will interfere with probably, the basic livelihood of obtaining water for domestic use, definitely, there will be control. There will be no any other control for that matter, other than the regulatory framework that has been put in place by the Ministry.

FAILURE BY MERU NORTH DEB TO AGREE
ON TEACHER RECRUITMENT/DISTRIBUTION

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

(a) Is the Minister aware that the District Education Board (DEB) for Meru North failed to

agree on the distribution of slots for the teacher recruitment exercise on 6th August, 2007?

(b) Why has the Minister and the Teachers Service Commission (TSC) abdicated their responsibility to make a decision to allocate slots to Igembe and Tigania districts on a *pro rata* basis, which is the case in other parts of the country?

(c) What specific step is the Minister taking to address the above stalemate and facilitate the recruitment exercise to reduce the alarming shortfall of over 400 teachers in Ntonyiri Constituency alone?

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

Mr. Maore: On a point of order, Mr. Speaker, Sir. The contents of this Question are that in the stand-off that happened at the DEB, I was on one side with hon. Muriungi, for Igembe District, and Dr. Mwiria and Mr. Munya were on the other side.

We successfully ensured that there was a stand-off due to the demand that we share out the slots unfairly and in favour of the other side.

Would it be really ethical and appropriate for this House to allow us to demand the same debate that we had in the DEB in Maua to continue on the Floor of the House or we would rather wait for the Minister to answer the Question appropriately? The same debate that the Assistant Minister carried at the DEB is the same one that he has put across in the written answer, purporting to be from the Minister for Education.

Mr. Speaker: Order! I have warned several times against parochialism! I have even not heard what the Assistant Minister has to say. But I hope he will realise that there is a difference between Maua and this House! So, it will not be a continuation of the debate in Maua.

The Assistant Minister for Education (Dr. Mwiria): On a point of order, Mr. Speaker, Sir.

Me. Speaker: Order! You will listen to me because it is actually serious! As I have said in the past, Questions relating to the Kenyan public are very serious and we will not do this as a contest between the two of you. We will not do it as a contest between Mr. Maore and Dr. Mwiria. I hope you will rise as an Assistant Minister and not as an hon. Member of any particular region.

Proceed!

The Assistant Minister for Education (Dr. Mwiria): Mr. Speaker, Sir, I will rise as the Assistant Minister and not as a Member of Parliament representing Maua or Tigania. I will try. In fact, I explained to the hon. Member that I will be as professional as I am required to be in dealing with this matter.

Mr. Speaker, Sir, I beg to reply.

(a) I am aware that the District Education Board (DEB), Meru North, met on 6th August, 2007, to deliberate and endorse the merit list of the 254 candidates selected for the district on the basis of guidelines provided by the TSC. However, the members could not agree on the distribution of the candidates and hence they failed to ratify the merit list as required, just like the hon. Member has said.

(b) The TSC, in the year 2007 advertised 254 vacancies to the larger Meru North District. The newly created districts like Tigania and Igembe lacked the necessary infrastructure to carry out the recruitment exercise. In future, the new districts will be allowed to carry out their own recruitment when vacant posts are advertised.

According to the recruitment guidelines issued this year, a district merit list was to be prepared and tabled before the DEB for ratification.

The guidelines further stipulated that candidates were to be selected based on the year of graduation and quality of professional certificate.

(c) Though the Meru North DEB did not agree on the composition of the merit list, it has, however, submitted to the TSC a merit list of 764 short listed applicants. The Commission will use

the merit list to appoint 254 candidates to fill the advertised positions. Thereafter, appointment letters will be issued to the candidates and they will be deployed by the District Education Officers to work in the old and the new districts based on the degree of under-staffing.

Ntonyiri Constituency, which the hon. Member represents, which is in the new Igembe District, will benefit from the appointment of the 254 teachers as the deployment of these teachers will be based on the level of need of each division of the wider Meru District.

(Loud consultations)

Mr. Speaker: Order! Who is that hon. Member running a parallel Parliament up there? I hope you all keep order.

Proceed, Mr. Maore!

Mr. Maore: Mr. Speaker, Sir, the Assistant Minister says that, in future, new districts will be allowed to carry out their own recruitment exercises. Why not start now, since the district was carved out or divided in 2005; it is not last week? They have their own DOs, DCs and DEBs. Why does Kianjai zone have a shortfall of 22 teachers, while Lare Division has a shortfall of 184 teachers if there has been fairness and magnanimity in the Ministry as he is purporting?

Dr. Mwiria: Mr. Speaker, Sir, there is no new district in this country where recruitment exercise was carried out. The reason is that the infrastructure is not in place. The District Education Officers and Quality Assurance Officers are not in place. This applies to the all the new districts in the country. Kianjai which the hon. Member referred to happens to be in my constituency. The understaffing in Kianjai is 22 teachers. That is not the problem. When we recruit, it is clearly stated that teachers would be sent to areas like Lare Division where he needs more teachers. Kianjai will get only 22 teachers or fewer. The issue is about deployment more than recruitment. I would like to say this because I think we need to be very careful about discriminating against Kenyans when it comes to employment. The TSC and the Government have clearly stated that there should be no discrimination in recruitment. However, we must be sensitive to areas that need more staff members and that is what we will do. That is the issue here.

Mr. Karaba: Mr. Speaker, Sir, the problem with the two hon. Members is that they come from the same district. I am anticipating that similar problems will continue. Is there a way that the Ministry and the TSC can resolve this problem by recruiting teachers at the TSC headquarters instead of leaving recruitment to the DEB?

Dr. Mwiria: Mr. Speaker, Sir, I said here last week and the week before that we have found out that even politicians can be more tribal than those leading political parties when it comes to their specific needs. It is very surprising that Mr. Maore and I come from the same district; Tiganiyas and Igembes. We basically speak the same language. It is the same problem like that of the Somalis where they have clans fighting. If this happens in Igembe and Tigania what can we expect in the wider country where we have huge tribes, if we have to be fighting internally about jobs being offered on the basis of which clan one comes from? On the basis of this, I have recommended that, as Mr. Karaba has said, we leave this to the TSC, so that recruitment is centralised and teachers can be sent to any part of the country. We cannot---

Hon. Members: No!

Mr. Speaker: Order! I am in charge here. However much you say "No", I know hon. Members here have been accused, sometimes correctly, of allocating resources and personnel on favouritism. That is a fact.

Proceed.

Dr. Mwiria: Mr. Speaker, Sir, I was saying that the only way to get out of this problem is for us to centralise recruitment, so that we do not insist that we have to recruit teachers from our

own villages. If as a Member of Parliament I want to recruit teachers from my village, I should pay them personally from my own salary. If we want teachers to be recruited by the Government of Kenya, we must not expect them to come from our villages.

Mr. Angwenyi: Mr. Speaker, Sir, you have heard from the hon. Member concerned that he has got a shortfall of 184 teachers and that the other division has got a shortfall of only 22 teachers.

Mr. Speaker, Sir, could the Assistant Minister use his good office to assist his tribesmen by employing 166 teachers, so that we can have a difference of only 22 teachers?

Dr. Mwiria: Mr. Speaker, Sir, I do not have to assist my colleague. The guidelines are very clear that when we recruit, more teachers will go to his division.

Mr. Sirma: Mr. Speaker, Sir, I am one of the unlucky people who did not benefit from this recruitment of teachers. We are understaffed and discriminated against. Recruitment should be based on need of the particular area. We cannot recruit from another division when we know that the problem is in Kianjai.

Mr. Speaker: Order! That is not a question.

Mr. Sirma: Could the Assistant Minister divide equitably---

Mr. Speaker: Order! When I call you to order, you should obey and sit down. I have already brought you to order that you were making a personal statement. Now ask your question.

Mr. Sirma: Mr. Speaker, Sir, could the Assistant Minister order equitable distribution depending on needs to the individual districts?

Dr. Mwiria: Mr. Speaker, Sir, it depends on how you define equity. If equity is in terms of ensuring that specific districts recruit more teachers, it is quite different from whether or not, you will be equitable in terms of how you treat candidates irrespective of where they come from in this country. When you say you have to recruit from your village and discriminate against young people from anywhere in Kenya who have the qualifications, I think we cannot pretend to want to be Members of a National Assembly and still want to be local when it comes to employment. To me, equity has got to do with whether or not Kenyans get an equal chance of employment. This is what we must preach as Kenyans.

Mr. Maore: Mr. Speaker, Sir, the question before us is what the TSC has done in every district in this country. Why is the Assistant Minister so desperate to give Tigania more advantage in this recruitment where they will take 90 per cent of the recruits? There are places where they cannot go in my constituency where I have a 100 kilometre border with Isiolo which is very hostile and arid. They do not want to go there. Why can he not do what they are doing in other districts and stop this exploitation and order a separate pro-rata requirement of Tigania and Igembe?

I am asking him as the Assistant Minister and not as the hon. Member for Tigania? Can he do that?

Dr. Mwiria: Mr. Speaker, Sir, I am speaking as the Assistant Minister and not as the MP for Tigania, which, of course, I am proud to be because without Tigania I would not be a Member of Parliament.

First of all, it is not true that 90 per cent of the slots will go to Tigania. That is very unfair of the hon. Member to---

Mr. Speaker: Order, Mr. Assistant Minister! I have said in the past that there should be no parochialism in the House. If you really want to continue with home-grown politics, please, go back to Maua; not here. Will you finish.

Dr. Mwiria: Mr. Speaker, Sir, the hon. Member knows we have a chance of going back to Tigania and Maua over the weekend. So, we can pick it up from there. However, the best way to be fair to Lare Division and other areas in this country where understaffing is such a serious problem, is to ensure that when we recruit, we give them a proportionate number of teachers depending on need. That is exactly what we will do in the case of Mr. Maore. We will require all the teachers that

are recruited and deployed to any area outside their own areas to sign a contract stating that they will stay in the locations where they have been posted for five years or even ten years. I think this is a fair way of looking at it.

Mr. Speaker, Sir, I would like to assure the hon. Member that we will deal with this matter professionally. I will not deal with the matter as the Member for Tigania, but as an Assistant Minister in this Government. I think it is not fair for him to keep on urging me against responding to him after he has asked me a question.

Mr. Speaker: Mr. Maore, if you have any further argument, you can refer it to *Njuri Ncheke*.

Next Question.

ORAL ANSWERS TO QUESTIONS

Question No.046

TABLING OF ARID AND SEMI-ARID LANDS POLICY

Mr. Lesrima asked the Minister of State, Office of the President when he will table the Arid and Semi-Arid Lands Policy.

The Assistant Minister, Ministry of State for Special Programmes (Mr. Wario): Mr. Speaker, Sir, I beg to reply.

The Arid and Semi-Arid Lands Policy has been finalised by my Ministry and it is currently under scrutiny by the Cabinet Sub-Committee on Social and Humanitarian Affairs. Once the Committee approves the policy, it shall be tabled in the House.

Mr. Lesrima: Mr. Speaker, Sir, I thank the Assistant Minister for that answer, but I am just wondering what has been the cause of the delay because when the Government came into power five years ago, they promised to make this issue of arid lands a priority? What process was used to arrive at the policy which is now before the Cabinet? Were pastoralists consulted given that the Assistant Minister is the Chairman of the Pastoralists Parliamentary Group?

Mr. Wario: Mr. Speaker, Sir, we did a participatory and consultative process where regional and national workshops were conducted, PPG, and representatives of communities from the grassroots were invited. Their input was used to polish the draft policy. As to why the policy has delayed, it is a completely different issue. The Ministry has prepared the draft policy and forwarded it to the Cabinet. It is now the responsibility of the Cabinet secretariat to bring back the policy to us, so that we can table it in the House.

Mr. Billow: Mr. Speaker, Sir, this Government is not serious about arid and semi-arid areas of this country, in spite of the fact that at every opportunity the Government has talked about development of arid and semi-arid regions. The fact that it is unable to fast-track the development of these policies, is an indication that they do not really have a serious interest in the development of these regions. So many policies have been fast tracked and developed in the last five years. Could the Assistant Minister explain whether the development of the arid and semi arid areas and the key issues contained in that draft policy have been included in the Vision 2030? Otherwise, we will be left out completely in the development of that region in the next 30 years.

Mr. Wario: Mr. Speaker, Sir, we have prepared a draft policy which is at the Cabinet level now. That proves the seriousness of this Government. May I advise Mr. Billow to read Vision 2030 to find out that what we say is actually what we put in it for the development of ASAL areas.

Mr. Billow: Mr. Speaker, Sir, you heard the Assistant Minister say that the provisions of this Draft Arid and Semi-Arid Lands Policy are already contained in Vision 2030. Is he in order to mislead the House that the provisions of a draft policy have already been included in Vision 2030

when, indeed, the Cabinet and this House have not even approved it?

Mr. Speaker: Order! First of all, what is Vision 2030? Mr. Assistant Minister, what is Vision 2030?

Mr. Wario: Mr. Speaker, Sir, it is a vision of this Government. It is him---

Mr. Speaker: Order! To bring this matter to a logical conclusion, where is that Vision stored? That is because it has never come here! How would we know about it?

Mr. Wario: Mr. Speaker, Sir, it is in the process and soon, it will be brought to this House.

Mr. Speaker: Order! Let me finish this! It is speculation. You are being speculative. The rules of the House do not allow you to be speculative. Could you answer the Member factually?

Mr. Wario: Mr. Speaker, Sir, I have answered the question as put. About the Vision 2030, I will ask hon. Billow to bring an appropriate Question and I will answer it.

Mr. Speaker: Very well! Dr. Rutto.

Dr. Rutto: Mr. Speaker, Sir, let me ask the Assistant Minister a specific question. When will the policy be finalised by the Cabinet? He has said that he does not have the mandate to push the Cabinet. Suppose the Cabinet takes another three years, what are you going to do?

Mr. Wario: Mr. Speaker, Sir, as a Ministry, we have prepared a draft policy and submitted it to the Cabinet. It is the responsibility of the Cabinet to give us back that document, so that we can table it in this House. So it is beyond my responsibility to push the Cabinet to bring the document, just because the Questioner wants it to be done tomorrow.

Mr. Speaker: Why, then, does the Minister sit in the Cabinet? Why does the Minister in charge not raise this matter in the Cabinet?

Mr. Wario: Mr. Speaker, Sir, sitting in the Cabinet and prioritising agenda are two different things.

Mr. Speaker: Very well! Order! I understand the Assistant Minister to mean that he is powerless!

Mr. Angwenyi!

Mr. Angwenyi: Mr. Speaker, Sir, could the Assistant Minister confirm whether, in the draft policy that is before the Cabinet, there is an element to respond to the issue of fertile land that was deprived from the Maasai community and condemned into arid and semi-arid areas?

Mr. Wario: Mr. Speaker, Sir, it encompasses the development of arid and semi-arid areas. It does not speak about the Maasai alone. It is the entire arid and semi-arid areas in Kenya.

Thank you.

Mr. Speaker: Mr. Lesrima, last question!

Mr. Speaker: Mr. Speaker, Sir, the Vision 2030 is a child of the Economic Recovery Strategy, which ends this year. I doubt that---

(Loud consultations)

Mr. Speaker: Order, hon. Members! Order!, We cannot transact business that way! Could we hear the hon. Member for Samburu West?

Mr. Lesrima!

Mr. Lesrima: Mr. Speaker, Sir, I raised this issue because I am not so certain that arid and semi arid areas will receive priority, even in the so-called Vision 2030. Is the Assistant Minister satisfied with the level of investments?

I understand that in that policy, there is about Kshs28 billion over a period of ten years, which is equivalent to 5 per cent of Government Budget in one single year. Are you satisfied with that level of investment to improve those areas?

Mr. Wario: Yes, Mr. Speaker, Sir. Initially, the investment was very little, but now, we are putting roughly Kshs300 billion in ten years. I am satisfied.

Mr. Speaker: Very well! Next Question by the Member for Amagoro. He is absent!

Question No.101

TARMACKING/UPGRADING OF
ROADS IN AMAGORO

Mr. Speaker: He is absent!
Question is dropped!

(Question dropped)

Next Question by Prof. Oniang'o!

Question No.411

UNDERPAYMENT OF CASUAL LABOURERS
BY ASORO CONSTRUCTION LTD.

Prof. Oniang'o asked the Minister for Local Government:-

(a) whether he is aware that Asoro Construction Ltd., who is the contractor awarded the contract for the construction of Sabatia Market Centre in Butere Constituency, is paying local youths only Kshs150 for a ten-hour day and always delays their payment;

(b) whether he is also aware that the same contractor was awarded contracts for the construction of Mbale Market in Nambale and Chavakali Market in Vihiga, respectively;

(c) why one contractor was given so many contracts resulting in delayed construction of the above markets; and,

(d) whether he could inform the House what contractors in other markets are paying each casual labourer, and ensure the amount paid in the cases stated above is raised from Kshs150 to a reasonable figure.

Mr. Speaker, Sir, I do not have a written reply.

Mr. Speaker: The Minister for Local Government! Sorry, the Minister is not here! What can I do? Prof. Oniang'o, could I defer the Question? What is happening? Mr. Kimunya, where is the Minister?

The Minister for Finance (Mr. Kimunya): Mr. Speaker, Sir, I believe the Minister is hosting the President in western Kenya. Could we have the issue sorted out next week?

Mr. Speaker: What about his Assistant Ministers?

The Minister for Finance (Mr. Kimunya): Mr. Speaker, Sir, the two Assistant Ministers have been going around the country on a special exercise to determine the viability of local authorities. So, they may not be here. I think that is something of national importance. So, if we could have the Question deferred to next week, it will help all of us.

Mr. Speaker: Very well! Could I put it to Tuesday?

Maj-Gen. Nkaisserry: Mr. Speaker, Sir---

Mr. Speaker: Yes! What is it?

Maj-Gen. Nkaisserry: Mr. Speaker, Sir, the Member for Amagoro is exactly in the same location with the Minister for Local Government. So, am I in order to request that his Question be deferred until next week?

Mr. Speaker: I have no explanation why he is not here. The hon. Member's responsibility

is to be in the House and no other. The Minister has a responsibility in the House and outside! Could the Question be deferred until next Tuesday?

Prof. Oniang'o: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Yes, what is it?

Prof. Oniang'o: Mr. Speaker, Sir, is the Minister implying that this Question is not of national importance and therefore, the Assistant Ministers could not be here to answer it?

The Minister for Finance (Mr. Kimunya): Mr. Speaker, Sir, I did not imply that the Question is not of national importance. I said: They are on an exercise of national importance. The Question is also of national importance. That is why we are asking for it to be deferred until next week.

Mr. Speaker: So, the Question is deferred until Tuesday next week.

(Question deferred)

Let us move on to the last Question on the Order Paper! The Member for Kitutu Masaba.

Question No.436

LACK OF COMPUTERIZED ADMISSION
RECORDS AT KNH

Mr. Angwenyi, on behalf of Mr. **Mwancha**, asked the Minister for Health:-

(a) whether she is aware that it is almost impossible for relatives and friends to locate patients admitted at the Kenyatta National Hospital (KNH) due to lack of computerization of admission records; and,

(b) what steps she is taking to alleviate the situation.

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

(a) I am aware that, although the patients' records at the Kenyatta National Hospital are not fully computerized, the Hospital has a working manual system that can easily locate patients admitted there.

(b) For purposes of enabling ease of storage and retrieval of patients' records, the Hospital has, as an initial step, completed computerization of the following sections:-

(i) Revenue collection points.

(ii) Patients registration points. That is accidents and emergencies, paediatric emergency and central medical records.

(iii) All patients' records in the private wing have also been computerized.

The computerization process will continue as funds become available.

Mr. Angwenyi: Mr. Speaker, Sir, we know that some sections of that Ministry have lost a lot of money. For example, the National Hospital Insurance Fund (NHIF) spent Kshs5.4 billion to construct a building, which should have cost only Kshs1.3 billion. Could the Assistant Minister undertake to take some of that money from the NHIF and computerise the KNH?

Dr. Machage: Mr. Speaker, Sir, it is a priority that we computerise not only the KNH, but all our major hospitals in this country. We are looking for funds from many other sources. If need be, we will utilise the funds that the hon. Member has suggested. But I do not think it is appropriate now.

Capt. Nakitare: Mr. Speaker, Sir, the issue is that people whose relatives are admitted to Kenyatta National Hospital (KNH) cannot identify them. This is a very serious issue, particularly when people come from outside Nairobi, and especially those who come from upcountry, with no idea of how Nairobi is. Is the Assistant Minister going to rely on computerisation in order for patients to be identified from bed to bed at the KNH when either paying bills or receiving those

patients?

Dr. Machage: Mr. Deputy Speaker, Sir, as I have said, I am not aware of those kind of incidents. If the hon. Member has a particular incident in mind, let me know of it. However, getting lost is normal sometimes for visitors to Nairobi, and to an institution as big as KNH.

Mr. Speaker: Final question, Mr. Angwenyi!

Mr. Angwenyi: Mr. Speaker, Sir, we know that the KNH is congested, and that it admits people from all over the country. Could the Assistant Minister undertake to establish a manual system, with some people to assist in directing visitors who have patients there to wherever their patients have been checked in?

Dr. Machage: Mr. Speaker, Sir, that system is already in place. I only have to call on people to utilise it. However, we are utilising whatever resources we have to improve on that system. We need about Kshs350 million to complete the computerisation process, and everybody will be happy.

Mr. Speaker: Very well! That is the end of Question Time!

Mr. Munya, you had a Ministerial Statement to issue. Could you proceed?

MINISTERIAL STATEMENTS

RAID ON ODM HEADQUARTERS

The Assistant Minister, Office of the President (Mr. Munya): Mr. Speaker, Sir, on 11th September, 2007, the Member of Parliament for Kisumu Rural, Prof. Anyang'-Nyong'o, rose on a point of order and requested a Ministerial Statement on the break-in into the offices of the Orange Democratic Movement (ODM), on Chania Avenue, in Kilimani, and I would like to state as follows.

On 10th September, 2007, at about 2.40 a.m., two private security guards, who were guarding the ODM offices, situated along Chania Avenue within Kilimani area, reported that a four-man gang, who were armed with iron bars, had stormed into the compound and tied them with ropes while threatening to kill them. The four men proceeded to the main entrance to the offices and gained entry by forcing the door locks open. The gang ransacked the offices and left with some office equipment.

Mr. Speaker, Sir, the police officers, under the command of the Officer Commanding Police Division (OCPD), Kilimani, rushed to the scene in order to have the gang members apprehended. The OCPD and his security team found that the gang had already disappeared into the darkness. However, the security officers established that the gang gained entry into the premises by forcing the locks to the main door open. Inside the offices, there was one wardrobe broken into, and several documents that were inside scattered.

A search was carried out within the compound, and two Central Processing Units (CPUs), one computer monitor and computer cables were recovered, having been dropped by the fleeing gangsters. On further interrogation, the police officers were informed that one CPU was missing from the office. Investigations were immediately commenced, and samples of finger prints were lifted. In addition, the two private security guards were questioned and their statements recorded. Case File No.144/566 of 2007 was also opened and investigations are ongoing.

Mr. Speaker, Sir, anyone who has useful information that can lead to the arrest of the gang members is urged to make a report to the police in order to assist in the investigations. I would wish to urge hon. Members not to read any ulterior motive in the incident, and to allow the security personnel to carry out investigations and take appropriate action, depending on the results of those investigations.

Thank you, Mr. Speaker, Sir.

Mr. Sungu: Mr. Speaker, Sir, I am concerned that despite the obvious history, as

evidenced by the Watergate incident in the United States of America, the Assistant Minister would still say that one would steal only the CPU, which would contain all the information, rather than the computer itself. Could he tell us what Government department was involved in this raid, and why?

Mr. Speaker: Any other person seeking clarification?

Maj-Gen. Nkaisserry!

Maj-Gen. Nkaisserry: Thank you, Mr. Speaker, Sir. This was a Watergate-type break-in. So, I would like to urge the Government to ensure that proper investigations are carried out, the culprits found and appropriate action taken. Secondly, I would like to urge the Government to ensure that political parties' premises and their properties are protected by the law enforcing agencies, because we will have problems in future if this type of break-in continues to take place.

Thank you, Mr. Speaker, Sir.

Mr. Speaker: Are you also interested in seeking clarification, Prof. Anyang'-Nyong'o?

Prof. Anyang'-Nyong'o: Mr. Speaker, Sir, I apologise for arriving late, but I got the tail end of the Assistant Minister's Ministerial Statement, for which we are grateful. All that I would urge the Assistant Minister is that those investigations should be expeditiously carried out, especially after incidents like this one, which tarnish the name of the country locally and abroad.

Mr. Speaker: Very well! Mr. Muite, yours will be the last!

Mr. Muite: Mr. Speaker, Sir, could the Assistant Minister clarify how he hopes, or expects, Kenyans to, really, not point fingers in a certain direction given the vandalism of the *KTN* and *The Standard* offices as well as the break into the offices of this big church on Valley Road, without anybody being arrested? The human mind begins to think in a certain direction. How does the Assistant Minister expect to persuade us?

Mr. Speaker: Which direction are you talking about, Mr. Muite? You know, the world has four directions: north, south, east and west. Now, which direction are you talking about?

Mr. Muite: Mr. Speaker, Sir, I am talking about the direction of those who owned up to have ordered the vandalism of *KTN* and *The Standard* offices. They are known!

Mr. Speaker: Mr. Munya, you now know the direction.

(Laughter)

The Assistant Minister, Office of the President (Mr. Munya): Mr. Speaker, Sir, Mr. Sungu has talked about Watergate, but our preliminary investigations on this matter clearly indicate that those were just ordinary gangsters, who were trying to steal some property to go and sell. Clearly, when the police arrived at the scene, the gangsters took off.

Since they could not carry all the property they had stolen, they dropped some of it, so that they could flee. So, the indication that they only stole a CPU is not true. They had stolen some computers, cables and many documents, but they dropped them when the police arrived at the scene.

So, those were ordinary gangsters. What we are investigating is who they are, so that we can arrest them. So, the issue of speculating that this was a Watergate-type break-in does not arise. Those were thieves who went to steal things from that place. The police came in immediately. The thieves took off. They dropped some of those things and ran away with what they could carry. So, there is no political motive in this matter whatsoever. What we are now trying to establish is who those people were, so that we can arrest and prosecute them.

Mr. Speaker, Sir, this incident has nothing to do with the raid on *The Standard* and the *KTN* offices. This was ordinary thuggery, which we are investigating. The speculation that is being raised without being said is that the Government could have been involved. What would the Government be interested in taking from Orange House? There is nothing!

Mr. Speaker, Sir, the ODM is an open book. It is open and there is nothing that the

Government would want to steal from the Orange House. They address the Press everyday and talk about their strategies anywhere everyday. They tell everybody what they want to do. So, why would the Government be interested in their office and take computers? For what purpose? The party is open and their strategy is known. What they are planning is known.

So, there is nothing that the Government would be interested in, at the Orange House. These were thugs, whom we are going to apprehend.

If Prof. Anyang'-Nyong'o can help us with some information, we would be happy to go and get them from wherever they are and prosecute them.

Mr. Speaker: Let us not turn this into a debate!

Mr. Kosgey: Thank you, Mr. Speaker, Sir. Whenever there is theft, burglary or any incident instituted by the Government, there is a word known as "ordinary" that is used. We talk about ordinary theft and ordinary search. What is ordinary in this case? Is it ordinary when you "watergate" our offices? Is it ordinary when you raid *The Standard* newspapers offices? What is ordinary in the mind of the Government?

Mr. Speaker: Order! If I may put this into plain language, we have often heard the police saying that this is ordinary thuggery. What is special thuggery? What is ordinary and special thuggery, if they exist?

The Assistant Minister, Office of the President (Mr. Munya): Mr. Speaker, Sir, ordinary thuggery is supposed to "watergate" crime thuggery. Ordinary thuggery is committed by ordinary Kenyans who would want to steal some money or property to have something eat. That is ordinary thuggery. If thuggery is political, then it is not ordinary.

I am assuring hon. Members that there is nothing political here. There is nothing that the Government would be interested in at the Orange House. There is nothing. The Watergate issues have no links with this country. It is an American issue that took place and there is nothing.

In any case, we have said that we will do investigations. We have said that we will expedite them as the Chairman of the party is demanding. We welcome information from the Orange People, that can help us get these gangsters. We are ready to do anything to arrest those ordinary thieves who went to steal computers.

Mr. Speaker: Very well! Mr. Cheboi! Now, I will move on to ordinary matters!

POINTS OF ORDER

DEATHS OF KURESOI RESIDENTS FROM MYSTERIOUS DISEASE

Mr. Cheboi: On a point of order, Mr. Speaker, Sir. I rise to seek a Ministerial Statement from the Ministry of Health. In the last three days, two women have died of a mysterious disease and several others hospitalised in Kuresoi Village of Kiptororo Location of Kuresoi Constituency. The symptoms of the disease include severe headache, convulsion and fever. All the victims die within a day.

I, therefore, request a Ministerial Statement, very urgently, from the Ministry of Health, to explain the cause of the deaths and the action they will take, very quickly, to contain the disease. This is very urgent because that part of the constituency is practically impassable. The dispensaries there do not operate at all. So, the Government should take action very quickly. Upon death, people have noticed that the victims have blood oozing from some parts of their bodies. That puts us in a worry.

Mr. Speaker: Are you ready, Mr. Assistant Minister, to respond?

The Assistant Minister for Health (Dr. Machage): Mr. Speaker, Sir, I beg for the indulgence of the House to respond to this issue, with details, on Thursday.

However, I would like to say that my Ministry has the information. We have sent our

personnel to investigate the same. Causes of haemorrhagic fevers are many. The differential diagnosis is long. It is likely to be synoptic. We know common things occur more commonly. We last had synoptic illnesses last year, the Rift Valley Fever which has the same symptoms. We had 655 cases which were reported in this country, out of which 155 died; a statistic of about 33 per cent.

Mr. Speaker, Sir, I would urge the people of Kuresoi to kill and bury all the sick animals. The ones that have died should not be eaten for the time being. I will give a comprehensive answer on this issue on Thursday. It is very unlikely to be Ebola, although we had the disease reported in the Congo Basin. We have a problem in the Democratic Republic Congo with Ebola cases. The closest we have had Ebolain East African was in Uganda about ten years ago.

Mr. Speaker: Order, hon., Members! Mr. Sambu, had you sought a Ministerial Statement regarding anything? I recall you requesting the Chair to---

IMPASSABILITY OF ROADS IN KAPSABET

Mr. Sambu: Mr. Speaker, Sir, I had requested, three weeks ago, for Ministerial Statement regarding the roads which have broken down completely but there was no answer.

Mr. Speaker: Yes, last week you had requested for a Ministerial Statement on impassable roads in Kapsabet. Was it in Kapsabet?

Mr. Sambu: Yes.

Mr. Speaker: I do not know if the Minister for Roads and Public Works has any information about that. He was absent last week.

MINISTERIAL STATEMENT

IMPASSABILITY OF ROADS IN KAPSABET

The Minister for Roads and Public Works (Mr. Nyachae): Thank you, Mr. Speaker, Sir.

The roads are the main feeder roads linking the constituency to higher class roads; Kapsabet-Eldoret Road, C39, Kapsabet-Turbo Road, C37, and Eldoret-Turbo Road, A104, and Mosoriot-Eldoret Town. They are all earth roads and have sections which are currently not passable either because of damages caused by the ongoing heavy rains being experienced in the North Rift region or drivers are experiencing difficulties to drive because of their formation on higher plasticity and expansive clay soils which becomes unmotorable when exposed to excessive moisture. The current state of roads and plant intervention measures are as follows:-

For Mosoriot-Chepterwai Road, D289 and D297, the road is located along the road D289 running from Mosoriot to Kaiboi; Road D297, running from Kaiboi through Chepterwai to Kaptembu and Mosoriot-Kaiboi Road, D287, is 22.3 kilometres earth road surface. The road traverses a rolling terrain has heavy traffic. The traffic mainly consists of tracks carrying maize, timber, construction material and farm tractors.

Sections for the road totalling to about two kilometres are currently difficult to drive on because of damages caused by ongoing heavy rains. The bad sections require improvements with low plasticity granular material, preferably hardcore to make the road passable by all types of vehicles at an estimated cost of Kshs2.1 million.

Mr. Speaker, Sir, the road has been given priority for routine maintenance in the current financial year. Under the constituency budget for road maintenance, a sum of Kshs2.192 million has been made available. The Ministry will issue the above funds for the emergency repair works and request the Kenya Roads Board (KRB) to issue additional funds for the programmed works. Kaiboi-Chepterwai-Kapkatembu D297, is 26.6 kilometres hard surface road. The road is currently

passable and it is to receive routine maintenance under the 16 per cent Road Levy. In the current financial year, we have made available Kshs2.3 million.

Mr. Speaker, Sir, The Eldoret-Kaptatembu-Kipkaren Road D288, traverses Uasin Gishu and Nandi Districts. A Section of D288 in Nandi North, Road DB Uasin Gishu-Lemook, is 26.3 kilometres gravel earth road which is surface road. It is currently passable and has been given priority for routine maintenance in the current financial year under the 16 per cent Road Levy and Kshs1.9 million has been made available. It is going to receive routine maintenance. In the last financial year, it received Kshs2.7 million.

Mr. Speaker, Sir, Road D288 in Uasin Gishu has two sections of the road in Uasin Gishu; D288 Eldoret and Road DB Nandi North. It is 13.9 kilometres earth gravel road and 1.5 kilometres stretch of the above section from Rivatex to UGDB border has been rendered impassable because of the damages caused by the current rains. The section requires embankment reinstatement and gravel- patching using the core low plasticity gravel at an estimated cost of Kshs3.3 million. The road is under Roads 2000 Rehabilitation Contract. The progress of the works has, however, been closed since the commencement of April, 2007 because of the ongoing rains. The Ministry will instruct execution of the emergency repair work under the Roads 2000 Rehabilitation Contract and request KRB to re-imburse the funds from the emergency budget for the Road Class D,E and others for the current financial year.

Road D288, DB Nandi-Lemook, DB Lugari-Kipkaren, is 7.2 kilometres earth gravel road, bitumen service road. The road is in good condition and is passable. Lemook-Mosoriot Road, that is in Ndalat-Kapngetich Ndumbeneti Centre and Kwanza-Terige Road is E301. It is 46.4 kilometres earth surface road located entirely in Nandi North District. Sections totalling about 2.3 kilometres have been rendered impassable because of the rains. The sections require spot gravelling of either very low plasticity gravel of the hardcore at an estimated cost of Kshs2.6 million. The road is under Road 2000, Spot Rehabilitation Contract at a contract sum of Kshs9.9 billion. The contract commenced in April, 2007 and was substantially completed in July, 2007 and is currently under defects liability period until it is done. But this cannot be verified fully because of the rains. The Ministry will instruct execution of the emergency repair works under the Roads 2000 Contract and will request KRB to issue funds for the pavement of the additional works from the emergency budget for road class D,E and others for the Financial Year, 2008.

Mr. Speaker: Sorry, hon. Members, I have to change guard! As you know I have to go and talk to my colleagues; Speakers from Southern Sudan. I will ask my assistant to come and take over from here.

[Mr. Speaker left the Chair]

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

Mr. Sambu: Mr. Temporary Deputy Speaker, Sir, I want to thank the Minister for responding to the emergency situation, at least on D289, road to Mosoriot from the interior of Mosop. Some work has started but on D288, Rivatex to UGDB border, there is one kilometre of a section at Simat which has made the road impassable and the people from that area have to go for another 20 kilometres to the Mosoriot Road to be able to get to Eldoret. I request the Minister to ask the KRB to release the emergency funds to the engineer in Kapsabet, Uasin Gishu or Eldoret to be able to do that work.

Mr. Kipchumba: Mr. Temporary Deputy Speaker, Sir, while we appreciate the work that has been done by the Ministry, could I request the Minister to consider, just as it was done in Coast

Province this year, to do the same for North Rift? All the money that was given to us for roads was spent but the rains came immediately. Therefore, we have exhausted our funds and the roads are in a very bad situation. We should have the same emergency response as it was done in Coast Province.

Mr. Lesrima: Mr. Temporary Deputy Speaker, Sir, I request that the Minister---

(Loud consultations)

Mr. Temporary Deputy Speaker, Sir, there is a *Kamukunji* on this side!

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order there!

Mr. Lesrima: Mr. Temporary Deputy Speaker, Sir, I think it is important for the Minister to notify Kenyans about what is happening to Road C77 Rumuruti-Maralal, Road which has been impassable. It has been raining heavily for the last four months and the result is that vehicles are now stuck up to five days. In fact, as of now, we are not able to transport sick people with spinal injuries for treatment. There is shortage of food and fuel. I was in my constituency yesterday and was not able to get fuel. I believe that we drunk the last beer yesterday. Other than just destabilizing us, I think it is also a loss of revenue for East African Breweries Limited (EABL). It is important to be told precisely, what action you are going to take as it is beginning to dry.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Khamasi): Order, hon. Members! There is too much loud consultation in that corner! If you want to do that and you cannot control yourselves, just take leave!

Prof. Anyang'-Nyong'o: On a point of order, Mr. Temporary Deputy Speaker, Sir. I rise to seek a Ministerial Statement---

The Temporary Deputy Speaker (Mr. Khamasi): Sorry! Had you sought permission from the Chair?

Prof. Anyang'-Nyong'o: I seek permission from you, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Khamasi): You can wait for the Minister to respond, then you can go ahead.

The Minister for Roads and Public Works (Mr. Nyachae): Mr. Temporary Deputy Speaker, Sir, I think I want to confirm that I appreciate the concerns of the hon. Members. In the case of the roads covered by my Statement, we have already discussed with the Kenya Roads Board (KRB). Funds have been made available. Currently, we are doing in-house work.

Mr. Temporary Deputy Speaker, Sir, in the case of emergency in the west of the Rift Valley, this does not only cover the North Rift, but also South Rift. More than two weeks ago, before I went overseas; I left you people here saying I am sick; I was not sick! I sent the Chief Engineer and others all the way to Kisumu. I told them, "you will drive from Kisumu back to Nakuru in order to look at the road". They came back and confirmed that the work needed from Mau Summit to Kisumu cannot be done in-house. So, the repairs before the African Development Bank (ADB) takes over the main work, have to be done by a contractor. We are processing the contracting. We are doing the same thing on several roads in the North Rift.

Mr. Temporary Deputy Speaker, Sir, one thing that we must appreciate here is that the kind of rains that have been experienced in the west of the Rift Valley have not been seen in that area since 1966. We never expected that kind of a situation to arise. However, I agree that we need to do some emergency work. I am very happy my colleague is here.

At the end of the day, I will ask him to fund the emergency work on the roads west of the

Rift as he did at Coast Province. He never said, "no" when I did the work in Coast Province, I do not expect him to say "no" when I do it on the other side. My brother, you had better smile when I am saying that!

(Applause)

Mr. Temporary Deputy Speaker, Sir, I think we are not here to say we do not have a problem with our roads. In fact, the challenges are very serious. Sometimes when I hear people complaining about going to Eldoret via Eldama Ravine, we see vehicles getting stuck and so on. The amount of fuel used when the vehicles get stuck, the amount of tear and wear on the vehicles, including tyres, is very heavy on both the owners of vehicles as well as the country. We are all in agreement that we need to sort out these problems.

(Mr. Sungu stoop up in his place)

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Sungu! The Minister was responding to the issues that were raised!

Professor, you said you got the permission to raise---

POINT OF ORDER

MR. AKARANGA'S ADVERSE REMARKS ABOUT PROF. ANYANG'-NYONG'O

Prof. Anyang'-Nyong'o: Mr. Temporary Deputy Speaker, Sir, I am seeking your indulgence to request the Minister of State for Public Service, Mr. Akaranga, for a statement he is quoted to have made---

The Temporary Deputy Speaker (Mr. Khamasi): Professor, let us get this right! You know the rules. Had you sought permission from the Chair or you are now doing it?

Prof. Anyang'-Nyong'o: I am now doing it, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Khamasi): Okay, go ahead! Let us be clear that he had not got the permission!

Prof. Anyang'-Nyong'o: No! No! I had not got the permission.

Mr. Temporary Deputy Speaker, Sir, the Minister of State for Public Service, Mr. Akaranga, is quoted in today's issue of *The Standard* newspaper, on page two, under the heading, "Akaranga defends of hiring new DOs ahead of poll".

Mr. Temporary Deputy Speaker, Sir, among other things, he said that:-

"The Government cannot stop its operations because of the elections. Leaders like Nyong'o are making noise, but secretly would bring me names of their relatives they want to be employed as DOs".

Mr. Temporary Deputy Speaker, Sir, this is an extremely dangerous statement implying that Prof. Anyang'-Nyong'o is a corrupt person and engages in nepotism. If he has any evidence that I have ever gone to his office to seek any favours from him, I would like him to make this very clear in this House in a Ministerial Statement or---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Prof. Anyang'-Nyong'o! You know our rules in this House! You cannot quote a newspaper as an authority here! You know that.

We are not going to deviate from what is normal here. We will play ball by the rules. You know that we have never ever accepted, in this House, what you are doing. So, unless you want me

to change the rules and accept what you are saying, as of now, we will go by the rules until we change them then I will act accordingly.

Prof. Anyang'-Nyong'o: Mr. Temporary Deputy Speaker, Sir, I seek your indulgence. If, indeed, the newspapers have put in quote what the Minister said, is it the onus on me to say he did not say it or is it on him to say he did not say so?

The Temporary Deputy Speaker (Mr. Khamasi): Order! I have made a ruling on that! You know the speech you are talking about was never made here. If it was made here, it would have been a different matter. If it was made here and was being quoted by the press, that would be a different matter. So, I cannot order the Minister to respond to that unless he is here to say certain things.

Prof. Anyang'-Nyong'o: Mr. Temporary Deputy Speaker, Sir, notwithstanding your ruling, what recourse does an hon. Member of Parliament have before his colleagues when such a thing is reported and is in the public domain and you can also read it? Apart from the rules that do not allow us to raise the issue in the House, what recourse do we have?

The Temporary Deputy Speaker (Mr. Khamasi): In my humble belief, we have courts. People have gone to courts when such things are reported in the Press. Some have been successful and others not. I think that is a recourse that is open to you. You can go to court and file a suite against whoever it is! I think we have now come to the end of that!

Next Order!

BILLS

THE FINANCE BILL

(The Minister for Finance on 13.9.2007)

*(Resumption of Debate interrupted
on 13.9.2007)*

The Temporary Deputy Speaker (Mr. Khamasi): Very well. The Minister was still moving the Bill.

Mr. Minister, please, proceed!

The Minister for Finance (Mr. Kimunya): Mr. Temporary Deputy Speaker, Sir, before we had an unexpected rise of the House, I was coming to the conclusion. I had indicated what we are planning to do. I had come to the point where I was talking about the increase in the minimum capital in the banks basically to ensure that we have firm financial systems and banks that can cope with the increased workload and economic activities and enhancement in the financial strengths of our insurance companies, again, to underwrite the risks associated with that.

Mr. Temporary Deputy Speaker, Sir, as I conclude moving this Bill, let me recognise the amount of time that we have put in together, with the Committee on Finance, Planning and Trade. We have had several discussions on all the issues. I believe we have made huge progress.

I am aware that the Committee has tabled their report. I hope that before we get to the Committee Stage, we will have resolved the issues that are still contained in the report.

So, Mr. Temporary Deputy Speaker, Sir, I really do not want to take any more time of the House. This issue was discussed extensively during the five days of Budget Speech and during the three days of debate on tax proposals. Matters which are contained within the Finance Bill were approved by the House. The Budget Speech was also approved by the House. The tax proposals were also approved in a Motion by this House.

Basically, we are asking that we continue in the same spirit and clear all the issues within the Finance Bill, so that we can build business confidence in terms of predictability and in terms of people relying on the fact that, what has been proposed can be passed by this House. We want to have a situation where we move together as the Executive and the House in promoting the pace of economic activity. We want to, basically, support the economic growth that we are seeing in this country. We have moved from 0.5 per cent in 2002 to 2.3 per cent, 4.9 per cent, 5.7 per cent, 6.1 per cent and now, 6.3 per cent. We hope that, if we continue working together, we will be able to close the year at about 6.9 per cent to 7 per cent.

So, Mr. Temporary Deputy Speaker, Sir, with those few remarks, I wish to ask hon. Members to lend us their usual support, so that we can close this matter as intact as possible.

I beg to move and ask the Minister for Roads and Public Works, Mr. Nyachae, to second the Bill.

The Minister for Roads and Public Works (Mr. Nyachae): Thank you, Mr. Temporary Deputy Speaker, Sir. I stand to second this Motion because I believe that, this House, through the relevant Departmental Committee and debate in this House, has clarified most of the major issues that have been of concern to us. We, in this House, when it comes to the Finance Bill, we are only the custodians of the taxpayers. We are representing the people who give us money to manage this country.

Mr. Temporary Deputy Speaker, Sir, I would like to mention to this House that, when the Budget and the Finance Bill came out, some of us took the opportunity to talk to taxpayers out there. We talked to consultants on financial and taxation matters. They all agreed that the Finance Bill, and the route that the Government and this Parliament are following, is the route that is going to support the growth of the economy as projected. Therefore, we have the support from those who are out there; at least, from those who give us the money. That is the taxation that we are talking about. We should now agree that what is needed is to manage the resources that wananchi give us, in order to benefit this country in terms of economic growth. That way, the economy will grow, employment will be created, roads will be constructed and rehabilitated, our hospitals will be expanded, medicine will be there, electricity will reach peoples' homes and schools will do well. Many things will improve.

Mr. Temporary Deputy Speaker, Sir, I think that we, in this House, have the responsibility, at least, before we go for elections, to tell wananchi that we have agreed to follow the track for growth. When we are seeking re-election, we will say: "Because that track is there, elect me to go and continue supporting it."

Mr. Temporary Deputy Speaker, Sir, I do not need to repeat what my colleague said earlier on. I will only appeal to my colleagues in this House to pass this Bill, so that we can move forward and manage this country well. Let us have the resources because, out there, the taxpayers are not complaining! Why should we be difficult in this House?

After all, we are the minority taxpayers. Therefore, let us move ahead in tandem with wananchi out there - the business people who pay the taxes!

Thank you, Mr. Temporary Deputy Speaker, Sir.

I beg to second.

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

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Sungu! Let me, first of all, propose the Question. If you have any issues, you can raise them after that.

(Question proposed)

What is your point of order, Mr. Sungu?

QUORUM

Mr. Sungu: Mr. Temporary Deputy Speaker, Sir, I am shocked that this is one of the most important Bills that we can ever discuss in this House. It is touching on finances and taxation measures. But there is no quorum!

The Temporary Deputy Speaker (Mr. Khamasi): Yes, there is no quorum. I order the Division Bell to be rung for five minutes.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Khamasi): Order, hon. Members! There is quorum now!

*(Mr. Billow moved to the
Dispatch Box)*

Are you the Official Responder?

Mr. Billow: Mr. Temporary Deputy Speaker, Sir, for the moment I am still the Official Responder.

An hon. Member: You are! For five years!

Mr. Billow: Mr. Temporary Deputy Speaker, Sir, there are a few issues I want to comment on. The first is on the powers that have been given to the Commissioner-General and the Commissioner of Customs and Excise in the Customs and Excise Act, the Income Tax Act and the Value Added Tax Act. In all of them, the Commissioner-General and the Commissioner of Customs and Excise have been given powers to freeze bank accounts, seize and transfer properties through an *ex-parte* application. In other words, simply through an application by the Commissioner of Customs and Excise to the High Court without involving the other party. On an *ex-parte* application, the Commissioner of Tax, or the Kenya Revenue Authority (KRA), can actually freeze the bank accounts of people who are suspected of not having paid taxes, or people who are suspected of having made taxable supplies on which tax has not been charged, or people who have collected taxes but may not have remitted it.

I think the power to freeze the accounts of individual taxpayers merely on the basis of the reasonable assumption of a Commissioner of tax, or the KRA, before assessments are issued, is tantamount to an abuse of law.

The current legal provisions are such that there has to be an assessment which is issued by the KRA, which then determines what tax you are supposed to pay. Then after assessment is issued you pay tax. As the law provides now, the KRA can go ahead and do all those things, but it is based on the assessments which have been already issued. I think to give the KRA powers to go and freeze bank accounts and to transfer and sell property of taxpayers merely on assumption that a person has not complied with tax provisions, is to allow abuse or misuse of the powers by the KRA. It is going to be dangerous! That is one of the things that are of major concern to us. It is against the spirit of tax legislation.

Mr. Temporary Deputy Speaker, Sir, that provision, as a matter of fact, disregards the whole concept of assessment of income tax. Assessment forms are the legal basis upon which tax is collected. Therefore, in my view, that section which empowers the commissioner to transfer properties or freeze accounts of taxpayers, clearly gives excessive powers, and are subject to abuse, because their use will be based on the whims of the individual tax commissioner. This is a country

in which political expediency sometimes determines some of the operations of some of the civil servants. In this regard, therefore, I find that clause to be really unacceptable, and it should be subject to amendment when we come to the Committee Stage. The important thing, if the KRA wants to operate, is that currently it has legal provisions, administrative procedures and investigations department, which can carry out all that work before they can resort to this measure. I think it is important that they should not be given these powers, because doing so is against the principles of natural justice.

The second point I am concerned about is on the 120 per cent duty on plastics, which is provided for in this Bill. This provision is likely to kill some of the industries that employ a large number of people, and already a lot of concerns have been expressed that some of the industries are already in the process of folding up because of this provision. I think the issue of plastics is an environmental issue, and the Ministry of Environment and Natural Resources, the way I understand it, has already come up with an arrangement where they will levy some money on those manufacturers, so that they can use that levy to address the environmental hazards that come from the use of plastics. What will happen is that the 120 per cent duty will automatically be passed on to the consumer and will have no effect in controlling the environmental hazards that are the target of this proposed law. Consequently, I am of the view that this 120 per cent tax on the plastics, really, is misplaced and this matter should be left to the Ministry of Environment and Natural Resources; to address the concerns that it seeks to address.

Mr. Temporary Deputy Speaker, Sir, thirdly, I am also concerned about the 40 per cent duty on hides and skins for export. I think this is intended to assist tanneries in this country, so that we do not have hides and skins going out. The people in the livestock sector, particularly the pastoralists, are suffering, because they do not get value for their hides and skins from the tanneries. Increasing this duty, which was 20 per cent, to 40 per cent, hurts the pastoralists, and the farmers who need returns on their hides and skins. They are not going to get returns from the tanneries, because we seek to address the concerns of the tanneries but forget about the concerns of the farmers. Therefore, it is important for the Minister to also review his decision on this matter.

On the issue of the licences that are being revoked, and I find it a very good thing for the Minister to revoke some of those licences which are hurting businesses in this country, when you go out in the rural areas, the cess which is being collected by the local authorities is also hurting many people and it needs to be addressed. A clear example is that when you are transporting livestock from one county to another, you have to pay tax in every county that you have to go through. That is really discouraging farmers, and is becoming burdensome to the economies of the people who are engaged in that business. It is important that we address the taxes, licences and cess which is collected by the local authorities in addition to those ones which are being revoked at the Central Government level.

Mr. Temporary Deputy Speaker, Sir, on the amendments which are proposed to the Central Bank of Kenya Act, or, first of all, to the Banking Act, the Minister is ceding some of his powers to the Governor of the Central Bank of Kenya (CBK) in terms of the regulatory aspect of the monetary market, and I think it is appropriate for the Minister to cede some of his powers. But what he has done is on the one hand to cede some of those regulatory powers to the CBK and on the other hand take away those powers through appointment, for example, of a Chairman of the Board of directors of the CBK. I find that to be completely unacceptable. The CBK is an institution that is responsible for the monetary policy of this country. In this regard, it must remain independent from the Government, the Executive, in terms of its decisions on the monetary policy.

This is a tradition across many countries in the world. In the majority of the countries in the world, the chairman of the board of directors of the central bank is the governor himself. I think the reason is because if you have a chairman, then there is a risk that he will actually direct the

governor to do this or that and, therefore, influence the monetary policy or operations of the bank. The chairman, according to the proposal in the Bill, will be appointed by the President on the advice of the Minister. In other words, the Minister will literally control the operations of the CBK through the appointment of the chairman. This is not acceptable and is going to affect the independence of the CBK and the stability of the financial market. We have seen problems in the past when the CBK has not been independent; when the Governor had no security of tenure. We have seen a situation where the CBK was misused and got engaged in printing of currency in excess of the money supply requirement. What we see here is going to take us back to those days. Let us leave the CBK to be independent from the Executive, in terms of its operations. Let us not have a chairman appointed by the Executive to oversee the operations of the Governor.

The Minister says that the reason he is doing so is so that he can de-link the Governor of Central Bank of Kenya (CBK) from running the affairs of the Board. I think the Governor of the CBK is the Chief Executive of this bank. The main responsibility of the CBK is the monetary policy. I, therefore, think it is wrong--- In this regard, I would like to say that those are some of the things that we will not accept, because it is dangerous and risky.

Mr. Temporary Deputy Speaker, Sir, again, I have another problem in this regard; where the Minister says that the CBK should support the economic policies of the Government. It is true that the Government has an economic policy and the CBK should support that policy. But I think the provision in this Act says:-

"Where the Minister is of a different opinion as regards the monetary policy---"

Mr. Temporary Deputy Speaker, Sir, let me explain it better. This Bill provides that, every six months, the Governor of the CBK should submit to the Minister a written monetary policy of the CBK, and the Minister shall table those policies in this House. But the Bill also provides that if the Minister is concerned that the monetary policy pursued by the CBK is not acceptable to the Government or in principle, it is not consistent with the objectives of the CBK, then he can reject it. Therefore, the Government, through the Cabinet, can actually direct the CBK to change that monetary policy. That is the provision he has in this Bill. I find that a bit risky; where the CBK can be directed by the Cabinet to pursue a specific policy. It should not be accepted.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): On a point of order, Mr. Temporary Deputy Speaker, Sir. I am getting intrigued by my friend. Is he aware that what he is asking is actually the current law under the CBK?

Mr. Billow: Mr. Temporary Deputy Speaker, Sir, what I am trying to say is that the amendments that the Minister is trying to bring through this Bill, in principle, are trying to give the Government, through the Cabinet or the Minister, powers to determine the monetary policy of the CBK. That is the concern that we have. I think we should leave the CBK independent. We have succeeded in the last few years when the CBK has retained independence and the Governor has had security of tenure, and the Government has, therefore, not had its hand in the till. Let us leave it that way.

Mr. Temporary Deputy Speaker, Sir, my last comment on this Bill is on the issue of the Capital Markets Authority (CMA). The attempt by the provisions again for setting up Investor Compensation Fund to compensate the investors who lose their money because of the activities of brokers or dealers who have failed, or if the operations or business of dealers or stock brokers have failed. In principle, I find it a very good thing to do. But my main concern is that the difficulty we have had in our capital markets is with the operations of the CMA itself. The CMA has got rules that deal with corporate governance of companies which are listed on the Nairobi Stock Exchange (NSE). We have seen laxity - let me use that word - on the part of the CMA in actually monitoring the activities or good governance in this institution. We had the example of Uchumi Supermarkets Limited; a clear case where the company collapsed because of the activities of some of the

directors and, yet, no action was taken absolutely. We also had the case of the stock broker, if you can remember, a few months ago and no action was being taken until it was too late. I think it is important that the CMA, which has got the powers, should not be lax. I think the Minister should ensure that, even when the Investor Compensation Fund is set up, the CMA should be able to carry out its responsibilities without any fear from the Executive.

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

Mr. Kipchumba: Mr. Temporary Deputy Speaker, Sir, I rise to make my contribution to this very important Bill.

Just to start from where my colleague left, the increase in tax of 120 per cent on plastic bags is punitive. But that is not the main issue. The issue is that there are some plastic bags which are not even a threat to the environment. We go to the supermarkets and, therefore, know that the big plastic bags are not a threat at all to the environment. Therefore, the Minister for Finance should have consulted widely and, especially, with the experts on environment. To the extent that many Kenyans have now lost jobs, I think this particular clause should be deleted completely, because we do not quite require it.

Mr. Temporary Deputy Speaker, Sir, there is also the issue of spare parts. There is no reason for raising duty on second-hand spare by 20 per cent. This is quite a substantial amount of money to the extent that now we are punishing the poor segment of our society. While the Minister at one stage is talking of improving the living standards of Kenyans, on the other hand, he is increasing duty on second-hand spare parts by 20 per cent. These spare parts are very beneficial to us, especially the farmers who use them on tractors. But more importantly, how do you determine the price of these second-hand spare parts before you impose a 20 per cent levy on them? Who determines the price of these second-hand spare parts? It is very easy to determine the price of new cars, because all you need to do is to go to the manufacturer and he will give you their cost price. But it is difficult to determine the cost of second-hand spare parts because, first, we do not know how they were used and how they have been improved. Therefore, it would be very difficult, indeed, to determine the actual value or cost of second-hand spare parts and, hence, levy duty on the same. I would, therefore, urge the Minister to completely remove duty on second-hand spare parts. I think we are unnecessarily punishing the poor lot in this country who want to benefit from the second-hand spare parts. This is because the cost of second-hand vehicles will also go up.

Mr. Temporary Deputy Speaker, Sir, hon. Billow raised the issue of the Kenya Revenue Authority (KRA) having power to sell one's building if he or she delays or defaults paying duty on the same. I think it is extremely serious to allow the KRA to sell one's property because that person owes them some duty. If you read Clause 11, it even talks of suspicion; that if the Commissioner of Tax suspects that you have not paid the requisite duty, then they could even auction your property. To expect Kenyans to accept that their property can be auctioned or sold on suspicion, I think it is demanding too much. I think that clause should be removed all together. We all know that there are some mischievous officers in the KRA who can take advantage of that clause. It has been stated clearly in black and white that if there is suspicion that you owe the KRA some duty, then your building can be sold. I would urge the Minister to consider very seriously deleting that particular clause.

Mr. Temporary Deputy Speaker, Sir, the Minister has again talked about waiving duty on construction material for private universities. That is a very good gesture, but what happens to the public universities? We are all aware that, currently, our public universities raise funds from within their institutions with which they use to expand. I think the objective of encouraging private universities to expand is, so that many of our students can be absorbed in them. However, a majority of our students are absorbed by public universities. Therefore, I would like the Minister to extend the waiver to the public universities.

Mr. Temporary Deputy Speaker, Sir, on Clause 14, the Minister talks of taxation on business premises. That will make the cost of rent very high. He should consider whether it is really cost-effective to increase duty or to tax these private premises. I think the whole essence of this, is to reduce the cost of doing business. Therefore, by taxing private premises, we will be, in effect, increasing the rent on the said premises. I want to urge him to, probably, if not reduce it, but to waive it completely. If businesses boom, then we can collect more taxes. Therefore, there is no merit in us taxing the said buildings because it discourages new businesses.

Mr. Temporary Deputy Speaker, Sir, on pension, the Minister has talked about the waiver that will be given on pension of retirees who are over 65 years. That is, indeed, welcome. However, are we going to give a waiver to the retirees on any amount of pension or are you going to give a waiver for a certain amount of money received? We must be very categorical. If there are retirees who are over 65 years old that are earning a lot of money, are we going to give a waiver to people who are earning quite substantial amount of money?

Mr. Temporary Deputy Speaker, Sir, the issue of imposing duty on hides and skins, in my view, is a very noble idea. I think also the Minister should include wool in this category. This is because hides and skins and wool are, probably, in the same category. Therefore, I would want to differ with my colleague that we reduce duty on hides and skins. We want to increase the value of these products. There is no merit anywhere in the world for anybody to export raw materials. Raw materials have been exported from this country since time immemorial. However, no value has been achieved from the same. Therefore, I want to request the Minister to include wool. There is a shortage of wool in this country. Most of it is exported outside.

Mr. Temporary Deputy Speaker, Sir, in Clause 31, the Minister makes a provision that residents of East Africa are now recognised as residents of Kenya and, therefore, they will receive some waiver like any other Kenyan. That is a very good gesture. However, I want him to ensure that Kenyans who operate in Tanzania and Uganda also receive the same treatment. We do not want Ugandans and Tanzanians to enjoy benefits in Kenya while our people who operate in those countries are not accorded the same treatment. Therefore, I want to kindly request that the Minister ensures that Kenyans are accorded the same treatment in Tanzania and Uganda.

Mr. Temporary Deputy Speaker, Sir, something that I want the Minister to seriously consider is the issue of increasing insurance capital. For example, life insurance has been increased from Kshs150,000 to Kshs400,000. I do not see any merit in him doing so. I want him to listen to this very carefully. When this Government came to power, they talked about assisting the banks and insurance companies, so that they can develop and, in turn, help Kenyans who do not have substantial capital to start businesses. It is, therefore, absurd that five or four-and-a-half years down the line, we are doing the exact reverse. We are now increasing the capital requirement of life insurance from Kshs150,000 to even Kshs400,000. They are now increasing it for banks in that they are now required to increase their capital from Kshs250,000 to Kshs1 billion. I want the Minister when he responds to explain to this House and the country at large why, indeed, he wants us now to increase the cost of doing business in this country. Banks are now doing very well because they can charge a lower interest rate given that quite a lot of money is being left idle. Now, they want to ensure that Kshs750 million extra will lie idle somewhere in Central Bank of Kenya (CBK). I raised this issue last time. I said that, probably, the friends of the Minister have all started their banks. They are now okay and have no problem. The Minister now feels that these fellows should not receive any further competition. Indeed, he should protect his friends, so that they can do business and make more money. Allow any Kenyan who wants to own a bank and who has ambition and who can raise Kshs250 million to start a bank. There is no merit in raising this figure. We can say anything, but competition in this country is very healthy. To increase competition, we must encourage more players in the industry. Therefore, I strongly hope that the Departmental

Committee on Finance, Planning and Trade will ensure that this is deleted completely from the Finance Bill. I am sure that the Minister will not give us any reasonable excuse as to why he wants to increase that amount.

Mr. Temporary Deputy Speaker, Sir, my final remarks are on allowing Kenya Revenue Authority (KRA) to become the collector of revenue on land rates. The Ministry of Lands understands land issues better than KRA. The KRA is very punitive in their imposition of penalties. You and I know that it is the people who own land. These are poor Kenyans who vote for us. They take time to raise this amount of money. We need to understand where they are coming from. At times, they are unable to raise the little land rates we are talking about. For a long time, the Ministry of Lands has had a way of dealing with these fellows. They know and understand their psychology. They have some certain agreements and arrangements on how they can pay the money in instalments, but KRA does not understand. The KRA will come and demand that we pay the rates. If you delay by a single day, they impose interest not on a simple basis. We will pay interest to the extent that our farmers and poor Kenyans will lose their land. I would want this particular Clause 39 to be deleted completely. I would suggest that the act of collecting revenue reverts back to the Ministry of Lands. These are the people who understand farmers and their problems. They can allow them to pay their land rates slowly without being harassed.

We have all dealt with the Kenya Revenue Authority (KRA). It can demand anything from you and the next day, you are taken to court. After that, they can even sell your piece of land. We do not want our fellow Kenyans to lose their land. I do not understand why the Minister has come up with very punitive regulations. The KRA is supposed to be a friend to every Kenyan. Every Kenyan is supposed to pay taxes on a compliance level. We are supposed to comply to pay taxes. The KRA is not supposed to facilitate your businesses to fail. It is supposed to facilitate you, so that you can pay more taxes. But many of these regulations that have been made by the Minister are meant to penalise us, so that our businesses could collapse. I do not understand whether the Minister knows that, if those businesses collapse, the Government will have no revenue to collect the next day.

I totally agree with the sanctions on the Capital Markets Authority (CMA). I have no problem with that. But the CMA must be made effective. It is one thing to make law and another to act on the same.

Mr. Temporary Deputy Speaker, Sir, the issue of log books for vehicles which have been written off is a very good gesture. Many Kenyans own log books for vehicles which have been written off and yet, that can be a security risk. I want to applaud the Minister on that.

We are now moving to a situation where many Kenyans will be trading in the stock exchange. If we do not have sufficient regulations to safeguard their money, many Kenyans will, indeed, lose their money.

The issue of increasing pension to Kshs2,000 is welcome. But an increment of 3 per cent is probably on the lower side. The rate should be commensurate with inflation levels. If we are given 3 per cent and the inflation is 15 per cent, we will still be quite disadvantaged. I have raised this issue in this House very many times. The Minister should be forward-looking. He should consider amending the Act, so that we can all contribute towards our pensions. Pensions should be contributory. I have said here before that the pension that this Government pays today is over Kshs20 billion. What will happen by the time our pension will be Kshs100 billion and our revenue Kshs100 billion? It will create a crisis in this country. We will be using all the revenue collected on pension. Therefore, instead of doing all these small businesses here, the Minister should consider being proactive and bring an amendment to make pensions contributory.

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

Mr. Wambora: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this

opportunity to contribute to the Finance Bill. I want to approach this Bill from two angles. One, I want to cite a few sections where the Minister has made very good recommendations. I will also cite about five sections where we would like to see some amendments.

Let me start with the good sections. The imposition of 20 per cent Export Duty or Kshs10 per kilogramme on used lead and acid batteries is a good recommendation. It is definitely going to promote local usage. It is also going to provide enough raw materials for that sector. I commend the Minister for that.

I also commend him for the various increases on spirits and malt beer. But I would like to discourage the recommended addition of Kshs6 per litre of mineral water. That is because I consider water as a basic requirement. In fact, mineral water satisfies a basic need. So, increasing the price of mineral water by Kshs6 is very dangerous.

I commend the Minister for zero-rating pyrethrum extracts. That is a very troubled sector. It requires revamping. The same applies to zero-rating of locally assembled bodies for motor vehicles. That is carriages of more than 25 persons. That will, of course, save Kenya foreign exchange. Instead of importing second-hand vehicles from Dubai and elsewhere, that will encourage the local motor industry, especially the assembly subsector. That will also encourage a cleaner environment by reducing the usage of old *matatus*.

May I also take this opportunity to commend the Minister for removing Passenger Service Vehicle (PSV) licence for passenger vehicles. Although we will lose about Kshs2.5 million per month, that is a price worth paying because, in fact, we were wasting a lot of time. There was a lot of bureaucracy.

Having given those commendations, let me, straightaway, go to areas which I think require amendments. On the first one, I wish to concur with my colleagues who had talked earlier, about the ban on the manufacture of thin plastic bags. The imposition of 120 per cent Excise Duty on plastic bags of over 30 microns was meant to encourage a clean environment. But the disadvantages of that are multiple. One disadvantage is that it will unfavourably affect the manufacturing companies. That will lead to loss of jobs. It will also encourage inflation because of the increase in price of packaging materials. It will, in turn, affect basic commodities. The Minister should reconsider that. The disadvantages far outweigh the advantages.

Mr. Temporary Deputy Speaker, Sir, Section 28 of this Bill empowers the Commissioner of Lands to sell land or buildings belonging to persons who fail to pay taxes. I would recommend that, that follows due court procedures because it is a very harsh thing. Somebody may be outside the country and he or she may be late in paying his or her taxes and the property is sold! There is a danger of misuse of power by the Commissioner. The consequences can be unfavourable.

Mr. Temporary Deputy Speaker, Sir, I am also quite worried by Section 68 of this Bill. It is recommending raising of minimum core capital for banks and mortgage finance companies to Kshs1 billion by 2010. While that may stabilise the subsector, it has other disadvantages. One of them will be reducing the choices for Kenyans, because it will reduce the competition in that sector. When there is not enough competition, there are dangers of the big guys amalgamating or merging, thus causing the other problems of cartels.

Mr. Temporary Deputy Speaker, Sir, may I now go to Section 73 of the Finance Bill. It is talking about the appointment of a Governor by the President, but on the recommendation of the Minister for Finance. The Departmental Committee on Finance, Planning and Trade recommended that this Section should be deleted. But I wish to take a middle ground. I will be introducing an amendment recommending the following:-

"That this Section be amended to enable the appointment of a non-executive Chairman, who shall be appointed by the Board of Directors of the bank constituted as provided in Section 11, for two years on rotational basis."

The dangers of a powerful Chairman in the Central Bank of Kenya (CBK) is to reduce the independence of the Governor. There will be possible interference. But when the Chairman is non-executive, he or she will not interfere with the monetary functions of the Governor. He or she can concentrate on the administrative and general financial issues of the bank without being a danger to the Governor, who is supposed to be independent and enjoys security of tenure.

With those few remarks, I wish to recommend the Bill as proposed.

Mr. Lesrima: Mr. Temporary Deputy Speaker, Sir, I will just touch on two issues, that is, the issue of plastics and that of the Central Bank of Kenya (CBK).

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Lesrima! While I do not want to stop you, I want you to also play by the rules. Once somebody else has used his material on the Floor of the House, and I am sitting here, I would like to hear different views. You have talked about the CBK, plastics and so on. Let us not repeat what other people have said so that we can move faster.

Mr. Lesrima: Mr. Temporary Deputy Speaker, Sir, there are many issues on this subject. One of the Departmental Committees of this House has recommended certain things with regard to the CBK. I do not support those amendments. Hon. Wambora has also just taken a middle ground. I think we should not assume that we are supporting certain views.

Mr. Temporary Deputy Speaker, Sir, I do not know whether you will allow me to continue.

The Temporary Deputy Speaker (Mr. Khamasi): Continue!

Mr. Lesrima: Mr. Temporary Deputy Speaker, Sir, I will be very brief! I think the independence of the Governor of the CBK is very crucial as far as carrying out his functions is concerned. The Governor should not be part of the Treasury. Historically, we know what has happened in terms of directives from the Treasury. That independence and integrity of the CBK should be maintained.

Mr. Temporary Deputy Speaker, Sir, I would, therefore, wish to make a recommendation that the Chairman of the CBK be elected by the Board members, who will then present the name to the Minister and finally to the President for approval. That is the middle ground I would like to propose. This is because a Governor who is not independent is likely to dance to the tune of the Treasury. He is likely to please the Treasury so that his or her contract is renewed. It is important that we maintain that independence.

Mr. Temporary Deputy Speaker, Sir, in this Bill, I want to support the recommendation to appoint two Deputy Governors. However, in terms of succession, we need to appoint Deputy Governors from within. There are highly educated and experienced personnel in the CBK. It is, therefore, unfair to keep on appointing people from outside. I have nothing against the recent changes that were made; I have nothing personal about it. It is demoralising to see somebody who has spent so many years working for CBK as a Deputy Governor being relegated to the post of Deputy Governor after acting as the Governor for several months. That person has worked extremely well. We are making matters worse by proposing here that we appoint Deputy Governors from outside the CBK.

QUORUM

Mr. Weya: Mr. Temporary Deputy Speaker, Sir, it appears that there is no quorum in the House even though we are discussing very serious financial matters in the Finance Bill.

The Temporary Deputy Speaker (Mr. Khamasi): Yes, there is no quorum. Ring the Division Bell!

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Khamasi): Order, Members! We now have a quorum. Honestly, I expect hon. Members who raise the issue of quorum to stay in the House and debate!

Mr. Weya: Mr. Temporary Deputy Speaker, Sir, I am here!

The Temporary Deputy Speaker (Mr. Khamasi): Order! You should not just come here to raise the issue of quorum and then walk out, or even before we count the hon. Members in the Chamber, you walk out! You must show seriousness.

Proceed, Mr. Lesrima!

Mr. Weya: On a point of order, Mr. Temporary Deputy Speaker, Sir. I raised the issue of lack of quorum and I am in the House!

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Weya! Do you know what you are doing? If you do not know what you are doing, then you should know that it is very bad! You had better desist from doing it!

Mr. Lesrima: Thank you, Mr. Temporary Deputy Speaker, Sir. Before the quorum bell was rung, I was saying that I would like to recommend that the Deputy Governors be appointed internally. The Deputy Governors should sit as executive Board Members. They have the internal experience and would strength governance and give support to the rest of the Board. I want to repeat again and say that, when it comes to succession, we should not demoralise Deputy Governors by continuously bringing people from outside. Senior members of staff who qualify to rise to the position of Governors should be considered. As much as possible, we should appoint Deputy Governors internally.

Mr. Temporary Deputy Speaker, Sir, the other issue is with regard to plastic bags. I want to say that I strongly oppose the proposed taxation. We should not use taxation to deal with environmental issues. There are enough laws to protect the environment. It is not the question of using micrometres to control the environment. We should provide facilities like the bins. I oppose that taxation because it will raise the prices of the contents of those plastic bags.

With those many remarks, I beg to support.

Mr. Sungu: Mr. Temporary Deputy Speaker, Sir, allow me to make some few comments on the Finance Bill, which I believe is one of the most vibrant Bills that this House could be called upon to pass.

Mr. Temporary Deputy Speaker, Sir, seconding the Bill, *Mzee Nyachae* said that there is economic growth. We have been told over and over again about huge percentages in economic growth. I dare say that it is phantom because we know that poverty is existing. We know that the gap between the rich and the poor is ever-increasing. It is increasing with very heavy implications for the people of this country. It has implications on security, social structure, welfare of our people and the very future of this nation.

Mr. Temporary Deputy Speaker, Sir, to be specific on the Bill, from the very outset, that is page one on the preliminaries, Clause 1 has several sections. Sections 33, 34 and 36 are deemed to have come into force by 1st July, 2005. I believe that these are fundamental issues. As to whether or not this matter is constitutional, that was raised by the Chairman of the Departmental on Administration of Justice and Legal Affairs. This is now going to be retro-active.

But Mr. Temporary Deputy Speaker, Sir, coming to the question of Customs and Excise, Part 11, the amendment to Section 2 reads:-

"(2) Section 2 of the Customs and Excise Act is amended by inserting the following new definition in proper alphabetical sequence-

"services" means-

- (a) any supply by way of business that is not a supply of goods and money; or
- (b) anything which is not a supply of goods, but is done for a consideration

(including, if so done, the granting, assignment or surrender of any right)".

Mr. Temporary Deputy Speaker, Sir, I believe that definition is too wide. It will not augur well for the people of this country.

Mr. Temporary Deputy Speaker, Sir, Section 3 reads:-

"(3) Section 90 of the Customs and Excise Act is amended by-

(a) re-numbering the existing Subsection (2) as Subsection (3);

(b) inserting a new Subsection (2) as follows-

(2) Notwithstanding the provisions of this Act, no license shall be issued for the manufacture of plastic bags of thirty microns or less".

Mr. Temporary Deputy Speaker, Sir, allow me to agree with the Minister. Plastic bags are an environmental disaster. It is necessary and right that we control it. One of the best ways to do that is to employ tax measures.

Mr. Temporary Deputy Speaker, Sir, Section (4) has an amendment to Section 135 of Cap. 472. It reads:-

"4. Section 135 of the Customs and Excise Act is amended by inserting the following new subsection immediately after subsection (5)-

(5A) Notwithstanding the foregoing provisions of this Section, in calculating the quantity of spirits produced at a distillery, the Commissioner may apply such other method as may be prescribed".

Mr. Temporary Deputy Speaker, Sir, this is very vague definition. It is bad in law. It is, perhaps, intended to target specific industries owned by specific individuals. This kind of proposal could be used in a discriminatory manner, particularly against indigenous industries which compete with multi-national companies. Those international companies continue to enjoy very favourable tax waivers. Therefore, I dare say that we will oppose that at the Committee Stage. I hope the Departmental Committee on Finance, Planning and Trade will bring some amendments to that.

Mr. Temporary Deputy Speaker, Sir, Section 5 deals with preservation of funds. Section 166C reads:-

"(1) Where the Commissioner has reasonable cause to believe that a person-

(a) has manufactured excisable goods on which tax has not been charged; or,

(b) has collected duty which has not been accounted for; and,

(c) is likely to frustrate the recovery of duty if information of the Commissioner's suspicion under this subsection is disclosed to him,

the Commissioner may make an *ex-parte* application to the High Court---

Mr. Temporary Deputy Speaker, Sir, I think this is excessive because the current laws, as they are, allow for a lot of actions by the Commissioner, without having to apply these excessive measures. The time given for an application to vary the orders, if any such orders would have been obtained through an *ex-parte* judgement, is only 15 days.

Mr. Temporary Deputy Speaker, Sir, you will agree with me that, that will be too short a time to allow any reasonable Kenyan to obtain justice.

Mr. Temporary Deputy Speaker, Sir, on the question of increasing duty on second-hand spares for motor vehicles, while those proposals are intended to discourage importations, it is going to have very adverse effects on the prices of second-hand motor vehicles. That is because many Kenyans now depend on those cars. It is important to, instead, encourage the manufacture or the assembly of local vehicles and spare parts.

Mr. Temporary Deputy Speaker, Sir, with respect to the proposals on the change of basis of evaluation for Excise Duty on cigarettes, I would like to say that---

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

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Sungu. Yes, what is it?

Cap. Nakitare: Mr. Temporary Deputy Speaker, Sir, I am standing on a point of order under Standing Order No.87. This Bill has been exhaustively discussed and there is a lot of repetition. Am I in order to ask the Chair to use his prerogative to call the Mover to respond?

(Applause)

The Temporary Deputy Speaker (Mr. Khamasi): Order, I have already said that we must play by our own rules. I have repeated it. This is the third time I am saying it. The matter that has already been said on the Floor, please, do not use it.

Mr. Sungu, I do believe that you have been sitting here and heard that what you are saying is exactly what other Members have said. So, I will give you a chance. I will not put this to Question. So, what you need to is to look at what you have. Say what has not been said while you were sitting there and I sitting here. You can use those materials. Thereafter, I will consider whether to put the Question or not.

Mr. Sungu: Mr. Temporary Deputy Speaker, Sir, you know that I respect the Chair's rulings very much.

I would also like to say that the hon. Member, who raised that issue, would not know whether I was going to say the opposite of what had been said.

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Sungu! You are completely out of order! He is within his right, and you cannot challenge that.

Mr. Sungu: Mr. Temporary Deputy Speaker, Sir, I was going to say that, in fact, I do support the Minister's proposals with respect to taxation on cigarettes. I have sought to bring a Bill to this House to control tobacco use. That same Bill, which was eventually brought by the Government, made it imperative to employ taxation measures to try to reduce the demand for cigarettes. On that basis, I support what the Minister has said. In fact, I would be happier if he increases those taxes even two-fold.

Mr. Temporary Deputy Speaker, Sir, this being a very important Bill, I have made notes on item by item. It is very difficult to tell what somebody else is going to say. This is such an important Bill that it is necessary to go through it clause by clause to be able to, at least, make some value addition to it, so that the Minister can have the benefit of a contribution from an hon. Member from the side of the world, and who may not have had the benefit of having proposals considered by the Minister when he was bringing these proposals to the House.

Therefore, in relation to Income Tax, the amendment appearing on page 1847, under Section 19, seeks to delete sub-section 2(b) and insert in place thereof the following new sub-section:-

"Where an employee is provided with a motor vehicle by his employer, he shall be deemed to have received a benefit in that year of income equal to the higher of-

- (a) such value as the Commissioner may from time to time determine, or
- (b) the prescribed rate of benefit".

I believe that nobody has raised this issue. It is very important, because I have had the benefit of having a company car. What about salesmen, who are given company cars? What about newspaper distributors, or reporters, who are given company cars? How is the Commissioner going to determine the rate of taxation? This kind of thing cannot be considered a benefit. It is a tool of work. It is something which one uses to reach his place of work and carry out his duties. So, it cannot be a benefit. If anything, what the Commissioner should be empowered to do is to determine that proportion of the time used to take the person, who is using this car, from his place of work to his place of residence, and not otherwise.

So, the percentages proposed here are arbitrary and we must, in our own way, try to protect

the ordinary Kenyan. That measure is also vague, and we must look at it at the Committee Stage.

Mr. Temporary Deputy Speaker, Sir, there is an amendment which states as follows:-

"THAT, Section 15 of the Income Tax Act be amended in Subsection (2) by adding the following at the end of paragraph (a)-

"and the Commissioner may prescribe such guidelines as may be appropriate for the purposes of determining the bad debts under this sub-paragraph".

I am on record as saying that this House should never delegate its power to make laws to some other body. Subsidiary legislation is very dangerous. This provision seeks to give the Commissioner power to prescribe, under no known parameters or given guidelines, guidelines on the matters talked about therein. This is a kind of thing we would want to challenge when we are talking about the Finance Bill, because, more often than not, you will find that the Minister tries to amend every law under the sun using the Finance Bill. The other day we had occasion to look at various laws under the Statute Law (Miscellaneous Amendments) Bill. So, I would urge the Minister to avoid using the Finance Bill to try to amend every law, because those laws are specific. They are principal Acts. Those Acts can be amended, if the Minister so wants.

Mr. Temporary Deputy Speaker, Sir, I know that this has been mentioned, but let me say, again, that Section 28, which talks about realisation of securities, at page 1853---

(Mr. Weya stood up in his place)

Mr. Sungu: Mr. Temporary Deputy Speaker, Sir, allow me to go on.

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Sungu!

What is it, Mr. Weya?

Mr. Weya: Mr. Temporary Deputy Speaker, Sir, Mr. Sungu is being repetitive. Can I move that the Mover be now called upon to reply?

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order, Mr. Weya! You are just becoming stubborn! I told Mr. Sungu to refer to the materials he has. As far as I am concerned, he is very impressive. He is talking about issues which have not been talked about here. You have just come in - about 10 minutes ago! So, you had better keep quiet and listened to what other people are saying! We have been sitting here for hours on end!

(Applause)

Proceed, Mr. Sungu!

Mr. Sungu: Thank you, Mr. Temporary Deputy Speaker, Sir.

The issue at stake here is the realisation of securities. Power is being given to the Commissioner here to assume that there is a mortgage on somebody's property and sell it. The time limit given is so short, and there is no guarantee whatsoever that this property will be sold at the right price. I beg this House to look at this provision very carefully. It is going to hurt us, because we are giving somebody power, which he can misuse to hurt us. It is absolutely dangerous to allow somebody to sell your property without proper guidelines as to how the correct price will be decided. We know that this will be an avenue for corruption, and this House should stop its approval.

There is a proposal to amend Section 13 of the National Social Security Fund Act, Cap.258, by inserting the following new sub-section immediately after sub-section 3-

"---the amount of the special contribution payable under Subsection (3) shall be declared as surplus benefits when actuarial valuation of the Fund is carried out and shall be used to augment voluntary individual accounts".

I only want to caution about double taxation. Often, all the benefits that come with retirement are already deducted from an employee's salary. Therefore, if there is any possibility that the Minister may actually double-tax somebody, that should not be acceptable to this House. Again, as I said, we will be looking at it at the Committee Stage.

The issue of capital markets, and the creation of a board, has been looked at. We have said that we want to look at the principal law to be able to avoid amending many Acts without going into the specifics.

Mr. Temporary Deputy Speaker, Sir, you and I come from a background of insurance, and I will not sit down without commenting on a proposal to amend the Insurance Act, at page 1868, which states as follows:-

"THAT, Section 41 of the Insurance Act be amended by deleting sub-section (1) and instituting therefor the following sub-section-

"an insurer carrying on in Kenya long-term insurance business, but not general insurance business, shall keep at all times total administered assets of not less than his total administered liabilities and Kshs10 million or five per centum of the total administered assets, whichever is higher".

I think this is a reasonable proposal, because we know, for certain, many companies, among them Access Insurance Company, United Insurance Company, among others, which have gone under with policy holders' money, and those policy holders had no recourse whatsoever for getting back their money. Therefore, maintaining such a gap is excellent. When the Minister does something right, we should commend him. Particularly, if he is listening, he should know that he is being commended.

Clause 63 proposes that Section 156 of the Insurance Act be amended by deleting sub-section (2) and substituting therefor the following new sub-section:-

(2) where an insurer substitutes his place with a broker, the broker shall remit the amount of premiums to the insurer on the same day he receives it from the policy holder, and the insurer shall assume risk upon receipt of the premium".

Whereas we know that the intention of introducing this clause is reasonable, the applicability of it is in doubt. This House should not make a law which is going to be impossible for Kenyans to observe. It is practically impossible for a broker, or an agent, to receive money on a day and remit it to the insurance company on the same day. We have been in this business. I have been an insurance broker. I know the business inside out. Therefore, I would advise the Minister that we should not make a law which is going to be flouted the following day, because we shall make Parliament look ridiculous. Let us make a law which can be observed by the people. Let us be reasonable. Let us give insurance brokers a specific limit rather than the same day, because it will never work. We know that for sure. I hope that when we go to the Committee Stage, the Minister will not oppose my amendment.

Mr. Temporary Deputy Speaker, Sir, being cognisant of your very good heart and allowing me to say a few things that may have been said by others but in different words, I now say that I do not want to add more words.

I support the Motion and the amendments which we propose to make.

Mr. Musila: Thank you, Mr. Temporary Deputy Speaker, Sir. I stand here to support this Motion. I hope that I will not be repetitive. I would like to talk about three things. First, I would like to talk about the issue of pensions. As you are aware, in the year 2003, this House passed the Pensions (Amendment) Act, 2003. I want to fault the Minister for Finance for failing to implement this Act, which this House passed. The House amended Clause 16(a) to read as follows:-

"A person to whom a pension or other allowance is payable under this Act shall be entitled to be retained in service until the payment in full of the gratuity payable to

him consequent upon the exercise by him of his option to receive such gratuity under the provisions of this Act."

That means that those officers who retire, today, continue to stay for years before they are paid their pension. This House, clearly, passed a law that the Government retains officers who have not been paid their pension until the pensions are paid in full.

Clause 19(a) was also amended to read as follows:-

"A dependant's pension payable under the foregoing pensions shall be paid to the dependant within 90 days, failure to which interest would accrue thereon at bank rates until payment is made in full."

That is a law that was passed by this House, but the Minister for Finance has failed or neglected to implement this Act. It is upon him to tell this House why he has neglected to implement the law. Today, retired public officers are the most miserable because they go home without their pensions. We have heard hon. Members asking Questions here about people who have taken years before they are paid their pension, yet this Act is not being implemented.

The reason why I talked about this is because the Minister attempts to amend the Pensions Act using this Bill by giving minimum pension payable as Kshs2,000 per month. This is welcome. Nevertheless, I think Clause 34(e) does not go far enough to take care of public officers who retire. I hope that the Minister will listen to me because at the Committee Stage, I will move an amendment to this clause.

The Minister said that, subject to the provisions of this Act, pensions shall be increased with effect from 1st July, 2005, and every two years, thereafter. The Minister is proposing that pensions will be increased every two years.

You know, as well as I do, that in other countries pensions are adjusted whenever salaries are being adjusted. It is only in this country where public officers retire and continue to earn little pension while their colleagues, with whom they were working together, get salary increments and, therefore, when they retire, their pensions are much higher, although they were doing the same work.

Mr. Temporary Deputy Speaker, Sir, I will be moving an amendment to this issue when we come to the Committee Stage to require the Government to increase the pension of all pensioners whenever they are increasing salaries for serving workers. I say this because a large number of people you see here, retired many years ago, as senior officers, Permanent Secretaries, Provincial Commissioners and even as school principals, and yet they earn as little as Kshs4,000 or Kshs5,000 per month. I want to declare that having served as a Provincial Commissioner for 30 years, I earn a pension of Kshs6,000 per month. If I was not earning extra funds, how would I be living today? I know that many of my colleagues here, including hon. Nyachae and hon. Mwiraria with whom we retired together, are earning Kshs5,000, yet they were Permanent Secretaries. The Permanent Secretaries who retire today earn up to Kshs50,000 per month as pension. Why is that yet they were working together? This is because the pensions were not adjusted as the salaries were being adjusted. Therefore, in order to safeguard the interests of public officers of this country, we must ensure that we adjust pensions along with salaries of sitting or serving members of the Public Service.

Mr. Temporary Deputy Speaker, Sir, the other issue I want to raise concerns the tariff that has been raised by the Minister in relation to plastic bags. When the Minister was reading his Budget Speech here, he gave us a very convincing reason that, because of the environmental concerns, he was going to increase the duty payable on plastic bags. However, the Minister has sneaked something else regarding the tariff on page 1885. Instead of concentrating on polythene bags that are used in the supermarkets, which are polluting this country so much and for which I support him for increasing the duty, he has included sacks and bags. That means that the gunny

bags that the sugar farmer uses, the bag that the maize farmer uses and the one that the *sukumawiki* mama uses to carry *sukumawiki* is being given duty of 120 per cent, going along with plastic bags, which we know are very harmful to the environment. I am very old and I have never seen a used gunny bag lying on the streets. The Minister wants us to believe that the plastic bags which are actually sacks and are manufactured from plastic and are used and over used until they run and become rugs--- I do not know where they rot because I have never seen any. The Minister has imposed this levy on gunny bags. It is the small farmer who will suffer because the price of commodities will rise as a result of the 120 per cent tariff on these gunny bags. So, I want to ask the Minister to voluntarily remove the 120 per cent duty he has imposed on gunny bag which is used by the ordinary mwananchi.

Finally, I want to talk about something which is not in this Bill. That is tax on wheat. Currently, tax payable for wheat is at 35 per cent. As you all know, the world market of wheat has gone up tremendously. Currently it is going at US\$450 per tonne. It used to be US\$150. What that means is that the price of bread has recently risen from Kshs23 to Kshs30 per loaf. The indications are that the price of wheat in the world market is going to rise. Very soon, bread will be going for Kshs35 per loaf. That will not be due to additional tax but because of the world market price which is rising. We know that bread is eaten by the common man. Bread is food for the poor. Every morning, the poor people go to the kiosks and get their loaves of bread. That is also their lunch and even supper. If we cannot make bread affordable to the ordinary Kenyans, then we cannot claim to be serving the poor people.

Mr. Temporary Deputy Speaker, Sir, I am, therefore, appealing to the Minister for Finance to consider--- Like it is happening all over the world and I am sure you have heard that in other countries, riots take place because of the rising prices of bread. It is now worldwide. Globally, the price of wheat is going up. Therefore, this Minister could do this country great service if he voluntarily lowered the duty paid on wheat from 35 per cent to 10 per cent so that the price of bread can go down and be available to the poor people. If that does not happen, I am afraid the poor people will continue to suffer. I appeal to the Minister to, voluntarily reduce the duty paid on wheat so that the price of bread can go down. It is now going to Kshs35 up from Kshs23 and wananchi cannot afford it any more.

With those few remarks, I beg to support.

Mr. Muturi: Mr. Temporary Deputy Speaker, Sir, I want to add a small rider to what Mr. Musila has just finished with. I want us to remind ourselves that one of the reasons given for the start of the French Revolution of 1776 was the remark attributed to the Queen, Marie Antoinette, when people were rioting about the cost of bread. She said that they should be advised to eat scones instead. I am saying that to support what Mr. Musila has said about the importance of us appreciating the issues that affect the common mwananchi.

Mr. Temporary Deputy Speaker, Sir, Mr. Musila has already talked about the issue on the Pensions Act. I had already marked to talk about it as "the Musila (Amendment) Act. It is true that we passed that amendment here. It is only fair that the Government, through the Ministry of Finance, puts in place all the relevant provisions of those amendments which we enacted here. We can also off-load from ourselves, as Members of Parliament, the various demands by our constituents to go and chase pension payments for them. I think, through that amendment, we actually created a procedure by which persons just about to retire would provide information to the Pensions Department so that by the dates when they are due to retire, the issue of their pensions is sorted out.

Mr. Temporary Deputy Speaker, Sir, if it is not ready for whatever reason, as read out in the provision, then they be retained until such time as the Government would pay them what is due to them. Therefore, we ask the Minister for Finance, as Mr. Musila did, to please consider

implementing the provisions of that amendment to the law.

Mr. Temporary Deputy Speaker, Sir, I do not intend to repeat what has been said by other hon. Members, but there is an important provision that the Minister is seeking to introduce. I want to make this observation. The Finance Bill, as Mr. Sungu said, is indeed, in stature, similar to the Statute Law (Miscellaneous Amendments) Bill, because it seeks to amend several other Acts, particularly with regard to issues to do with licensing and taxation. Therefore, it is one of those Bills that we need to pay very serious attention to.

There is the proposal to amend the Traffic Act, Cap.403 in Section 6. They want to make a provision that for any person who is insured, if the vehicle has been written-off, you will be required to return the logbook, that is the registration book, and the number plate to the Registrar.

It is a good proposal because unless we put that in law, we will continue seeing double registration number plates. We shall see plates baring numbers of vehicles which have since been written-off. I am only going to ask the Minister to consider it because I have seen that the requirement was put, but---

Mr. Sungu: On a point of order, Mr. Temporary Deputy Speaker, Sir. Whereas I hate to interrupt my very good friend, Mr. Muturi, the Assistant Minister for Finance is holding a very huge *kamukunji* at the corner there and I can hardly hear what is going on due to the loud consultations and yet, he is the Assistant Minister for Finance.

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

The Temporary Deputy Speaker (Mr. Khamasi): Order! Let us address Mr. Sungu's point of order. When we dispose it off, then we can come to yours.

Yes, it is true that Mr. Sungu needs to follow what is going on. That is why he is here. So, if you consult quietly, it would be better for him.

Mr. Kimathi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Could the Minister be called upon to reply?

The Temporary Deputy Speaker (Mr. Khamasi): Order! I think you have been quite persistent on that and I want the House to decide on it.

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

The Minister for Finance (Mr. Kimunya): Mr. Temporary Deputy Speaker, Sir, I believe that this matter has been over-discussed within the context of the Budget and the proposals.

We have also discussed for hours with the relevant Departmental Committee and we believe that the Committee will also be bringing in some amendments which we have agreed on. I would be looking at all the issues that will come in the Committee and on that basis, I beg to move.

(Question put and agreed to)

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

Second Reading

THE INTERNAL LOANS (AMENDMENT) BILL

The Minister for Finance (Mr. Kimunya): Mr. Temporary Deputy Speaker, Sir, I beg to move that the Internal Loans (Amendment) Bill be read a second time.

Mr. Temporary Deputy Speaker, Sir, the purpose of the Internal Loans (Amendment) Bill is basically to refine the legal framework of internal debt regime governing the conduct of Government borrowing in the Capital Markets Authority (CMA). In this respect, the Bill seeks to amend several sections of the Act that do not recognise dematerialised or paperless securities which are already in use. Basically, thus keeping the Government Bond market behind technological development.

Mr. Temporary Deputy Speaker, Sir, the sections are outdated and hence slow down Government borrowing transactions. Basically, what we have within the laws is defined that Government Bonds must be in a certain form of paper. However, we have now moved through the Central Depository Schemes where securities are deposited in that form. We just basically want to harmonise the law with the technology.

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

[Mr. Deputy Speaker took the Chair]

Mr. Deputy Speaker, Sir, we would have put these specific provisions within the Finance Bill. But because of the nature that we want hon. Members to deliberate on specifically, we actually hived it out as a specific amendment and brought it in within the Internal Loans (Amendment) Bill. This is in line with the discussion we had with the Committee on Finance, Planning and Trade, that matters that are so distinct should not be put within the Finance Bill.

Mr. Deputy Speaker, Sir, basically, the Bill covers that, bringing into law paperless transactions, so that we can now legitimise what is happening within our capital markets. It is also to ensure that our capital markets are in tandem with the rest of the developed countries.

Mr. Deputy Speaker, Sir, I do not really want to belabour our point. It is a very simple, tidying-up amendment that we should be able to pass with minimum ease. It is just to basically facilitate transacting in paperless bonds as opposed to bonds that must be in papers. It is just like we are doing in the stock exchange. We now do not need to have our certificates to transact. You deposit it in a technological form and can transact with this.

As I said, it is a very straight forward amendment. With those remarks, I beg to move and ask the Minister for Justice and Constitutional Affairs to second.

Mr. Sungu: On a point of order, Mr. Deputy Speaker, Sir. With due respect, this is a very important piece of legislation we want to pass here. However, it is being moved in two minutes without a proper explanation. I have not even understood what the whole Bill is all about.

Mr. Deputy Speaker: There is no minimum time for moving a Bill. The Minister has moved the Bill!

Mr. Sungu: What is the hurry?

Mr. Deputy Speaker: The Minister has moved the Bill! I now ask Ms. Karua to second.

The Minister for Justice and Constitutional Affairs (Ms. Karua): Mr. Deputy Speaker, Sir, the Minister, in moving the Bill, has given very convincing reasons for passing this legislation. I beg to associate myself with his remarks.

I beg to second.

(Question proposed)

Dr. Oburu: Mr. Deputy Speaker, Sir, the Internal Loans (Amendment) Bill was discussed

by my Committee. Just as the Minister says, it is a very straight forward amendment meant to legalise paperless transactions in the CMA. My Committee supports the amendment.

(Applause)

Mr. Deputy Speaker, Sir, I am only hoping that the Minister will take a cue from what he has done with this particular amendment. This should apply to all the other Bills. In the Bill that has just been concluded here, the Minister is bringing very fundamental changes which should have been brought separately in a separate Bill, the same way he has done with this one. We would not have a problem with him if he was doing this to give hon. Members more time. Instead of bringing major amendments as miscellaneous within the Finance Bill, he should bring it as a separate Bill like this one.

With those few remarks, I beg to support.

Mr. Syongo: Mr. Deputy Speaker, Sir, I rise to support this amendment. As I support it, I want to draw the attention of the Minister to the fact that, recently there has been an outcry over transactions at the Nairobi Stock Exchange (NSE) by brokers. Brokers sell stocks on behalf of clients who have not authorised them to sell. As a result, there has been clear cases of fraud in the sense that the revenues arising from such unauthorised transactions have been manipulated. They sometimes end up in the wrong hands. With electronic transactions through the Central Depository System, now in place, that danger is actually going to increase and not diminish. I would, therefore, like to draw the attention of the Minister that even as he does so, he should liaise with the Minister for Justice and Constitutional Affairs to ensure that there is proper and timely legislation as far as electronic transactions or e-commerce is concerned. This would safeguard possible victims of electronic transactions.

With those few remarks, I beg to support.

Mr. Odoyo: Mr. Deputy Speaker, Sir, the Government capacity to borrow from the local market which is usually guided by the budget deficit raises a question. It raises a question whether the Minister, in his wisdom, is merely looking for a way out to bring, through the paperless society, ways and means of robbing the poor Kenyan *wananchi* through Goldenberg-like scam. I am not satisfied that the Minister has put in place the internal mechanisms for monitoring such cashless and paperless borrowing. Is the Minister, in his wisdom, truly being honest to this House that, indeed, he is merely upgrading the system to bring it at par? Is he further creating avenue for stealing from the poor *wananchi*?

Mr. Deputy Speaker, Sir, today the CMA, as already indicated by another speaker, has brokers selling stocks so fast before the original buyer is able to recover. For example, the Kenya Reinsurance stock, even before these things were deposited, the stock was already being sold. That could only have happened through such similar amendments that the Minister wants today. Things like electronic control are ways in which the Minister is misleading this House.

Mr. Deputy Speaker, Sir, I believe that before the Internal Loans Act is amended, there are several other laws and regulations that the Minister needs to bring to this House. For example, cyber laws that control electronic transactions. The CMA needs to be strengthened to monitor all these people trading. The Minister needs to amend other aspects of the Central Bank of Kenya Act. Unless the institutional capacity is put in place, amendments of the Internal Loans Act, may be a further avenue for the looters, who the Minister may not be aware of, to take full advantage of weaknesses in the system. The institutional capacity is not there.

Mr. Deputy Speaker, Sir, my appeal to the Minister is that, such a law requires him to inform the House about other laws that must be amended, so that we can safeguard Government money.

Further, Mr. Deputy Speaker, Sir, it is well known that when you borrow excessively, you print money. You create inflation. This amendment will make it very easy for the Minister to borrow as he wishes. In fact, he can trade left, right and centre on capital markets and on paper and cashless society at such a level that, by the time we realize, this country and taxpayers would have lost a lot of money. I, therefore, appeal to the Minister, and especially the person who seconded the Bill, Ms. Martha Karua to, please, use her legal capability, together with the Attorney-General, to advise us on which other laws need to be amended, so that we can protect our country and not have another Goldenberg or Anglo Leasing. It is in the record of this House that we amended some laws so that we do not look after instances that happened before 2003. The Minister for Finance should continue to lead us in the right direction, even though we accept that he has got a 90-day term. Be that as it may, we appeal to the Minister: Please, protect this country's money! It is taxpayers' money! That is my plea to the Minister.

Mr. Deputy Speaker, Sir, this particular amendment raises the question of external loans. Many a times, internal and external loans are borrowed for different functions. But to amend the Internal Loans Act without affecting the external loans is misleading because there is no balance. What you may want to allow in internal loans, you may not want to allow for external loans. What you may allow in external loans, you may not allow for internal loans. Where is the balance between the two?

Finally, Mr. Deputy Speaker, Sir, the amendment to the Central Bank Act to enable the Central Bank to monitor the capacity of the Government to borrow must be put in place. If we do not do that, this Internal Loans Act will enable the Minister to borrow well beyond the capacity of the Government to repay. Now that we are facing elections, that borrowing needs to be looked at carefully.

With those few remarks, I beg to oppose this particular amendment, before the other amendments to the Central Bank Act, Capital Markets Authority Act and the Investments Act are put in place.

Prof. Oniang'o: Thank you, Mr. Deputy Speaker, Sir. Just like the previous speaker, I wish to oppose this amendment. The reason being that we have not even passed the ICT Bill. Many times, when you go to be served by computers in this country, you are told they are "down". So, clearly, we do not have the capacity. We have not invested in this capacity.

Mr. Deputy Speaker, Sir, we are also aware that in overseas countries, cyber crimes and identity thefts increased when they went the electronic way, away from the print way. We are talking about well developed countries! We are talking about Kenya here, where we know that people can fiddle with those electronic machines, when the rest of Kenyans do not even know what is going on!

So, Mr. Deputy Speaker, Sir, I do not have to dwell on this issue. I do not know why this amendment has come now. We need to put into place proper laws. Right now, if you are accused of a cyber crime, you cannot be charged in any court. You will get away with it! That means Kenyans can even lose their money. This country can lose its money internally, without the offender being charged. So, we need to be assured that those other Bills will be passed here and that, there will be proper legislation to actually charge and prosecute cyber crimes before we can actually support this Bill.

With those few remarks, I beg to oppose.

Mr. Sungu: Thank you, Mr. Deputy Speaker, Sir. At least, I am relieved that the Chairman of the Departmental Committee on Finance, Planning and Trade has told this honourable House that they have studied this Bill and agreed with it.

Mr. Deputy Speaker, Sir, allow me to say one thing. There is a danger of passing a law that is going to affect Kenyans without proper scrutiny by Parliament. We know that the

Committee works on our behalf. But we should never do these things in a hurry. In 1982, Parliament---

Mr. Deputy Speaker: Order, Mr. Sungu! Who told you we are in a hurry? We are not in a hurry! That is why I am giving you all the time you need to debate.

Mr. Sungu: Thank you, Mr. Deputy Speaker, Sir. I was only referring to the fact that the Minister moved it at such a lightning speed that we did not understand what the Bill was all about. That is what I am concerned with.

Mr. Deputy Speaker: But now you do because the Chairman of the Departmental Committee on Finance, Planning and Trade even took a short time and gave the reasons why. Now you know!

Mr. Sungu: Yes, Mr. Deputy Speaker, Sir. I agree with you entirely. That is why I am saying that I am also relieved because I trust the Chairman very much for very good reasons.

This Bill, although it is an amendment, is very, very important. It is dealing with Government borrowing. In Section 3, although the Minister for Planning and National Development is very busy talking on that side, the Government may, from time to time, borrow---

The Minister for Planning and National Development (Mr. Obwocha): On a point of order, Mr. Deputy Speaker, Sir. Did you hear hon. Sungu referring to the Minister for Planning and National Development? In fact, he should declare what interest he has with the Chairman of the Departmental Committee on Finance, Planning and Trade! He should declare his interest first!

(Applause)

Mr. Deputy Speaker: But, Mr. Obwocha, you stood on a point of order. I have not heard it. Was it a point of order or a point of interruption?

Mr. Sungu: Mr. Deputy Speaker, Sir, with a light touch - he is my friend - I think he was not the one who was talking. But I was distracted. Nevertheless, it is in good jest and I do not mind.

Mr. Deputy Speaker, Sir, we are dealing with Government borrowing in Kenyan currency of such amounts and terms which may accrue interest, repayments or otherwise, as the Minister may determine. There is the issue of Government securities, advances from the Central Bank of Kenya, bank overdrafts or any other loans or credits. I am glad to say that they are actually amending the principal Act and defining Government securities as valid and binding to the Government. They are issued in accordance with the terms and conditions of that issue. They are registered in the register as a debt security.

Nothing could be more important. We have many cases of pending bills, which do not necessarily fall here. But many undefined Government debts have continued to burden Kenyan taxpayers without proper definition, knowledge and parameters. We do not know exactly what they are. Although they appointed a Committee to look into that issue, it has not been resolved.

So, I am glad to note that you are now putting a law in place to ensure that internal loans are properly regulated. I would only say that, that should be in good faith.

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

Mr. Deputy Speaker: Is there any other person who would like to contribute? I see no other person interested in contributing to this Bill and, therefore, I will put the Question.

(Question put and agreed to)

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

*Second Reading*THE LICENSING LAWS (REPEAL AND
AMENDMENT) BILL

The Minister for Finance (Mr. Kimunya): Mr. Deputy Speaker, Sir, I beg to move that the Licensing Laws (Repeal and Amendment) Bill, 2007, be now read a Second Time.

The restoration of economic growth through continued hard work by Kenyans has enabled our country to grow at 6.1 per cent as of last year, and 6.3 per cent as at the beginning of this year. The continued growth of our economy reflects the Government's pursuit, over the past four years, of reforms as well as prudent monetary and fiscal policies aimed at ensuring a stable micro-economic as well as macro-economic environment necessary to encourage private sector investment, growth and job creation.

As I indicated in my Budget Speech, in order to attract investments and remain competitive in the global economy, Kenya must have an efficient and predictable business regulatory environment. As you may be aware, this august House passed repeals and amendments to various laws to eliminate 110 licences that were impacting negatively on the cost of doing business, yet not adding any value to either the business sector, the regulators or the Government. We promised then that we were continuing to look at all 1,300 laws, and this Bill proposes to eliminate more licences and also to simplify others in order to increase and consolidate the gains that were achieved by the elimination of the licences that was done last year. Some of these licences are either outdated or impose disproportionate costs on users as compared to the actual or anticipated benefit.

Mr. Deputy Speaker, Sir, I believe, from our earlier discussions here, hon. Members alluded to them. Where you stop for one licence, one county council tells you cannot do something and when you move to the other one, you are told that you cannot paint your car or do something else. These are the kind of laws that we are removing, so that business can be conducted within acceptable standards without barriers to participation by any one.

Mr. Deputy Speaker, Sir, the repeal and the amendment of the licensing laws is basically aimed at lowering the cost of doing business to encourage existing investments to expand. In addition, it will lead to initiation of new investments, new employment opportunities and improve the standards of living of our people. These reforms are all intended to transform our country into a preferred investment destination on this side of our continent.

Our country is also poised for accelerated development with a view to achieving our dreams, which are contained in our Vision 2030. This requires some very radical transformation of our economic, social and political systems. In laying this foundation for economic pillars of the Vision, we must build an enabling environment for the private sector in order to fully unlock its potential and become globally competitive. To achieve this in the medium-term, we need to encourage growth of business through improved governance and reduce the cost of doing business. Soon, and very soon, probably in the course of the next one week or two, we will be announcing some very good news in terms of reforms in this sector.

Mr. Deputy Speaker, Sir, I believe that part of that good news that we will be announcing will be the glory that we would like to share with this House, because we have carried out these reforms together. Today will be another historical moment as we then remove all these barriers to businessmen in terms of doing away with some of the colonial laws; they have been there but serve no purpose. We have now gone through them with a fine tooth comb, and will be happy to have this House

support their removal from our statutes, so that we only have the laws that add value to business, to people transacting business in Kenya and open up our country as the preferred destination.

I just wish to again note that all this is being done in good faith with the intention of making our country the preferred investment destination, not only for Africa but for this side of the

region.

Mr. Deputy Speaker, Sir, against that background, I beg to move and ask, once again, Mr. Obwocha to second.

The Minister for Planning and National Development (Mr. Obwocha): Thank you, Mr. Deputy Speaker, Sir. First, I want to congratulate the Minister for Finance for bringing these amendments and for the 110 licences that were repealed and done away with.

This is basically procedural; as he has said, we want to improve the environment for business in this country by lowering the cost of doing business; we should remove some of these licences. The 1,300 licences are just too many in one country. For example, professionals pay their annual subscriptions and licence fees to their professional bodies. The same professionals, when they are operating in cities--- If you operate in Nairobi, you require a licence and if you operate in Nakuru, you will require another one. Some of these are unnecessary licences, and we would like to congratulate the Minister for bringing these amendments to the House.

As he has said, when the Economic Recovery Strategy (ERS) came into force in 2003, it was addressing the issue of economic growth, which we have seen rise in the country from 0.6 per cent to now 6.3 per cent in the first quarter of 2007. For wealth creation, we have seen devolved funds go to our people at the grassroots. The Constituencies Development Fund (CDF), the Local Authorities Transfer Fund (LATF), the Bursary Fund, the Road Levy Fund, the HIV/AIDS Fund and the Poverty Eradication Commission Fund (PECF). All these devolved funds are supposed to create wealth by taking off the burden from our people on the ground, so that you can leave them with more money. For employment creation, particularly in the wholesale and retail business, which are the informal sector, a number of jobs have been created. So, to that extent, the ERS has done very well.

Mr. Deputy Speaker, Sir, lastly, I really want to join the Minister by touching on the three pillars of the Vision 2030. These are: The economic pillar, which is going to increase the economic rate of growth from the current 6.3 per cent. By 2012, we hope that it will be at 10 per cent and then continue to grow for the next 20 years at this rate cent. The second pillar is the social pillar, from which we want a just society with a clean environment. This is important for this country, if we are going to be a middle level income country.

Mr. Deputy Speaker, Sir, finally, on the political scene, we want a people-centred and issue-based political democratic system. Therefore, we would like Kenyans to adopt this Vision and get together. We have, in the course of time rolled out 26 flagship projects all over the country. We want Kenyans and the private sector to participate in them, so that this country can grow economically.

Therefore, Mr. Deputy Speaker, Sir, to be able to grow--- I am saying that I want to congratulate the Minister, because once some of these barriers are removed the country will grow economically.

With those remarks, I beg to second.

(Question proposed)

(Mr. Odoyo stood up in his place)

Mr. Deputy Speaker: Mr. Muturi, then I will come to the Chairman.

Mr. Muturi: Mr. Deputy Speaker, Sir, I hope this time I will not be cut short like the other time.

I want to begin by saying that I support and, indeed, want to encourage the Minister to continue in this way. He should bring all relics of colonialism into this House for repeal, so that we can forget them. I am saying this because, as we realise, a lot of the laws that are captured here are being proposed to be repealed and, or, amended in order to bring them into line with modern day

practices in a good business environment. Some were enacted quite some time back. For instance, if you look at the first one, the Industrial Alcohol Possession Act, Cap.119 of the Laws of Kenya, surely to criminalise possession of industrial alcohol does not make a lot of sense.

I think it is important that we repeal it, and we should be doing this much more regularly. Some of the proposals that the Minister has presented, of course, have come from the other Ministries like the Ministry of State for Immigration and Registration of Persons. More particularly, the Minister says that the Bill proposes to amend the Industrial Training Act so as to reform the Industrial Training Levy. However, he has not quite explained how he hopes to reform that levy. But even though the labour Bills have been shelved for quite sometime now, I am only hoping that the purported reform here is to be in touch or tandem with what is contained in those Bills.

Mr. Deputy Speaker, Sir, on page 1997, there is a proposal to amend the Irrigation Act so as to abolish the cess levied under the Act. Is it hoped that it would spur the development in the irrigation sub-sector in the country? We need the Minister to explain some of these things.

Indeed, there is also the Fertilizers and Foodstuffs Act which is sought to be amended so as to increase the time of validity of licences issued under the Act from one year to three years. What is the mischief that is sought to be corrected? What was the problem with the one-year period? We appreciate that there is need for reforms and that is a continuous exercise, but it is important for the Minister to explain some of these things to us.

There is also an amendment to the Lakes and Rivers Act to extend the validity of the licences issued under the Act from one year to three years. What type of licences are these? How do you want the country to benefit from these proposed amendments? The intention of the proposal to amend the Restrictive Trade Practices and Monopolies Act is so as to abolish the various certificates required to be granted under the Act. Is the Minister convinced that all those certificates or just a few of them are necessary? He is not saying "all the certificates." He says, "so as to abolish the various certificates." So, it means that there is somebody like the Price Control Commissioner - as used to be called in the older days - who is going to be responsible for determining which certificates are going to be abolished.

Mr. Deputy Speaker, Sir, the most interesting one which I really want to applaud the Minister for having sought to abolish is the Motor Vehicle Components and Accessories Act. The very interesting bit about that piece of legislation, which I think should be scrapped, is because it provides for some very interesting requirement; that no person shall deal with any motor vehicle component or accessories unless he is a licensed dealer and shall only do so between the hours of 6.00 a.m. and 6.30 p.m., when we are having supermarkets running for 24 hours. I would want to applaud the Minister for having seen the necessity to repeal some of these obnoxious provisions.

Because like all the others that have come to this House, this Bill has also come with lightning speed, I do not want to take a lot of time.

I beg to support.

The Assistant Minister for Co-operative Development and Marketing (Mr. Mwenje): Thank you, Mr. Deputy Speaker, Sir. I also want to thank the Minister for bringing this particular Bill. This is because I have always had problems that will be addressed by this Bill.

Mr. Deputy Speaker, Sir, we have a lot of cases of double licensing, where you will find somebody, for example, paying to the Government, the Nairobi City and some other authorities. The Nairobi City Council collects Kshs25 per day from all the women and men who sell their wares within the City. In one week, they each pay over Kshs200 and about Kshs800 per month. That is a very unfair way of licensing. I would want the Minister to take this matter up with the Minister for Local Government and withdraw that particular charge which is being imposed on those who sell their wares, particularly within Nairobi City. Because of those daily charges, we have some Nairobi City Council *askaris* who also have their own receipt books. They keep on asking for money from those women and men who sell their wares. I would like the Minister for

Finance to intervene immediately and stop the *askaris* from collecting this levy. If they have to pay, let them pay an affordable monthly fee instead of paying Kshs25 per day. What would happen if one did not sell anything on a particular day and he or she is arrested and fined Kshs2,000 for not paying the licence fees? We are really messing up the people who are doing that business. Particularly now that we are going for the general election, I want to ask the Minister to stop the practice immediately in Nairobi so that our people can pay what they can afford on monthly basis.

Mr. Deputy Speaker, Sir, double licensing still continues. There are cases where people pay money to both the central Government and local authorities. We must decide which licence should suffice because the local authorities are also under the central Government. When we ask people to pay twice, we are not being fair to them. I think we have got to make a decision. The Minister for Finance and the Minister for Local Government have got to agree as to which licence would be paid for. We should not apply double licensing and still ask our people to continue paying for it.

Mr. Deputy Speaker, Sir, the same issue applies to motor vehicles. Sometimes one does not even know which licence he or she is paying for. The Minister removed the road licence, but we continue paying for so many other licences. For example, if you import a car, you are required to pay for a three-month licence for using a foreign vehicle. When it expires, you are supposed to renew it for another three months and so on. I have seen people going back to the Namanga border to get a stamp to show that the vehicle has come into the country again. So, they are charged again for bringing the vehicle into the country. In addition, they pay for another licence. It is so cumbersome. I think it is important to be clear on what licence one is supposed to pay for and for what vehicle, because there is still a lot of confusion in licensing. Although this issue is not covered in this Bill, I think in future, we must clarify what licences are required. It is also still not clear what licences one needs to pay for in the case of second-hand vehicles. It is clear in the case of new vehicles. Because of this confusion in the issuance of licences, I think the police officers also take advantage of this vacuum. This encourages corruption in the force.

Mr. Deputy Speaker, Sir, it is, therefore, important that the Minister for Finance makes it very clearly what licences an individual is supposed to pay to get certain services. Even in provision of commodities like new and second-hand clothes, the law on licensing is not clear. At the airport, we normally see customs officers asking us to pay a certain amount of money for our luggage. They decide how much to be paid. The law is not clear. Travellers with luggage containing clothes are not sure of what they are supposed to be paying. I want to appeal to the Minister for Finance, now that he has proposed this amendment to come out clearly on what licences we are supposed to pay. At the moment, we have left it to the customs officers to decide what licences we should pay rather than this House which has powers to do so. I hope the Minister has heard me clearly.

With those few remarks, I beg to support.

Dr. Oburu: Mr. Deputy Speaker, Sir, the Departmental Committee on Finance, Planning and Trade wanted to discuss this particular Bill with the Minister. Unfortunately, we were not able. Since he has brought it earlier, we will propose few amendments to it. This is a very timely Bill which has come before the House. We need to attract investments to this country. There are a lot of licences in this country which are purely revenue-oriented. The Government just collects taxes for its use. They are not actually meant to facilitate business. They do not facilitate the operation of business in the country.

Mr. Deputy Speaker, Sir, Uganda, which is our neighbour, took these steps long time ago. They lumped together many licences. They only remained with those licences which were purely needed either for environmental control or health purposes, but not those licences meant to collect revenue. This is because the Government can use other avenues of collecting revenue other than through licensing. The Government has got many ways of getting money from the economy without using licences. The revenue aspect of licensing has the effect of introducing such a long bureaucratic process for investors in this country. As a result, we have lost a lot of investors to

Uganda and Tanzania. In Uganda, for instance, if an investor wants to invest in a business, it takes about one week. He gets all the necessary licences to start a business within one week. In Kenya, it sometimes takes as long as one year for one to be able to invest and start off a business.

Mr. Deputy Speaker, Sir, I remember one investor from America who wanted to invest in a farm in my constituency. It took one full year for him to start the investment. First of all, that farm used to belong to the Lake Basin Development Authority (LBDA). He required a licence from the LBDA through a process of negotiation. It was then discovered that the land was a trust land owned by Siaya and Bondo county councils. He had to negotiate with them. Since these were two local councils, they had to go to the Ministry of Local Government for direction. Again, since it was an irrigation project, he had to go to the Ministry of Water and Irrigation which was then headed by Ms. Martha Karua in order to get a licence. Since it was also an agricultural project, it had to get another licence from the Ministry of Agriculture. Since it was a foreign investment, it had also to get some support from the Ministry of Finance to get some exemption and so on. So, to get all those things together, it takes close to one full year for an investor to come and start investing in the country.

Mr. Deputy Speaker, Sir, there was a technical committee which went through all those licences. I think it was called a Guillotine Committee. That committee did a thorough job. We discussed with them all the licences they were proposing. They were more than what the Minister has brought. I hope the Minister is going to look at all those aspects of the licences, which are purely of a revenue nature, and remove them from our statutes. That way, we can start having a one-stop centre, which was proposed. But even with that one-stop centre, how many people are we going to have there to give licences and facilitate the movement, if those licences are very many? It makes the one-stop centre completely in-operational. We cannot have all the senior officers who are able to make decisions in that one-stop centre, if the licences are too many. However, that one-stop centre can operate successfully, if the licences are few, manageable and of distinct purposes. That is either environmental, health or something which is meant to protect our country.

Mr. Deputy Speaker, Sir, with those few remarks, I beg to support the proposals by the Minister.

Mr. Angwenyi: Thank you, Mr. Deputy Speaker, Sir, for giving me a chance to contribute to this very important Bill. This is one of the few positive steps that the Minister has taken to assist this country. We have travelled to various countries in this world over and over again. Departmental Committees have prepared reports and tabled them in this House. Sometimes, they are adopted by this House. Those reports are meant to streamline our operations, especially the aspect of licensing for businesses. But this country has, over the years, put those reports in the shelves to gather dust. It has continued to run as usual to the extent that, we have lost many businesses. If you visit countries such as Malaysia, Singapore or even Uganda - just across the border - they have streamlined their operations. You can get a licence in two or three days! As Dr. Oburu has said, the licences are given for environmental, health and standards, so that fake and substandard goods are not brought into their countries. Even for revenue collection, there is one licence for the collection of revenue for the country. If we were to have three, four or a maximum of five licences, instead of 1,300 licences in this country--- Imagine 1,300 licences exist in this country! Sometimes, it takes more than a year to get a licence.

Mr. Deputy Speaker, Sir, the Minister should be commended for having thought about this. But I do not think he has addressed the entire problem. The challenge is: He should have repealed all those licences, and come up with four or five licences. We will give him credit as he finishes his first term in this Parliament. Maybe, we can pray for him to come for a second term, if he can do something like that. That is something positive for a change.

Mr. Deputy Speaker, Sir, most countries persuade investors to invest in their countries. That also happens in developed countries. We were in Germany recently. They persuade people to invest in their country. Just imagine! The third largest industrial country in the world persuades

people to invest there. It gives incentives. But in Kenya, we persuade people to give bribes. To give a maximum bribe, we try to give the investor 10, 15, 20 or 30 licences, so that he or she can be bribing at every stage. He or she must bribe 30 times! By the time he finishes the process, the amount he or she would have invested ends up in corrupt peoples' pockets.

This country should support the Minister. In fact, we should encourage him to go deeper and further to manage and harmonise our licensing system. We should have a one-stop centre, maybe, at the airport. If you visit Singapore and you want to get a licence to do business, you get a licence at the airport as you arrive. You go to the licensing office and you get a licence. The next day, you can start your business. If we were to do that, we would not have the problem of establishing hospitality centres in this country.

ADJOURNMENT

Mr. Deputy Speaker: Order, hon. Members! Mr. Angwenyi, you will have 25 minutes to finalise your contribution when debate on this Bill resumes.

Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, 19th September, 2007 at 9.00 a.m.

The House rose at 6.30 p.m.