

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 27th June, 2006

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

COMMUNICATION FROM THE CHAIR

*(Some hon. Members halted
at the Bar as Mr. Speaker
got on his feet)*

FINANCE MINISTER TO MAKE MINISTERIAL STATEMENT ON CHARTERHOUSE BANK AFTER QUESTION TIME

Mr. Speaker: Order! The hon. Members at the entrance may come in.

I have a rather lengthy Communication to make this afternoon. Ordinarily, I would do so at the end of Question Time. But hon. Members know that this is a Supply Day. In addition to that, I have a request from the Minister for Finance to allow him to make a Ministerial Statement on a very topical issue, namely, the Charterhouse Bank.

I am inclined to give him that opportunity after Question Time, so that he can keep this House, and the country, abreast of what is happening in Charterhouse Bank. I will consult him as soon as he comes in, so that he lets me know the amount of time that he will take to deliver his Ministerial Statement.

I am taking into account also the fact that I am sure hon. Members will want to seek clarifications. The casualty in all this, unfortunately, is likely to be Questions, and I am sure the House will bear with me in this regard.

*(Several hon. Members stood at
the entrance to the Chamber)*

Hon. Members, please, take your seats, because you might stand there for a long time! Any hon. Member who comes in now will, I am afraid, have to remain standing at the Bar and listen to this.

CONSIDERED RULING

JOINT COMMITTEE OF NATIONAL
SECURITY/ADMINISTRATION OF
JUSTICE TO INVESTIGATE
ACTIVITIES OF ALLEGED

ARMENIAN CITIZENS

Hon. Members, you will recall that Ms. Karua, the Minister for Justice and Constitutional Affairs, laid a letter on the Table of the House on 20th June, 2006, objecting to investigations by a joint Committee of the Committees on Administration, National Security and Local Authorities and the Administration of Justice and Legal Affairs into the activities of two persons, who are allegedly citizens of the State of Armenia and their associates.

I have also received a letter from Mr. Muite, the Chairman of the Committee on the Administration of Justice and Legal Affairs, on the same matter, and a response to this letter from the Minister for Justice and Constitutional Affairs.

After carefully perusing all these submissions, I have identified four key issues that have been raised, namely; one, whether the conduct of the two Committees in considering this matter is unconstitutional; two, whether they have encroached on the functions of the Executive and violated the doctrine of separation of powers; three, whether they are conducting a parallel inquiry, thereby violating the Commissions of Inquiry Act, Cap.102 of the laws of Kenya, and finally, whether the joint Committee's work infringes on the *sub judice* rule under Standing Order No.74. Before I attempt to address the various issues that require my decision as set out above, I wish to make firm general observations. First, the matter relating to the foreigners now at the centre of national debate, variously described as Armenian brothers, investors, mercenaries or "bling bling" *et cetera*, has been in the public domain for nearly three months. They have been condemned and defended by those in Government, Parliament, the media and the public. They have also featured in satirical drama in schools and elsewhere. They have been accused of driving in unplatted motor vehicles on our roads. They have also appeared on television telling off Kenyans, including the Minister of State for Administration and National Security.

Indeed, their notoriety was such that when one of them, I suspect in a show of defiance, ventured into the streets of Nairobi, a mob quickly, and spontaneously, formed itself, and bayed for his blood. Fortunately, the police were at hand to rescue him. Very interesting people, indeed! They seem to have had their way.

(Applause)

Secondly, the Departmental Committee on Administration of Justice and Legal Affairs was attracted to this matter as early as March, 2006. Evidence was received by the said Committee. This interest was manifested in its meeting on 7th March, 2006. The Minister of State for Administration and National Security, accompanied by his Permanent Secretary gave evidence before the Committee on 17th March, 2006. On 3rd April, the Permanent Secretary, Strategy and Policy Analysis, Mr. Stanley Murage, appeared before the Committee. The matter is still pending before the Committee. It is and was, therefore, a continuous matter before the said Committee, long before the setting up of the Commission of Inquiry.

(Applause)

Thirdly, while this matter was still in the hands of the said Committee, the foreigners at the centre of all this controversy were alleged to have been involved in a dramatic scuffle at the Jomo Kenyatta International Airport (JKIA), involving them, the Customs and security officers. It is this event that finally jolted the Government to decide that those businessmen, if businessmen they were, were undesirable and had to leave the country. Whether they were deported or kindly asked to leave the country is neither here nor there. They finally left the country. They, nevertheless, left behind a storm, the like of which has never been inflicted on the national psyche and pride of the

Kenyan people. They have also aroused debate on the constitutional relationship between the various organs of State, leading to what some commentators have termed a confrontation between Parliament and the Executive arms of the Government, and possibly the Judiciary.

The fourth issue I would like to generally address is the way this particular matter has been approached by the Departmental Committee on Administration of Justice and Legal Affairs and particularly, by its Chair, Mr. Paul Muite.

The House, by virtue of sections 56 and 57 of the Constitution has set up through Standing Orders, its various committees. These include Departmental Committees under Standing Order No.151. Their mandates are clearly set out in the schedule to the Standing Orders. The procedure to be followed is further, buttressed by the various provisions of the National Assembly Powers and Privileges Act, Cap 6 of the Laws of Kenya. It sets out *inter alia*, the method of calling or summoning witnesses and by whom. It also provides for penalties in the event of disobedience. The Act does not empower the Committee or its Chair to personally summon witnesses, either in writing or verbally. It is the Clerk under the direction of the Speaker, who is mandated by the law to summon any witness. It is the Attorney-General who is mandated to prosecute those who defy the summons lawfully issued as aforesaid. The Committee or its Chair do not enjoy such powers. The tradition in the Commonwealth and in this House, is that the Committees in the first instance, do not summon their colleagues but they are invited to attend the Committee. They are only summoned if they unwisely, without reasonable cause, decline the invitation. This practice is meant to ensure smooth operations of the Committees and the House, devoid of unnecessary posturing and politicising the work of the Committees which should be guided by the sole desire to obtain facts, and only facts, from the persons appearing before them. The sad fact, however, is that some Committees and their Chairs, have completely and knowingly neglected to follow the written law and the practice of this House. This has led to the politicising of Committees and their work to the detriment of the dignity and honour of the House. Perhaps, there is no better known exemplification of this than the hon. Member for Kabete, Mr. Muite. I have cautioned this hon. Member against this on occasions without number and I now wish, from the Floor of this House, to do so again.

To curtail this breach of law and ensure that nobody acts with impunity against the laid down procedures, the Clerk is now directed to ensure that those who act willingly against the laid down procedures will enforce their unlawful orders, if they can, on their own. No person is a law unto himself!

Finally, I wish to address the issue of impunity that has slowly but surely crept into the conduct of our national affairs. All public institutions are created to serve the public. They exist because they have to advise the public. They must be open, responsive and accountable to the general public in whatever they do and in whichever way they do it. This includes Parliament. This House must move with speed, to stop the culture of impunity from taking root in our public actions and/or omissions. The time is now and the place to start is here.

I now turn to the various issues which I earlier on identified as being the core of the dispute between the Committee and the Minister for Justice and Constitutional Affairs.

As a starting point, I take it that all are aggrieved that the conduct of the said foreigners since they came to the national limelight have caused public concern. I also think that the public officials charged with the various responsibilities of ensuring that this melodrama was stopped in its tracks failed to do so. In failing to do so, eyebrows have been raised. The public, their employers, are entitled to an explanation. This is where Parliament comes in.

(Applause)

The role of Parliament the world over, *inter alia*, is to scrutinise the actions or inactions of the Executive and bring it to account for those actions or omissions. This is done through various means, including Questions, Ministerial Statements and Committee inquiries and investigations. This is the norm the world over. The reason is founded in the fact that Parliament is composed of people directly elected to represent the people in a country. Parliamentarians are, therefore, the eyes and ears of the citizens.

(Applause)

This role of Parliament is so central to parliamentary democracy that it is impossible to imagine its removal or abridgement in any way or form. It is among the very basics upon which parliamentary democracy is founded. It is, therefore, unimaginable for a Parliament worth its salt, to watch helplessly as a matter of this magnitude and importance unfolds. We will not be scrutinising the Executive; we will not be calling Ministers to account. It is, therefore, clear that those mandated to execute national affairs must account to the people through their elected representatives. This is not an executive role but a watchdog role. Can the Executive assume the role of the watchdog? I doubt it. If it does, it cannot do so to the exclusion of Parliament. I think that it may do it if it pleases but in a complementary role. It is, therefore, very clear in my mind that the power to scrutinise the Executive actions or omissions and to bring the Executive to account is the inalienable right of this House.

(Applause)

It cannot be taken away in any form or guise, whether through a Commission or otherwise. In exercising the right to scrutinise, investigate and bring the Executive to account, Departmental Committees must strictly act in accordance with their mandates as set out in Standing Order No.151 and the schedule to the Standing Orders. They are not *ad hoc* Committees. Therefore, their mandate is limited to the Ministries and Departments listed under them in the schedule aforesaid. Their role, in my considered view, is limited to scrutinising and to bring to account only those officers in their line Ministries. Their recommendations are to the House which may or may not accept them. Once the House has accepted the said recommendations, it is the role of the Executive to implement them. Parliament does not execute. It is also not a police department to enforce the various acts that create criminal offences. That is the realm of the Executive arm of Government. We must be very careful not to cloud our rules. No arm of Government in my view has a right to assume the role of the other. To the extent, therefore, that the Committees perform their oversight roles in accordance with the Standing Orders, their operations are legitimate and constitutional.

(Applause)

That, therefore, settles the first two issues in the negative.

The third issue relates to whether or not the Committees are conducting a parallel inquiry, thereby violating the Commissions of Inquiry Act, Cap 102 of the Laws of Kenya.

As stated earlier on, the Departmental Committee on the Administration of Justice and Legal Affairs was already seized of this matter from as early as 7th March, 2006. The Committee has received evidence that was still alive and that differs with the time the Commission of Inquiry was formed. It was *in situ* long before the Commission of Inquiry was established. The fundamental question is: "Is the Commission of Inquiry superior to Parliament to take precedence and stop Parliament in its tracks?" Parliament is a creature of the Constitution and the Commission

is a creature of the Executive through an Act of Parliament. If the Commission of Inquiry was formed before the relevant Departmental Committees were seized of the matter to be inquired into, then good sense would have dictated that Parliament may have to await the findings of the Commission of Inquiry. The same good sense would also have dictated that the setting up of a commission of inquiry would have to await the report of the parliamentary inquiry. However, this is just good sense. I do not think that the setting of parliamentary inquiry would by that very fact stop an already on-going Commission of Inquiry and vice versa. Each has a different reporting authority. This situation is clumsy but I see nothing legally wrong with it. Yes, it is clumsy but legally, it is not wrong.

Each in theory, at least, is trying to establish the truth to the appointing authority. The result may, indeed, be fascinating. I must state here that neither the Commission of Inquiry nor the Parliamentary Committees' inquiry can stop the Executive from conducting a parallel investigation to establish whether or not, any crimes have been committed by any person(s) and charge them in a court of competent jurisdiction. If such an event were to occur, that is, if the Executive were to arrest and charge any persons or person in court on a matter that is being inquired by the House Committees or the Commission of Inquiry, it is my view that any such further Inquiry either by a Commission or Parliament, will cease forthwith until that case has been conclusively determined. This is what I understand to be the *sub judice* rule.

This now brings me to the final question of the issue before the Commission being *sub judice*. It has been argued through representation to me, both by the Attorney-General and the Minister for Justice and Constitutional Affairs, that a Commission of Inquiry is a judicial proceeding in accordance with Standing Order No.34. I have perused the Commissions of Inquiry Act, Cap.102 Laws of Kenya and particularly Section 13 thereof, which I wish to reproduce in full below. Section 13(1) states as follows:-

"An Inquiry shall be deemed to be a judicial proceeding for the purposes of Chapter 11 and Chapter 12 of the Penal Code. No person giving evidence in the proceedings of an Inquiry shall be compelled to incriminate himself and every person shall in respect of evidence given by him in any such proceedings be entitled to all the privileges and immunities to which a witness giving evidence before the High Court is entitled in respect of evidence given by him before that court."

The marginal note to Section 13 reads as follows:-

"Inquiries to the judicial proceedings for certain purposes."

It is not all purposes. Below that is Cap.63, which is the Evidence Act. Chapter 11 deals with offences relating to administration of justice while Cap.18 deals with various crimes of defamation as set out in the Penal Code.

It is, therefore, clear that Section 13 of the Commissions of Inquiry Act only deals with the proceedings of a Commission of Inquiry to be judicial proceedings only as it relates to specified sections of the Penal Code and nothing else. Apart from the provisions of Chapters 11 and 18, the other proceedings of a Commission of Inquiry are just that; an inquiry. It is therefore, my considered view that receiving an evaluation of evidence is not a judicial act but just an inquiry.

The rule of *sub judice* as imposed on itself by Parliament does not apply in this particular situation. This is probably the most challenging decision that I have ever had to make. It touches on the principles of democratic governance and the ability of the citizens through Parliament, to scrutinise and bring the Executive to account. I am mindful of the concerns raised about Parliament encroaching on the Executive ground and the need to allow Parliament to perform its oversight role. I hope I have attempted to put these perplexing issues in their perspective.

Hon. Members, this is the most challenging decision I have had to make as your Speaker. When I took the oath of office on 9th January, 2003, I swore to be your servant and submit myself

to the will of this House. I am however, guided by practice, traditions, precedence and rulings made by my predecessors and colleagues in the Commonwealth. I also swore to protect and defend the Constitution of Kenya. I further undertook to enforce the Standing Orders as your rules of procedure without fear or favour.

I therefore, order that the joint Committee proceeds expeditiously to finalise the inquiries on hand and submit its report to this House without any further delay.

(Applause)

I also order that the proceedings of the Committee be conducted strictly in accordance with the Standing Orders, the National Assembly Powers and Privileges Act, Cap.6 Laws of Kenya and in accordance with the guidance provided in this communication. No doubt this House will take stern measures if any Member or Members of the Committee continue to violate the rules that you have set. We have a responsibility to this nation; to conduct our affairs judiciously, with decorum and honour, worthy of the institution of Parliament.

Thank you.

(Applause)

Order, hon. Members! That was just a communication. Now the Business begins. So, listen to the Business of the House.

PAPER LAID

The following Paper was laid on the Table:-

The 13th Report of the Public Investments Committee on the Accounts of State Corporations, Volumes I and II.

(by Mr. Muturi)

NOTICES OF MOTION

ADOPTION OF THE THIRTEENTH PIC REPORT

Mr. Muturi: Mr. Speaker, Sir, I beg to give Notice of the following Motion:-
THAT, this House adopts the 13th Report of the Public Investments Committee, Volumes I and II laid on the Table of the House today, 27th June, 2006.

APPROVAL OF TAXATION MEASURES

The Minister for Finance (Mr. Kimunya): Mr. Speaker, Sir, I beg to give Notice of the following Motion:-

THAT the proposals relating to Excise Duties, Value Added Tax, Income Tax and--

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*(Mr. J. Nyagah was applauded
as he entered the Chamber)*

Mr. Speaker: Order, hon. Members! Just relax. I think we have no shortage of aspiring presidential candidates.

Proceed, Mr. Kimunya!

The Minister for Finance (Mr. Kimunya): Mr. Speaker, Sir, I beg to give Notice of the following Motion:-

THAT, the proposals relating to Excise Duty, Value Added Tax, Income Tax and Miscellaneous Fees and Taxes contained in the financial statement for the year of account, 2006/2007 be approved.

His Excellency the President has signified his consent to this Motion.

Mr. Speaker: Hon. Members, the hon. Minister for Finance had intimated that he wanted to make a Ministerial Statement on a very crucial and important issue with regard to Charter House Bank.

For the sake of time management, if the Minister could guide me on how long he thinks his statement will take so that I will conduct the remainder of the Business taking that into account. How long do you think your statement will take?

The Minister for Finance (Mr. Kimunya): Mr. Speaker, Sir, we could contain the Statement and clarification within 15 minutes.

Mr. Speaker: Okay, we may as well get into it. I will defer all the Questions so that we give the Minister sufficient time to make all the explanations he would like.

The Minister for Finance (Mr. Kimunya): Mr. Speaker, Sir, the statement is coming in at 3.15 p.m.

Mr. Speaker: In that case, I will take some Questions. It is not your fault. The Clerk could help the Minister to get the Statement in time.

QUESTION BY PRIVATE NOTICE

MEASURES TO STAMP OUT INSECURITY IN TESO DISTRICT

Mr. Ojaamong: Mr. Speaker, Sir, I beg to ask the Minister of State for Administration and National Security, the following Question by Private Notice.

(a) Is the Minister aware that a group of about 10 armed people broke into the offices of Malaba Town Council on the night of 15th June, 2006 and that on the night of 17th June, 2006, an armed gang robbed residents of Malaba town with impunity without police intervention?

(b) Is he further aware that unknown persons on 19th June, 2006 held over 60 employees of Malaba Town Council hostage and administered concoctions to them resulting in four workers going into a coma and losing eyesight?

(c) If the answers to (a) and (b) above are in the affirmative, what measures is the Minister taking to guarantee the security of Teso residents?

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

(a) I am aware that an unknown number of people broke into Malaba County Council offices on the night of 15th June, 2006 and stole a number of items including a cash box that had an alleged sum of Kshs80,000. Police have recovered some of the stolen items and a suspect who was the guard on duty on that day was arrested and charged in court. Furthermore, following the

robbery incident---

(Loud consultations)

Mr. Speaker: Order! Let the Assistant Minister be heard.
Proceed!

The Assistant Minister, Office of the President (Mr. Kingi): Mr. Speaker, Sir, following the robbery incident on 17th June, 2006 in Malaba Town, a suspect was arrested and a Taurus pistol and a mobile phone that was reported stolen was recovered from him. Investigations about these two incidents are still ongoing.

(b) I am not aware. However, I am aware that following the breaking into the council offices on 15th June, 2006, four medicinemen were invited by the officials of the county council to perform some traditional Teso rites. As a result, four people affected by the concoction were taken to Bungoma Hospital where they were treated and discharged. Investigations into the incident is ongoing.

(c) There are increased joint border meetings and surveillance taking place in the area while beats and patrols have been intensified and the local community members are encouraged to embrace community policing to help in the fight against crime.

Mr. Ojaamong: Mr. Speaker, Sir, the Assistant Minister said that a guard who was guarding the offices was arrested. We have two policemen seconded to guard the town council---

(Loud consultations)

Mr. Speaker: Order! That second row beginning with Mr. Leshore to the very end, if you continue that way, I will make a blanket order to exclude all of you. Please respect the House.

Proceed!

Mr. Ojaamong: Mr. Speaker, Sir, we have two policemen seconded to guard the offices of Malaba Town Council. We have reported this matter on the attack on Malaba Town Council, but only a guard has been arrested. The OCPD together with the DC hired people from Pemba to come and harass the workers of Malaba Town Council.

Mr. Speaker, Sir, what action is the Government going to take against these officers who are trying to promote sorcery in the town council?

Mr. Kingi: Mr. Speaker, Sir, I am not aware that the DC and the OCPD hired people from Pemba to carry out that exercise. But I am aware that some officials of the town council hired a medicineman to come and perform some rituals. Since this is not allowed by law, we are carrying out investigations and if anybody is found to have done anything like this, they will definitely be charged.

Mr. Ojaamong: Mr. Speaker, Sir, we brought up this matter at the District Development Committee (DDC). The District Security Committee was there. I personally called on the OCPD to take action against those foreigners. Could the Assistant Minister assure the House that the Government will arrest these people?

Mr. Kingi: Mr. Speaker, Sir, the Government does not hire foreigners to come and carry out activities of witchcraft in this country.

ORAL ANSWERS TO QUESTIONS

Question No.312

EXTENSION OF TRAINING RIGHTS

CONTRACT FOR BRITISH SOLDIERS

Mr. Odoyo asked the Minister of State for Defence:

(a) whether he is aware that there have been cases in which British soldiers training in Kenya have been accused of rape, plunder, murder and irresponsible behaviour like dumping explosives in open farm land and siring then abandoning children of mixed race;

(b) If the answer to (a) above is in the affirmative, whether he could confirm that in spite of the accusations, training rights for the British soldiers were recently extended;

(c) whether he could further table details of the extension contract and clarify sections dealing with direct monetary compensation to the country, compensation of victims of crime like rape, murder, accidental death and illegitimate children; and,

(d) How Kenyans are benefiting from the whole exercise.

The Minister of State, for Defence (Mr. Karume): Mr. Speaker, Sir, I beg to reply.

(a) I am aware of various claims of human rights violations, irresponsible behaviour and dumping of explosives and munitions with grave consequences by British forces training in Kenya. These reports have been received mainly from Samburu and adjoining areas where most of the British soldiers exercises are conducted.

(b) The Government has extended training rights for the British soldiers from 31st March, 2006 and will remain in force for the next five years.

(c) This extension was preceded by comprehensive deliberations during which Kenya sought a review of the previous memorandum of understanding in her effort to safeguard the interests and the rights of the people of this country and specifically those in the exercise areas.

*(Applause as Messrs. Raila and
Musyoka entered the Chamber)*

Mr. Speaker: Order! Order, hon. Members! I think Members must not be unnecessarily disruptive of the business of the House. We are on serious business. Those Members who must come to the House must come in good time, not to disrupt the business of the House.

Proceed, Mr. Karume!

The Minister of State for Defence (Mr. Karume): Thank you, Mr. Speaker, Sir. I wish to proceed.

(d) Kenyans benefit from this British soldiers exercises in two main ways, namely:-

(1) The transfer of British experience and know-how in field operations, especially for our infantry and engineering personnel who participate in these exercises.

(2) The exercises have a dimension of civic affairs commonly referred to as "exercise construction", which aims at benefiting areas where the exercises are carried out. These include; sinking of wells, grading of earth roads as well as construction of classrooms in areas with acute shortage of these amenities.

Mr. Odoyo: Mr. Speaker, Sir, let me express my disappointment at the answer given by the Minister that these allegations regarding rape, dumping of explosive ammunition and illegitimate children, are mere claims. I wish to show the Minister a report of Amnesty International which indicates clearly---

Mr. Speaker: What is your question?

Mr. Odoyo: I am coming to that, Mr. Speaker, Sir.

Mr. Speaker: Order! I do not have all the time in the world, as you know!

Mr. Odoyo: Mr. Speaker, Sir, these are not just claims. It has been proved that there was

rape and dumping of ammunition, even in the last two weeks.

Mr. Speaker: Order, Mr. Odoyo! If you really want to debate that issue, bring a Motion. Now, it is Question Time. Just make inquiries from the Minister!

Mr. Odoyo: Mr. Speaker, Sir, let me ask a substantive question. The Minister has indicated that extension of the training rights was done in March, 2006. The last agreement expired in August, 2004. Could he confirm or deny that the money that was paid for the period 2004/2005 up to March, 2006, amounting to in excess of Kshs300 million, is not reflected anywhere in the Budget of the Ministry of Defence? Why was the agreement not backdated to the expiry period of the last contract of August, 2004?

Mr. Karume: Mr. Speaker, Sir, the name titled "Kenya/UK Agreement on the Forces" he referred to is a memorandum of understanding and was signed on 20th December, 1995. This succeeded the one which was signed in 1967, a document known as "Status of UK Forces in Kenya". The 1995 MOU was renewable every three years. When on 20th December, 2004, renewal was due, the parties could not agree on significant changes. This led to the UK proposal to have the rights to train on private ranches in Laikipia in order to allow negotiations to continue and facilitate UK Forces Training Programme for 2004 to 2006. The MOU was extended by UK/ZMFA Diplomatic Notes to May, 2005, 30th July, 2005, Note No. 155/05; 30th September, 2005, Note No.251; 30th November, 2005, Note No.471; 31st March, 2006---

Mr. Raila: Jambo la nidhamu, Bw. Spika. Mhe Odyo ameuliza swali nyeti. Ameuliza Waziri kwamba kuna pesa laki mbili ambazo zilikuwa zimelipwa na Serikali ya Uingereza kwa Serikali ya Kenya. Hizo pesa hazijaonyeshwa popote katika orodha ya pesa za Wizara ya Ulinzi. Hizo pesa zimeenda wapi?

Mr. Speaker: I thought he was giving you the serials numbers of the various notes. Proceed!

Mr. Karume: Mr. Speaker, Sir, I am reading those notes to prove that there is no vacuum at all. The agreements have been in

[**Mr. Karume**]

force all the time and no money was lost, not even one cent.

Mr. Speaker: Very well, that is the end of that Question. We now move on to the next Question by Mr. Sang!

Question No. 393

NUMBER OF LBDA-FUNDED PROJECTS
IN BOMET/BURET/KERICHO

Mr. Speaker: Order! Mr. Sang is not here? This is the second time this Question is being called up. In fact, last time, you participated in it, but it was not enough.

Mr. Odoyo: Mr. Speaker, Sir, can you defer the Question?

Mr. Speaker: Order! Order, Mr. Odoyo! We have other businesses to take care of.

(Question deferred)

Mr. Odoyo: Let me ask the last question, Mr. Speaker, Sir.

Mr. Speaker: Order, Mr. Odoyo! We are done with your Question.

(Loud consultations)

**COMMUNICATION FROM
THE CHAIR****FINANCE MINISTER'S STATEMENT
ON CHARTERHOUSE BANK
TO BE DELAYED**

Mr. Speaker: Order! Order, hon. Members! I understand from the Minister for Finance that his Ministerial Statement in respect of Charterhouse Bank has not arrived. He will give the same tomorrow afternoon. I concede to that request.

Is there any other urgent Ministerial Statement?

Capt. Nakitare: On a point of order, Mr. Speaker, Sir. Hon. Karume has talked about the behaviour of soldiers, but he has not talked about the dumping of nuclear waste in Kenya. Is he in order to avoid answering valid questions?

Mr. Speaker: That is a different matter from the Question he was asked.

Mr. Billow: Mr. Speaker, Sir, I respect your ruling. While we wait for the Minister to give his Ministerial Statement on the Charterhouse Bank, we are aware that both Charterhouse Bank and Nakumatt have obtained court orders against the Kenya Revenue Authority (KRA) and the Kenya Anti-Corruption Commission (KACC).

Mr. Speaker, Sir, could the Minister kindly---

Mr. Speaker: Order! What are you standing on? What is your feet?

Dr. Ali: He is the Shadow Minister for Finance!

(Loud consultations)

Mr. Speaker: Order! Could you sit down? Whether he is the shadow or the real Minister, he must follow the procedures of the House.

(Laughter)

Order! You have no legs to stand on, Mr. Billow, and you must now sit down!

Mr. Lesrima: On a point of order, Mr. Speaker, Sir. What is the fate of the Samburu Question raised by hon. Odoyo?

Mr. Speaker: Did you say "raped" by hon. Odoyo?

Mr. Lesrima: No, Mr. Speaker, Sir, I said "raised". What is the status of the Samburu Question which was raised by the Luos about the Samburu women who were raped by the British soldiers?

Mr. Speaker: I really do not know.

Mr. Odoyo: Mr. Speaker, Sir, I will not be the judge of your powers of discretion. May I appeal for your utmost discretion to defer this Question, in view of the pertinent interest that has been shown by hon. Members?

Mr. Speaker: Order, hon. Members! Every Question that comes to this House is important and it has been allocated a specified time for discussion. If you are not satisfied with the response of the Minister, please, proceed under the provisions of Standing Order No.18. This is available to you and you will have 15 minutes to discuss your issue, which is more than the five minutes which we allocate to a Question at Question Time.

(Applause)

The Questions by hon. Muriuki, hon. Lesrima, hon. Weya, hon. Mukiri and Capt. Nakitare will be deferred. I will ask the Clerk to give them priority within the course of the week. If it is possible, we can have them tomorrow morning or afternoon and Thursday afternoon. Please, be aware that they could be in the Order Paper tomorrow morning.

Question No.332

COLLECTION/DISBURSEMENT OF ROAD MAINTENANCE FUEL LEVY

(Question deferred)

Question No.004

APPOINTMENT OF ZONAL QUALITY
ASSURANCE OFFICERS IN
SAMBURU DISTRICT

(Question deferred)

Question No.224

GOVERNMENT EXPENDITURE ON
SERVICES RENDERED BY KROLL
AND ASSOCIATES

(Question deferred)

Question No.140

AMOUNT OF MONEY HELD BY
PROTECTION FUND POLICY HOLDERS

(Question deferred)

Question No.333

COMPLETION OF NHC PROJECT
IN KITALE TOWN

(Question deferred)

Mr. Speaker: Very well! Dr. Kituyi, did you have a Ministerial Statement to make?

MINISTERIAL STATEMENT

COLLAPSE OF UCHUMI SUPERMARKETS

The Minister for Trade and Industry (Dr. Kituyi): Yes, Mr. Speaker, Sir. Two weeks ago, you obliged me to give a progress report on what is happening with the turn around of Uchumi Supermarkets. May I take three minutes to state what has happened since the last time I spoke

before this House. Last week, I mentioned to this House that---

Prof. Anyang'-Nyong'o: On a point of order, Mr. Speaker, Sir. This Ministerial Statement is very important and we would like to question the Minister. Three minutes are not sufficient for us to receive and discuss the Ministerial Statement.

Mr. Speaker: Five minutes is not good enough. Could you come in the Morning, Dr. Kituyi?

The Minister for Trade and Industry (Dr. Kituyi): Yes, Mr. Speaker, Sir, I am leaving tonight for a Ministerial Conference in Geneva and I will be back in the country on Tuesday next week.

(Loud consultations)

Mr. Speaker: Order! Order, hon. Members! I try to be very accommodative. Mr. Minister, would you assist us to do the same?

The Minister for Trade and Industry (Dr. Kituyi): Yes, Mr. Speaker, Sir, I am totally comfortable to pass this Ministerial Statement to the Assistant Minister to deliver it tomorrow or the day after tomorrow. But I can only answer questions put to me after Tuesday next week, because I depart from the country tonight.

Mr. Speaker: That is all right. Then, we will wait for you until Tuesday next week.
Next Order!

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT MR. SPEAKER DO NOW
LEAVE THE CHAIR

(The Minister for Finance on 15.6.2006)

*(Resumption of Debate interrupted
on 21.6.2006)*

(Fourth Day of Budget Debate)

Mr. Speaker: Who was on the Floor? Proceed, Hon. Wanjala. You have eight minutes!

The Assistant Minister for Water and Irrigation (Mr. Wanjala): Thank you, Mr. Speaker, Sir. I want to continue from where I had left. Kenyans have been waiting for this Budget for a very long time. It was a friendly Budget which may assist in the development of this country because most projects had stalled.

(Loud consultations)

Mr. Speaker, Sir, can you protect me?

Mr. Speaker: Order! Order, hon. Members! Order! Those hon. Members who want to take their leave should do so quietly because the House business must proceed. Hon. Wanjala is entitled to be heard!

Proceed, Mr. Wanjala!

The Assistant Minister for Water and Irrigation (Mr. Wanjala): Thank you, Mr. Speaker, Sir. This Government has done a tremendous job. I am happy that yesterday, I witnessed the re-opening of the Kenya Meat Commission (KMC) and many people who attended the function in Ukambani were happy. This Government has repossessed the Kenya Co-operative Creameries (KCC) which collapsed and was sold out to some politically-correct individuals. This Government also repossessed the Kenyatta International Conference Centre (KICC) which had been given to a political party. We have also seen the coffee and tea industries doing very well.

Mr. Speaker, Sir, there are other areas that we need the Government to look at, especially the cotton industry. We want the Kenya Cotton Mills (Kicomi) and the Rift Valley Textile Mills (Rivatex) industries to be revived. We also want the molasses plant that belongs to the Government to be repossessed by the Government. It was a public institution, just like the KCC and the KICC. In the same vein, we have also witnessed the re-opening of the KMC.

Dr. Ali: On a point of order, Mr. Speaker, Sir. Could the Assistant Minister speak a bit further away from the microphone? He is giving us hell!

(Laughter)

The Assistant Minister for Water and Irrigation (Mr. Wanjala): Mr. Speaker, Sir, during the preparation of this Budget, nothing was considered for the fishing industry. I will not sit down before talking about the fishing industry because whereas the Budget touched on issues to do with agriculture and livestock, there was no mention about the fishing industry. Fishermen in this country are still languishing in poverty. When will fishermen in this country hear the Minister for Finance, while reading the Budget Speech to this House, say that duty on fishing gear has been reduced? Year in, year out, as budgets continue to be read in this House, the fishing industry experiences hardship because it is never considered in terms of tax waivers.

Mr. Deputy Speaker, Sir, many hospitals in this country are full. I want to agree that this Government has sent drugs to hospitals. However, *wananchi* cannot afford the hospital fees. Therefore, the Government should consider reducing the Ministry of Defence Budget in order to revitalise hospitals so that they can accommodate more people. As Members of Parliament, we are faced with problems every time we go home. People ask us for money to pay hospital bills for their relatives. This has become a problem. Sometimes when we contact hospital managements for assistance, the Medical Officers of Health (MOHs) tell us to pay for the drugs. How can we afford to pay medical bills for all our constituents? It has become very difficult.

Mr. Speaker, Sir, the Government is aware that there is HIV/AIDS, and that many teachers are dying of the scourge in the villages. The Government hires new teachers only once every year. Whenever there is a delay in recruiting new teachers, many schools suffer from shortage of teachers. Some schools have only five teachers against 13 streams. That means that there is no learning which takes place in such schools.

The Government should provide emergency desks in areas where we have lost teachers so that new ones can be hired straightaway. We have so many trained teachers out there who can take over from the ones who have died, instead of waiting for a whole year at the detriment of the students or pupils.

Mr. Speaker, Sir, I would like to thank the Government for setting aside some money for the revival of youth polytechnics. Most Third World countries have developed because they have invested in the *Jua Kali* sector. If you go to Korea, China and Japan, you will see that people today are doing work manually. That is why they are developed. Youth polytechnics will help the youth who have completed secondary education to start their own businesses wherever they are.

Mr. Speaker, Sir, we have, on several occasions, opposed giving so much money to private contractors through the Ministry of Roads and Public Works. The Ministry of Roads and Public Works should start using the National Youth Service and the Kenya Army to do our roads. Since we have allocated 20 per cent of our Budget to the Armed Forces, they should help the Government in rehabilitating roads. The NYS were given a chance to rehabilitate dykes in Budalangi and they did it. As I speak, the NYS is still in Budalangi. They have contained the flooding in Budalangi. Why do we not also consider giving a chance to the NYS to do our roads? It is a very good idea to give road contracts to the NYS because the money will come back to the Government to help in other areas of development. On the other hand, the Indian contractors always syphon the money back to their countries.

Mr. Speaker, Sir, with regard to the Ministry of Water and Irrigation, I am aware of hon. Members' concerns on how the water services boards have been constituted in this country. I know that some hon. Members are not happy with many of them. We have started the process of sensitising hon. Members but some of them are not keen. We will soon organise a workshop for hon. Members and advise them accordingly. Terms of some water services boards will expire next year. When we replace them, we will consider the views of hon. Members, as raised in this House.

With those remarks, I beg to support.

Mr. Muturi: Thank you, Mr. Speaker, Sir, for giving me the opportunity to contribute to this debate.

I want to welcome some of the proposals contained in the Financial Statement by the Minister for Finance when he presented his Budget although I have reservations. If you analyze the Budget Speech carefully, it sounds like a manifesto for a general election. A lot of the statements contained in the Budget Speech is a mere wish list by the Government.

However, there are few areas that are laudable. These include proposals to streamline healthcare procurement to ensure that our dispensaries and health centres access medicines without having to go through the cumbersome processes that we have witnessed. I hope that this initiative will not create the conflicts we have witnessed in the last three years, when there was a tug-of-war between the Ministry of Health and the Ministry of Finance, where the Ministry of Health would be pulling in one direction and the Ministry of Finance pulling in the opposite direction.

Mr. Speaker, Sir, a very laudable initiative by the Minister for Finance is the proposal to introduce the Budget Monitoring Unit (BMU) which, he says, will be revamped to give it the responsibility of co-ordinating development of sector specific bench marks and Budget implementation parameters. More so particularly in the area of roads and water programmes. However, I would like the Minister to improve on the aspect of quarterly reporting by the BMU. It should not be purely for disseminating reports on implementation of the road and water sector programmes merely to the public.

I would want the Minister to make it a policy that the BMU gives quarterly performance reports on the various sector programmes to the various Departmental Committees of the House for onward transmission to this House, so that we can deliberate on them and give suggestions to the Government. When the BMU reports that such and such programmes are being implemented, as Parliament, we should be able to input suggestions and pool in the same direction.

Mr. Speaker, Sir, I have no quarrel with the Minister's proposal to rehabilitate or develop youth polytechnics in every constituency. However, I doubt whether Kshs500,000 is enough to start a youth polytechnic where none existed. If you divide the Kshs105 million that has been set aside for this purpose with 210 constituencies, each constituency will get Kshs500,000.

Mr. Speaker, Sir, anyway half a loaf is better than none. In addition to that, if I were to borrow some political words used recently I would say, *hata mkia ni nyama*. Perhaps in that spirit, the other million would make some sense. There is a proposal by the Minister, which I find very

curious; that contributions to political parties of up to Kshs1 million per financial year would become tax deductible. I think that is a good idea. However, for it to be effected without a political party's law being established, in my view, is an extremely dangerous proposal. There would be no mechanism of ensuring that in one entry, a director or a shareholder in many companies will not make contributions to one political party and claim that he wants some relief for having done so. I want us to be transparent, and live above board.

I know that in the course of next year, there will be elections. As much as that is not a bad idea, it is important for us to have a legal framework in which contributions to political parties and entities will be made in a way that there will be no question of people feeling like they have been shortchanged. I know that the Minister proposes to enhance the monthly allocations to the VAT Department, for refunds, to Kshs900 million. I feel that figure is below the actual claims that are made on monthly basis. The Minister will be at liberty to tell us the real figures, but I think Kshs900 million is not enough because we have claims which go higher than that. Besides the claims, I think there is an element in the section which is meant to punish people who are not yet Electronic Tax Register (ETR) compliant. That issue, being effected against the backdrop of a pending Court of Appeal decision on the saga revolving against the ETRs is not very fair. That means that those who went to court and others who are silently supporting them will get penalised in their VAT claims. However genuine their claims may be, they will not be prioritised because the Minister said that priority will be given to those who are ETR compliant. The Minister should have waited for the Court of Appeal ruling, since he is in Government. He should have asked the Attorney-General to assist him to have the ruling made in good time.

Mr. Speaker, Sir, there is no country that can develop without education. We keep on saying that Kenya was on the same economic level with Korea and other Eastern Asia Tigers. However, we fail to acknowledge one point; that at the time of Independence, Korea and the other countries we talk about had invested heavily on education. No wonder, we get mesmerised at how they took off. However, they had a huge stock of educated people, such that it was not a problem for them to take off. We keep on saying that our exchange rate was the same. That should not be the main measure. In terms of education, they were ahead of us. I expected the Minister to address the issue of education because it is not fair that we have to lose so many people who are not able to join public universities, yet they have passed their examinations, due to lack of space. We need to engage the education sector and, particularly, professors in the universities so that we come up with viable proposals on how to finance and allow many of our high school leavers to access higher education.

Looking through the Minister's Budget Speech, I want to say in passing that he said nothing in relation with the provision of a new Constitution. There is no provision for it. That means that the Government has settled for the current Constitution. That is a matter we need to address when the Government Members finally cross over to the Opposition side of the House.

In conclusion, there is an issue of local contractors which has been addressed. I am not happy with what the Minister said. On paragraph 3 page 19, the Minister says: "Contractors have failed us in delivery of quality roads. We know that has been done in connivance with our engineers. We have ample evidence in review of pending bills. Let our engineers, who are not ready to work, know that the Government is ready to dispense with them and if not, hire expatriate engineers." Is that a reason for our country to hire expatriates? Is it that we cannot come up with solutions and rules that our local engineers can follow? I think that is an admission that we have hit a dead end. How can we admit that our engineers cannot reform and we have to get expatriates? I am not willing to take that route. We need to come up with rules. Let us get the stakeholders in the sector together with our engineers and come up with viable proposals that will ensure that we get value for our money in all Government undertakings, but not to suggest that we need to look for

expatriates to come and do work for us.

With those few remarks, I support.

[Mr. Speaker left the Chair]

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

The Assistant Minister for Education (Dr. Mwiria): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute. Just as other hon. Members have done, I would also like to applaud the Minister for Finance for coming up with a Budget which has been credited by both the Government and Opposition side, as well as people from different sectors.

Issues related to reducing poverty have well been addressed, whether in the form of initiating programmes for the youth, disaster management, or education among others. It is also commendable that we will be dealing more with development issues more than before. If we do not invest in development matters and only concentrate on expenditures, we may not achieve the goals we have set.

There is a point that has been made on taxation and Kenyans who pay taxes have also been congratulated. It is important that we commend and credit them. We must have incentives for people who pay taxes so that a majority of people can also do the same. We must have a way of dealing ruthlessly with people who evade paying taxes. I hope that the matter that was being discussed concerning Charterhouse Bank and Nakumatt Holdings in relation to tax evasion will be taken with the seriousness it deserves, and that those who are concerned will be brought to book. People like those who deny the poor people the support they need and also commit economic crimes should be dealt with.

The issue of limiting official vehicles is good. However, I wonder how we can endorse it. The issue has been spoken about many times before. I sometimes think that if we leave it to the Permanent Secretaries to decide how many vehicles a Minister or politician can have, it is difficult because the politician is the boss. It is important for us to have an oversight committee at the level of the Office of the President to make allocations of vehicles to Ministers, Assistant Ministers and politicians. Permanent Secretaries can appear to be very hopeless in front of politicians. You cannot limit an Assistant Minister or a Minister to one or two cars. Maybe, one way of dealing with the issue is by giving an allowance so that if one is not an Assistant Minister, they do not access the allowance. The allowance should be calculated as an equivalent of the amount one would earn so as to buy a vehicle while working as a Minister or an Assistant Minister.

The idea of an independent procurement Authority is very important. However, owing to its importance, I hope that members of that Authority will be vetted in some way; maybe, even by Parliament. Many useful recommendations have been made with regard to creating a conducive investment climate. Several proposals have been made with regard to licences, 24-hour port operations and regulatory reforms by the Minister for Finance. I hope the private sector will be involved in identifying and vetting the credentials of persons who are going to be members of that committee.

Mr. Temporary Deputy Speaker, Sir, I like the idea of auditing schools because our secondary school education has become very expensive. Many children from poor families are not able to benefit from a good secondary school education. I hope that measure will be implemented to ensure that parents do not suffer. I like the idea of giving tax incentives to people who invest in education. They could be exempted from paying Stamp Duty on land that has been procured for building a school. There should be tax deductibles for those who want to invest in education

facilities, including hostels. I hope we shall extend that to educational institutions, including universities. By doing that, we shall have taken care of Mr. Muturi's concerns regarding the expansion of university education. It is the only way out to have more educational facilities. The private sector should get more involved to make that possible.

Mr. Temporary Deputy Speaker, Sir, the idea about mobile clinics is a good one. But it reminds me about the ambulances that were available sometimes last year. There should be a criteria to determine which district hospital gets an ambulance. Recently, it was the relationship of the Minister for Health with other politicians that determined which district got an ambulance. There should be a fair criteria to determine anything that is distributed from all Government Ministries.

The point about black-listing or "white-listing" contractors is all right. But it is not enough to just put them on a roaster! We should ensure those people do not get any more contracts. It is not quite clear that those who have been accused of not doing their jobs have been punished. They should no longer win Government contracts because they cannot be trusted.

Mr. Temporary Deputy Speaker, Sir, it is good that we are going to spend money on the modernisation of Jomo Kenyatta International Airport (JKIA). That is important because when you compare JKIA with other international airports, it still lags behind. The need to keep on giving *kiosks* to our friends has made JKIA another *Jua Kali* facility. There are small shops all over the place. An airport should be a place where you can relax and be comfortable. We should not use our airport as a political tool to reward our friends. That will crowd the airport. Visitors who are used to better airports find it very difficult to enjoy JKIA. We keep on partitioning it to the point that it has now become a *Jua Kali* facility. We have to be very careful about that.

Mr. Temporary Deputy Speaker, Sir, the money given to women and youth is a very good idea. But the disbursement criteria needs to be agreed upon. Otherwise, that money will be misused like the HIV/AIDS money. It must be clear that we have so much money to distribute to constituencies and districts. But if we leave it to the people at the headquarters to distribute--- It is not quite clear that those who will benefit are not just politicians. But even the youth and women groups that are going to benefit will not be sure that they are the most deserving groups. We should agree on how much will be spent and how much will be distributed.

Mr. Temporary Deputy Speaker, Sir, to me, the real problem for the youth and women of this country are political organisations. We must ensure that many women and youths are involved in mainstream political parties so that they can influence the political agenda of those political parties. That would be a much better way of spending that money. By doing that, they would have a more bigger say in making decisions related not only to what is done in terms of their programmes, but what would be allocated in the Budget.

It is also commendable that we are going to spend some money on indigenous musicians, dramatists and other local artists. There is a real problem of cultural imperialism. Most of our young people watch soap operas that you find on television, western movies and also listen to western music. It is important that we make a conscious decision to invest in our own culture. The best messengers of that are those who are already talented to ensure that they pass our cultural values from one generation to another. They should be encouraged to invest in that field.

Mr. Temporary Deputy Speaker, Sir, we have talked so much about the Constituencies Development Fund (CDF). I hope we will reach a point where resources, even from line Ministries, will be channelled through the CDF, as is being proposed for education and police posts. But, again, we need to be careful that there is a clear procedure, so that no resources are lost in-between.

It is commendable that we are going to spend some money to rehabilitate the roads in Nairobi. But we should also focus on other cities like Mombasa and routes that lead to national

parks. It has become a big problem to our tourists. They endure such kind of roads despite the fact that, they bring in extra income. That money is used to maintain our national parks and even employ people who work there.

It is all right for us to do without donor resources. But I know that if we include that in our national Budget, it would be to top up allocations meant for Ministries that have been disadvantaged. There should also be a fair distribution. The money should not be distributed haphazardly. Those donor resources should be accounted for and distributed in an equitable manner across the various parts of this country, including the constituencies.

With those few remarks, I beg to support.

Mr. Moi: Thank you very much, Mr. Temporary Deputy Speaker, Sir. The ritual is repeated once again; year after year. The nature of our Budget is shrouded in secrecy. We always wait until the Minister comes here and opens his box to tell us what goodies he has for us. That is why we cannot wait for the Budget Office. All my colleagues are waiting to see the establishment of a Budget office, so that they could be part and parcel of the budget-making process.

Mr. Temporary Deputy Speaker, Sir, I would like to comment on one or two aspects of this Budget. I know the Minister has to balance a Budget between taxation and expenditure. He has to deliver the services to the people without taxing them heavily. We want to make sure that he does not go over-board on that aspect. But one mind-boggling thing that he has done is to increase the allocation to Department of Defence. As the Minister for Health said yesterday, we spend nearly 20 per cent of our Budget on defence---

An hon. Member: It is 7 per cent!

Mr. Moi: It is 7 per cent. I stand to be corrected. That allocation was done and yet, this country has never been to war. There are no threats. But the threat that we have today is that of poverty, hunger and illiteracy. That is where we should be channelling most our funds. The Minister has a habit of giving the citizens with one hand and taking away with the other hand. The Minister increased the Fuel Levy by Kshs3.20. That is totally unacceptable! We used to pay up to Kshs6,000 for a road licence. A limited number of Kenyans have cars. But when you increase the Fuel Levy, you are hurting even the common *mwananchi*. It is going to affect the prices of various commodities like food and transport. That was not very clever to do.

Mr. Temporary Deputy Speaker, Sir, secondly, there is an issue which we need to stand together and say in Kiswahili: "*Bega kwa bega*" with our colleagues from Western Province!" They have increased Sugar Levy to 7 per cent. That will have one obvious effect. Imported sugar will be much more cheaper than locally produced sugar. That will encourage every Tom, Dick and Harry to import sugar. It will make life difficult for the local sugar-cane farmers. That is attested to by the fact that, all sugar-cane farmers are up in arms on that directive.

Mr. Temporary Deputy Speaker, Sir, the Minister did one or two things which must be commended. He increased funding to the Kenya Wildlife Service (KWS). I say that because KWS has been a captive of international wildlife organisations which have been donating funds. They have been providing them with things like 200 sets of tyres and aircraft. Obviously, he who pays the piper calls the tune. The KWS has not been able to make sober decisions. They have been making them according to the whims of those international organisations. I am very happy that a Wildlife Policy Review Paper will be brought before this House. I hope and pray that in that Wildlife Policy Review Paper, there will be an annex allowing culling and hunting. I say that because it has come to a point where wildlife have to pay for their way. We cannot allow a situation where, at least, two people die every week due to wildlife related incidents.

Mr. Temporary Deputy Speaker, Sir, just to give you some facts, we have a situation in Narok where wheat farms are encroaching on the Maasai Mara Game Reserve. That is because people do not see the benefits of keeping wildlife, while growing wheat is much more profitable.

Secondly, we have situations where zebras and cattle compete over the same pasture. Where a boran cattle drinks up to 30 litres of water per day, a zebra drinks 150 litres. Honestly, it does not take a rocket scientist to tell you which of the two you would rather keep. If we allowed hunting, we would be getting approximately US\$800 per zebra. I would like to put the Minister on notice that, if we do not allow hunting, we will ask them to carry all the wildlife out of our areas and take them wherever they want.

Mr. Temporary Deputy Speaker, Sir, the Minister did his job well by cancelling the 118 trading licences that were required for one to operate a business in Kenya. However, the Constituencies Development Fund (CDF) was only increased from 2.5 per cent to 3 per cent. That is way below what hon. Members wanted. We wanted it to be increased from 2.5 per cent to 7 per cent, although we could have settled for 5 per cent. But I am sure the Speaker's *Kamukunji* will take care of that. The CDF has done a commendable job in every constituency in this country.

Finally, the allocation of Kshs11 million for each constituency--- I would like to commend my Committee - the Departmental Committee on Energy, Communications and Public Works. All they did was to change the figures. It has a very good effect. The constituency allocations have increased from Kshs5 million to Kshs11 million.

Mr. Temporary Deputy Speaker, Sir, we have zero-rated duty on wheat. But I would like to say that we must be very careful. We could be flooded with imports. We should be careful not to send wheat farmers out of business.

The Minister for Finance has slightly increased the allocation to National Security Intelligence Service (NSIS). I really do not see why we should spend over Kshs5 billion on NSIS. I, personally, do not see what contribution they have made in this country. I would like to see that money slashed and allocated to the Ministry of Health, Ministry of Water and Irrigation and other core Ministries which are crying out for funding.

With those few remarks, I beg to support.

Mr. Karaba: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute. I support the Minister for Finance for doing us proud by presenting his very wonderful Budget Speech. At the outset, quite a number of issues require some clarifications from the Minister. It is true he said that Gross Domestic Product (GDP) expenditure went up to 46 per cent. Salaries, particularly for teachers, have been increased. Teachers perform an important role of fostering national unity. Therefore, those allocations should be increased to employ additional teachers to cope up with the increased number of pupils as a result of free primary education.

Mr. Temporary Deputy Speaker, Sir, with the introduction of free primary education, the number of pupils has increased from 5.9 million to 7.2 million. The number of teachers has not increased as a result of that. The teachers are stressed. Most of them teach in congested classrooms. Teachers are forced to teach for extra hours because of large number of pupils. Recently, during the national conference for head teachers, there was a suggestion that teachers should teach 40 lessons per week. That is unimaginable and impossible. We need to think about quality education. The Ministry of Education and Ministry of Finance should come up with a workable formula, so that teachers and students can benefit from free primary education.

Mr. Temporary Deputy Speaker, Sir, the increased number of pupils in primary schools will definitely translate to an increase in the number of students in secondary schools.

We should have been told how much money will be used to construct classrooms, so that pupils who will sit for the Kenya Certificate of Primary Education (KCPE) in Class Eight, will have classrooms in Form I. This was missing in the Budget and as a result, most of us are using the CDF to construct classrooms.

Recently, we heard about the outburst of the Permanent Secretary, Ministry of Education, who was saying that we do not need to construct so many classrooms. There is an increase in the

number of students from primary schools to secondary schools, and yet there is an embargo by the Ministry of Education not to construct classrooms. That contradicts the spirit of the Free Primary Education Programme. This should be clarified.

You will also note that a lot of emphasis has been put on the national defence and about 20 per cent of the Budget has been allocated to the Ministry of Defence. Given the fact that we have not had major wars from external aggressors, we need to be told how the 20 per cent allocation will be spent. Will the money be spent to feed the soldiers, to buy equipment or anything that is related to national defence. We also need to be told what the soldiers do in the barracks. We need to see more work being done like in South East Asia or Arab countries where army men undertake construction works. If this is done, we will minimise expenditure in the various Ministries and reduce cost on road, classroom and bridge construction. We will also eradicate some of the problems that we face in the country. This amount of money is too much to be spent on a Ministry that is not as expansive as the Ministry of Education.

Mr. Temporary Deputy Speaker, Sir, I have also noted that in the Budget, no room was left to expand the Ministry of Education. Being the Chairman of the Committee on Education, Research and Technology, I am surprised to note that most of the students who sat for the Kenya Certificate of Secondary Education (KCSE) and qualified to join our public universities will not be able to do so. This year, the Joint Admissions Board has fixed 69 points as the minimum entry point to our public universities. This is a B+ Grade and anybody who can attain this grade is a very intelligent student. If students with less than B+ will not be admitted to the university, they will be frustrated. The teachers and even the parents will also be frustrated. Most of these students will find their way outside Kenya and this is creating a time bomb for this country.

The Minister for Finance should have allocated more money to the Ministry of Education, so that we can expand our universities and have C+ as the minimum requirement for the university entry. Students who cannot afford to join the Parallel Degree Programme or join universities overseas will languish in poverty and will create problems to many of us and hence the need to increase the number of our security officers. This is not necessary. The Minister should have allocated more money to the University Council, so that we can expand our universities and start new ones. The Government is fleecing the poor parents through the payment of fees under the Parallel Degree Programme. As a result, so many students are leaving the country and pursuing degree courses outside the country. Over 40,000 students have left Kenya for Uganda. This leads to a lot of capital flight and loss of manpower.

Mr. Temporary Deputy Speaker, Sir, we also take without exception that the Minister did not say anything about bursaries. You will note that Kshs800 million was allocated for bursaries in the last year's Budget. This year's Budget was silent about bursaries. When we inquired further, we were told by the Minister that money will be disbursed to the constituencies directly. We are yet to be told how direct the disbursement will be done because it is not being done through the CDF or the Ministry of Education, and many people are asking what will happen to the money. This point should, therefore, be clarified, so that if the bursary money will not be available, we are told where it will have gone to. We want to know whether it will be factored into the CDF or into the promotion of personnel in the Ministry. We need to be clear on this, so that those who need bursaries can get them. The bursary awards should be increased, so that those who cannot afford to pay fees in secondary schools and universities are educated using the funds.

I also note that the Ministry of Education seems to have been allocated a lot of money, which is not the case. This is an illusion. It is not true. The Ministry of Education is a service Ministry and it requires a lot of money to provide education to all the children in this country. I, would, therefore, ask the Ministry of Finance to collaborate with other Ministries, so that Ministries which

have anything to do with education can share some expenditures with the Ministry of Education, so that the Budget of the Ministry of Education does not seem to be very hefty. For example, the Ministry of Roads and Public Works can do some works for the Ministry of Education.

With those few remarks, I beg to support.

Maj. Madoka: Thank you, Mr. Temporary Deputy Speaker, Sir. In contributing to the Budget Speech, I appreciate that the Government has to, of necessity, raise funds to meet its various obligations in delivering service to Kenyans.

It is important that the Government enhances its machinery in terms of collecting taxes to ensure that all the due taxes are collected. In fact, I believe that if all the taxes that are due are collected, there will be no need to levy any more taxes on Kenyans. At the moment, Kenyans are amongst the highest taxed people in the world. The Minister has to ensure that he does not keep on increasing taxes to Kenyans because life will become very difficult for us. When it comes to increasing taxes, the Minister has to ensure that whatever measures he puts in place, they are aimed at reducing the gap between the rich and the poor.

When the Minister raises the Fuel Levy, then, I think he is out of touch. I would like him to look at this: Transporters have already increased the *matatu* fares. I was surprised when he said that even though he raised the Fuel Levy, he did not expect the transporters to raise fares.

Mr. Temporary Deputy Speaker, Sir, the transporters are in business and they have to make money. *Matatu* operators have raised their fares by between Kshs10 and Kshs15. If you do your calculation, you will find that these ordinary Kenyans are paying between Kshs300 and Kshs400 extra in a month. That translates to about seven packets of *unga* a month. That is food for a family for about one week and a half. Now, we really have to think about these poor ordinary Kenyans. I think the Minister needs to reconsider this particular issue and revise that figure downwards. I think it is important that the Minister or the Government looks at what needs to be done for the ordinary person.

Mr. Temporary Deputy Speaker, Sir, I want to take this opportunity to congratulate the President for introducing the Ministry of Youth Affairs and also setting up the Youth Enterprise Fund. I think it is a very good step because if the youth can be kept under control or be empowered to generate some money and keep themselves busy, then I think the social problems affecting them will be solved. However, as expressed by many hon. Members, our concern is how these funds will be disbursed. I recall that at one time the previous Government set up the Poverty Alleviation Programme whose funds were allocated to the District Commissioners. These funds were given to various groups but they were never repaid. So, whereas the intention was to have it as a revolving fund, it did not materialise.

I would like to suggest that the Ministry or the Government sets up a special micro-finance institution to look after this particular Fund like the Kenya Women Finance Trust (KWFT). The KWFT disburses Kshs3 billion to its members who total 125,000. Out of these 125,000 members, 75 per cent of them are youth aged between 16 and 35 years. The repayment of these loans is 98 per cent which means if this money is given out and properly managed, then they will be able to sustain the programme. So, I would highly recommend that the Minister looks into this possibility of setting up this institution to manage these funds or else this particular programme will be a failure.

Mr. Temporary Deputy Speaker, Sir, I was happy to note the setting aside of Kshs400 million to buy land for the displaced Kenyans. I would like the Government to consider buying land from some of these large-scale holders like Mwatate-Taita Sisal Estate whose land is in dispute with the residents. The Government should buy this land and give it back to these people so that they do not live under the threat of being evicted by the registered land owners. I think once it does that, the residents will live a happier life where they are not threatened.

Mr. Temporary Deputy Speaker, Sir, I would like to touch on the question of governance. The Minister proposes to amend the Central Bank Act so that they can have a chairman whom the Governor of the Central Bank will report to. I believe that is not necessary. If you have the right people appointed to these positions then that amendment is totally unnecessary. What we need is a person of integrity who cannot be compromised, intimidated or manipulated. I believe the present acting Governor is a person who cannot be manipulated or intimidated and I think the Government should consider confirming her into the position and they will not be worried. I think it is wrong to start creating these positions because of mistakes made by individuals. You do not amend a constitution just because one person has committed a mistake. It is important that we stick to the necessary constitutional provisions so that we can continue operating efficiently. I call upon the hon. Members of this House to totally reject any proposed amendment to the Central Bank of Kenya Act which will call for the establishment of an additional chairman to whom this Governor should report. The Governor should report to the appointing authority, who is the President and I think that position should not change.

Mr. Temporary Deputy Speaker, Sir, I have said that all Kenyans are responsible and should pay their taxes. A lot has been said about the hon. Members of Parliament. We pay our due taxes as provided for by the law. I know people have spoken about our various allowances and that they should also be taxed. However, I think they have to look at the reasons which led to the exemption from tax of these allowances. I think the ordinary Kenyans do not bear the same responsibilities as we do. How many ordinary Kenyans have to go and attend five or ten meetings in a week and contribute funds to these other functions? The ordinary Kenyans find it as an obligation for the hon. Members of Parliament to do that. They really have no choice.

The Deputy Leader of Government Business is wrong when she says that we should be happy to have these funds taken to the central kitty and come down to the Constituency Development Fund (CDF). These funds do not contribute to some of these other social obligations which the hon. Members of Parliament have to meet. Many of us are forced to spend weeks and weeks raising money here in Nairobi to send dead bodies home. That money does not come from the CDF. So, these allowances help us to be able to meet these social obligations. I think hon. Members should have the courage to stand up and say so. They should not be scared and intimidated by the media. I think it is important that we stand up and say: "These are our obligations and let us perform them". I think we will continue paying our due taxes as required and we will not be worried.

Mr. Temporary Deputy Speaker, Sir, a lot has been said and I do not want to repeat. I support this Budget only if there is a review on the Fuel Levy and also if the Minister ensures that he will not make any proposed amendments to the Central Bank of Kenya Act because we will oppose it.

Thank you, Mr. Temporary Deputy Speaker, Sir.

The Minister for Gender, Sports, Culture and Social Services (Mr. Kamanda): Mr. Temporary Deputy Speaker, Sir, thank you for giving me this chance to contribute to the Budget Speech. While I support this year's Budget proposals, I want to remind the Minister for Finance that allocations for my Ministry have been reduced considerably that we may not be able to operate. I say so because last year the allocation for my Ministry was Kshs1.9 billion. It has now been reduced to Kshs1.7 billion. I hope during the Supplementary Estimates, the Minister will increase this allocation.

Mr. Temporary Deputy Speaker, Sir, while I commend the Minister for allocating over Kshs2 billion for the Ministry of Youth Affairs, I also wish him to consider my gender department. It is a very sensitive department which was created just about two years ago and we have no funds. I had proposed an allocation of about Kshs200 million for this department but it only got Kshs10

million. In fact, Kshs10 million is very meagre for this department because I have a very ambitious programme for it. I hope the Minister will add some money for this department during the Supplementary Estimates.

Mr. Temporary Deputy Speaker, Sir, since the NARC Government took over the running of this country, through the four Budgets that have gone through this Parliament, Kenyans have benefitted through various projects. The Constituencies Development Fund (CDF), for example, has been felt in all parts of this country. We have witnessed rehabilitation of a lot of stalled projects, for example, the Kenya Meat Commission (KMC) that was re-opened yesterday by His Excellency the President, and the National Youth Project that is in Kasarani. The NARC Government can boast of having done a lot for the three years it has been in power.

Mr. Temporary Deputy Speaker, Sir, I would like to thank the Minister for increasing the funds earmarked for the CDF by 40 per cent. This is a lot of money that can be put to good use. However, we need to look at the issues of the CDF critically especially the manner in which these funds are managed. I know hon. Members are of the opinion that we are handling these funds well. Some of us might not be hon. Members in the next Parliament. We would like, when we are not in Parliament, to at least have a say in the way the CDF is handled. The CDF is driven by hon. Members of Parliament. If we say we do not drive the CDF, we are cheating Kenyans.

It is important that we have an accounting officer to manage the CDF because these are public funds. This money does not belong to hon. Members. We need a transparent officer, someone who can be questioned on how these funds are being utilised. This means that we need to employ such an officer. The Government has to second an accounting officer in each of the 210 constituencies.

The CDF concept is very good. Some constituencies have done a lot of projects. In fact, Kenyans in all regions of this country are talking of the benefits of the CDF. We just need to streamline a few areas to make the CDF more successful.

Mr. Temporary Deputy Speaker, Sir, on the issue of the reduction of the number of vehicles assigned to Ministers and Assistant Ministers, I want to fully support the action taken by the Minister. Some of us joined the Cabinet recently. We have been using one vehicle. I do not see the need for one individual having two or three official vehicles.

The issue of security should follow suit. Why should an individual have four or five security officers assigned to him or her? What has someone done to Kenyans to be assigned five to ten security officers when we have a shortage of security officers in the country? The Minister of State for Administration and National Security should look into this issue and reduce the number of security officers assigned to Ministers, Assistant Ministers, Permanent Secretaries and other senior Government officers.

Mr. Temporary Deputy Speaker, Sir, I would like to thank the Minister for the manner in which he handled the issue of bursaries. If I heard the Minister right, he said that bursary money will come from the CDF. I have no quarrel with this arrangement because I will be able to double what my constituency was being allocated by the Ministry of Education. My constituency was being allocated Kshs1 million. I can double this amount to Kshs2 million and I think that will be sufficient for bursaries in my constituency.

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

Mr. Kosgey: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this vital Budget Speech. From the outset, I would like to say that we normally discuss the Budget as "pro-poor". This Budget can be described as "pro-rich". I wish the Minister would pay attention while I am making my contribution because I have a few important things to say.

During the launch of the economic survey, the Minister said that the economy of this

country has grown by 5.8 per cent. He indicated that the faces of many Kenyans were shining. I do not know which face the Minister was looking at. Maybe he was looking at his own face. The faces of many Kenyans are not shining, I think it is only his face that is shining because poverty levels in this country have gone up. Kenyans are ravaging in poverty. I would have expected that this Budget would have critically addressed the question of poverty. Poverty levels have risen from 42 per cent to the current average of 56 per cent. I know that in the Mount Kenya Region, for example, where the Minister comes from, poverty levels are between 30 per cent and 40 per cent. Unfortunately, poverty levels in other regions of this country are as high as 80 per cent.

In some parts of this country, everyone is virtually poor. I expected that poverty issues would have been addressed in this Budget, but this was not done. The Minister instead increased fuel by Kshs3.20 per litre for the Road Maintenance Levy (RML). This will make life very difficult for every Kenyan. Most goods and services related to oil will be affected, from transport, food, clothing and so on. Therefore, the poor are actually being hit below the belt, if they still have any belt to tighten.

(Applause)

Mr. Temporary Deputy Speaker, Sir, the Minister is not listening to my contribution because he is busy talking to the Minister for Co-operative Development and Marketing. However, he should re-consider this very heavy levy which will affect the poor.

Mr. Temporary Deputy Speaker, Sir, the Minister said that transport costs will be cheaper because roads will be made. However, three years down the line since this Government came into power, we have not seen any roads being constructed. I do not know what miracle is going to happen in the next one and half years to 2007. I do not see the miracle happening. There will be no miracle!

While still on the issue of poverty, Kenyans are suffering in two major sectors. The first is education. They cannot afford to pay school fees for their children. I expected that this Budget would have increased the amount allocated to the Higher Education Loans Board (HELB) so that all students going to the universities can be given sufficient loans. At the moment, we have drop-outs from the universities. I also expected that more bursaries would have been given to secondary school students and not the Kshs800 million which is given year in, year out. Now I understand that it was vague. The Minister might be thinking of transferring that money into the Constituencies Development Fund (CDF). I urge all CDF committees to resist that move. The money for bursaries must go directly to the Ministry of Education. It should not be lumped with the CDF.

Mr. Temporary Deputy Speaker, Sir, on the issue of agriculture, we have been told that agriculture is growing. It is true that there may be an increase in tea production and other crops. However, the most important thing is what the farmers are getting. Currently, the farmers are getting a negative income. Although they may have increased their production to over two acres, but because of the cost of the input and the strengthening of the Kenya Shilling, they are not getting any money. Those of us who come from farming areas know this for a fact.

It is a pity that the Sugar Development Levy (SDL) has been shifted to farmers. I come from a sugar-cane growing area and the price of sugar-cane has been Kshs1,735 per tonne for the last ten years. Now the Minister is trying to put a levy on that. We should not forget that the same farmers are paying cess yet they are not getting any services. On top of the cess, they are supposed to pay the SDL yet they are not getting any services from that levy. So, why should farmers bear a burden when they are not getting any benefits? The Minister should have increased the producer prices. Why have the producer prices remained static for the last ten years? I would like to call

upon the Minister to rescind this particular decision of the SDL being passed onto the farmers. It will not help sugar production in this country.

Mr. Temporary Deputy Speaker, Sir, this Government has a high capacity to "generate" poverty in this country. We have people living as squatters now in Mau Forest. These are Kenyans who had title deeds to their property! They are now destitutes in their own land. We also have people who have lived, for the last one century, in Kipkurere but are now destitutes in their own land. We have people in Kalgol, Marakwet and Embobut who have been rendered destitutes by this Government. After demolishing property and burning their houses, the Government has turned round and promised to resettle them. Why does the Government not identify the land first and then move the people to those places, if they are very genuine? Two years ago, the people of Mau Forest were displaced from their land and they are suffering. The main intention of this Government is to inflict injury, poverty and to cause mayhem to its own citizens.

Health is a very important thing. I expected that cost-sharing in the health sector would have been scrapped by now. Kenyans should have access to free medical services. It is a right. It can be borne by all Kenyans by having some kind of health insurance as was proposed. However, in the meantime, while we are still waiting for the enactment of the law, there is nothing that will stop the Minister from scrapping the cost-sharing currently existing in our hospitals.

Mr. Temporary Deputy Speaker, Sir, on the issue of the Youth Enterprise Fund, this is the only new thing I can congratulate the Minister for initiating. This money should be distributed to the constituencies just like the CDF. This will ensure that each constituency can have its own revolving fund to lend to the youth for development projects in those areas. If it remains in the Ministry, it can be dished out for political purposes as we know next year is an election year. Therefore, before this money is disbursed, we would like to know the criteria to be used. It should be distributed to every constituency.

With those few remarks, I beg to support.

The Assistant Minister for Trade and Industry (Mr. Miriti): Thank you, Mr. Temporary Deputy Speaker, Sir. First, I would like to congratulate the Minister for Finance, like my colleagues have done, for presenting a very well balanced Budget. This Budget addressed many sectors which have been ignored in the past. For the first time, we have money channelled to the youth and very many other sectors. That is why I am surprised when an hon. Member dismisses this Budget as one for the rich. This is a Budget which has taken care of the people from the North Eastern and the Coast regions. In fact, there is affirmative action. It has also taken care of the youth, women and many other sectors which affect the poor.

Kenyans are proud and they appreciate the fact that no donor funds were factored in the Budget. This Budget involved only monies collected as tax locally. That is why it is a challenge to Kenyans and Parliamentarians to get involved in productive activities that will help boost revenue collection. They should be involved in activities that can be taxed. We need to get industrialised and have more hon. Members launching small industries. Hon. Members should introduce CDF into the industrial sector so that we can have more areas to get tax from. We need more Kenyans to get involved in trade; whether it is small or large-scale. We need leaders who can encourage Kenyans to get involved in trade. The trend now, and I know it will not stop, is that we will take care of our Budget. If we have to take care of our Budget, we will have to expand the taxation base so that we have more money for development.

Mr. Temporary Deputy Speaker, Sir, if we had more funds, more areas would have been considered. There are so many areas that have not been considered, like tarmacking of roads, water and power projects. I believe that if we can intensify our production, industrialisation and trade, then next year, we will have enriched our Budget and we shall cater for more projects.

Mr. Temporary Deputy Speaker, Sir, I heard an hon. Member complain about the amount

of money allocated to the National Security Intelligence Service (NSIS). I believe that he was doing so out of ignorance. Without intelligence information, you are not able to understand security matters and comment appropriately. The NSIS is an important organ to this country, just as similar organisations are to their countries. If one knows the amount of money spent by other countries on intelligence collection and analysis, one will not complain about the Kshs5 billion allocated to our NSIS. In some countries, intelligence services own satellites, spying planes, submarines and other high technology equipment, which is very expensive. So, what is spent here in Kenya is insignificant compared to what is spent by other international intelligence organisations. It is said that prevention is better than cure. When we know our enemies then we can be ahead of them. We can avoid a lot of unnecessary problems by knowing our enemies well.

I also want to refer to a comment made by an hon. Member on our allocation to the Department of Defence. He said, in an ignorant manner, that just because there is no war, we should not spend a lot of money on defence matters. That is sheer ignorance because we cannot start buying arms and training our military personnel when we are attacked by enemies. We have to be ready always to defend our country and people from foreign aggression. These days, it is easy to be attacked by another country. You saw what happened to Iraq. It was just attacked because of its policies. A country can be invaded without notice. You can see the threat being directed at the Islamic Republic of Iran and North Korea. If these countries were not strong militarily, foreign forces would already be inside them.

Mr. Temporary Deputy Speaker, Sir, I wish to comment on distribution of resources in this Budget. The distribution of resources in this Budget is not equitable. When I went through the Budget, I did not see any new major development project for Meru South District. It was like that last year and the other year. We have always been prioritising road, water and health projects at our District Development Committee (DDC) level. I really do not know what happens. I would like the Minister for Finance to visit Meru South District to see for himself that development activities there are not as many as they are in other districts. We should consider development activities for North Eastern Province, Coast Province and Meru South District. These areas have been forgotten for unknown reasons.

Mr. Temporary Deputy Speaker, Sir, I wish to say that the CDF money is also not equitably distributed. Along with poverty the index and population we should consider the size of constituencies. We should also consider the number of projects and population densities when allocating funds to constituencies, otherwise we will have some constituencies developing faster than others.

Kenya has been performing very well in terms of economic growth. But we have a problem with patriotism. Our leaders, who are supposed to be proud of their country's achievements, lack patriotism. Some of our leaders would rather undermine than support the Government. Others prefer giving information about our country to some foreign masters instead of contributing to the development of our country. I wish to call for reconciliation, so that, as we make statements, as leaders, we put the Republic of Kenya first. We should first ask whether what we say and do serve the interests of the country or selfish interests. I am saying this because we have seen that quite a number of leaders are more interested in personal aggrandizement, selfish interests and pursuit of power than they are in the public interest.

Mr. Temporary Deputy Speaker, Sir, I would like to urge the Minister for Finance and the Minister for Roads and Public Works to avail funds to upgrade roads in Nithi Constituency. Many constituencies are suffering because of poor grading of roads. I appeal to the two Ministers to commit themselves to the improvement of our roads.

With those few remarks, I beg to support.

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

opportunity to make my remarks on the Budget Speech. At the very outset, let me join my colleagues, who have spoken earlier, in congratulating the Minister for Finance for his eloquence when presenting the Budget Speech to this House. I also want to agree with earlier speakers that the Budget Speech was very flowery and had a lot of promises to Kenyans. My worry here is one: Has this Government now learned how to keep promises? This is a Government that never says what it means and never means what it says. It has made very many promises to Kenyans since assuming power but done very little to fulfil them. In fact, this is a Government that will go down in our history books as a "promising" Government. It is a Government that has made very many promises but delivered very little.

On the positive side of the Speech, I wish to congratulate the Minister for giving us a balanced Budget. He was able to fund 100 per cent of the Budget with funds sourced locally, as he told us, except for the specific projects funded by donors. He excluded all bilateral budgetary support. I want to say that this is a big step towards attaining our economic independence. This is what ought to have been happening in the past.

This is a country with a lot of potential. Kenyans are some of the most heavily taxed people in the world. Therefore, there is no need for the Government to look for bilateral budgetary support. All that it needs to do is to exercise financial discipline. We should learn how to live within our means, and spend only what we have. In that way, we will be able to fund our Budget in future using local resources.

I also want to thank the Minister for coming up with the Youth Development and Enterprise Fund. One of the biggest problems in this country, as we all know, is unemployment. Since this Government is not able to create employment that it promised the youth, it is high time it found alternative means of helping our youth. Our youth should be enabled to undertake economic activities, so that they can earn a living.

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

[Mr. Deputy Speaker took the Chair]

It is a very good idea, but as many hon. Members have said, our concern is what criteria will be used in distributing the money among Kenyans.

Mr. Deputy Speaker, Sir, we want the Minister to ensure that this money is distributed fairly to all constituencies in this country. That way, the money will benefit Kenyans across the board.

This financial year the Minister only provided Kshs1 billion in the Budget. I wish to encourage him to provide more than that next time. If you divide Kshs1 billion amongst the 210 constituencies it works out to a mere Kshs4.7 million per constituency. That amount of money per constituency is a drop in the ocean. We appreciate that it is a good start. We hail the Minister for Finance for that move, but we want to encourage him to find ways and means of boosting the Youth Enterprise Fund by allocating more money to it so that we can be able to help as many youth as possible.

We also want to hail the Minister for reducing the number of GK vehicles on our roads. I have served in Government and I know the extravagance that is exercised in Government in terms of use of GK vehicles. I know of cases where a Minister is allocated seven vehicles and all of them are parked in his compound. He has three vehicles for himself, but he uses two - one for himself and the other for his security officers. He has one other vehicle for his children and another one for the wife - I am not sure if it is used to take her to the salon or wherever.

Capt. Nakitare: On a point of order, Mr. Deputy Speaker, Sir. You have heard the hon. Member say that one Minister in the Cabinet has seven vehicles allocated to him. Could the hon. Member substantiate his remarks? That is a very serious allegation!

Mr. Khaniri: Mr. Deputy Speaker, Sir, there is nothing for me to substantiate. I have served in Government and it is common knowledge. For your information, it is not just one Minister who is allocated many vehicles. In fact, several Ministers have more than five vehicles allocated to them. However, we are now happy that the Minister has come up with a proposal of reducing the number of vehicles allocated to Ministers to one. He also suggested that they should now be paid transport allowance. We hope that the Government will take that proposal seriously and implement it so that it does not just become one of the many promises that they make to us, but fail to fulfil.

With regard to the Constituencies Development Fund (CDF), we know that it is the only channel through which *mwananchi* feels the presence of Government funding on the ground. That is the fact on the ground and it is indisputable. When we asked the Minister to increase the amount of money allocated to CDF, we expected him to look into the matter favourably because he is also a Member of Parliament. Had he increased the allocation to the CDF to 7 per cent, we would be able to undertake our targeted projects with a lot of ease. However, he did not give us our desired increase, but he loaded many other burdens on the CDF; for example, building of health centres and so on.

The money that used to go to the Ministry of Health for the purpose of building health centres should have been transferred to the CDF. Similarly, the money that used to be sent to the Office of the President for the purpose of building police stations should have been transferred to CDF. Had the Minister done that, then the increase would have amounted to 7 per cent and we would be more comfortable. In fact, *wananchi* will be able to realise the work of Government on the ground. We, therefore, want to encourage the Minister to give us that increment as far as the CDF money is concerned.

Mr. Deputy Speaker, Sir, with regard to the Roads Maintenance Fuel Levy, if the Minister is sensitive at all, to the needs of Kenyans, then he must do something about its increase which he made recently. There is a lot of hue and cry out there. There is no single Member of Parliament who has spoken without touching on the increase of the Roads Maintenance Fuel Levy. I want to urge Members of Parliament not to support this increase of Kshs3.20 on Fuel Levy. He would rather bring back the road licences because that is only felt by people who have vehicles and remove this increase which has now been transferred to the poor Kenyans. There are many other ways that the Minister can use to raise resources. Let him increase levy on cigarettes. *Weka juu kabisa* and no one will cry. Fuel prices affect everybody across the board. So, we hope that the Minister will hear the cries of Kenyans and remove the increment on Fuel Levy.

Lastly, Mr. Deputy Speaker, Sir, security is the first and foremost responsibility that any Government can give to its citizens. The safety of their lives and property is the single most important service that the Government is expected to give. The Ministry that is in charge of security is one of the Ministries that have been funded very well in this Budget. Therefore, there is no reason why we should have lapses in our security systems since the Ministry is well funded. They should employ enough law enforcement officers and remunerate them well so that they can guarantee the security of Kenyans. The recent events that took place in the country involving the Artur brothers leave a lot to be desired. This is a clear indication that security in this country is collapsing. It is paramount that this Government beefs up security in this country. The President should take it upon himself to ensure that Kenyans are safe because the security buck stops at his doorstep. When matters to do with lapses in security were raised, the President appeared on television labouring to tell us the composition of his family instead of addressing security issues.

We are not interested in that. He needs to address security issues.

Prof. Maathai: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion.

First, I want to congratulate the Minister for his excellent Budget Speech. I also want to congratulate him for increasing the amount of money allocated to the CDF. As hon. Members have said, this is actually one area where our people have the opportunity to bite the national cake directly. It was wonderful that the Minister was able to grant us the increase.

I would also like to thank the Minister for the improvements that continue to be realised in the collection of taxes and the fact that now we are seeing more people from organisations and initiatives that have been avoiding to pay taxes pay tax without fail. Probably, this effort by the Government to get everybody to pay his taxes is the reason why we can now see some people being exposed. It is extremely embarrassing to see big institutions avoiding to pay taxes when the Government is pursuing more people like the *mama mboga* to pay their taxes.

Mr. Deputy Speaker, Sir, I would also like to congratulate the Minister for cutting down on wastage in the Government, especially with regard to Ministers. As others have said, all of us who have served in the Government have sometimes felt that people are more interested in the privileges that they get when they become Ministers than the services that they are supposed to provide. I know, for example, that if a Minister is called to go to Mombasa, he or she will go by aeroplane. A Government car will then be driven from here to Mombasa to pick the Minister from the airport to the hotel when, in fact, there are cars within the Ministry in Mombasa which could pick the Minister.

Ministers are involved in such wastage because of their egos and the feeling of greatness, rather than the need to provide service. They do not need to have cars driven all the way just to pick them from the airport. So, I am really very happy that the Minister has been able to curb this wastage and other forms of wastage that we find in Ministries.

Mr. Deputy Speaker, Sir, I want to congratulate the Minister also for the allocation to the education docket. Although it seems like a lot of money has been allocated to the Ministry of Education, it is not adequate. This is because we really need to understand that one of the reasons why we, as a country, have not been as successful as many other countries, is because we continue to leave the education of our people largely to parents. Because we do not have facilities such as loans being availed to students, except to a small extent at the university level, we still have many of our children not completing Form Four. As has been said by some hon. Members, when students complete Form Four, many of them are not able join universities, because they do not have adequate resources. I think that, we, as a country, must invest in our people. Until we invest in our people in form of education, by allowing as many students as possible to get higher education especially in a country like this where we use a foreign language, we will not compete with other countries. We may never really attain the level of development in other countries.

I, therefore, wish to request the Minister to pay special attention to polytechnics. I know that the Government is looking at this. This is an area where we really need to invest, because a Form Four leaver without any extra skills is actually more useless than somebody who never went to school. This is because he or she cannot speak English or Kiswahili well. Therefore, nobody is going to engage them because they speak their mother tongue. So, such persons virtually become useless to themselves and the country. The investment that we shall have made at the primary level and the bursaries that we shall have given to them at the secondary school level will go to waste. So, it is very important that we invest in education, especially in higher education and polytechnics.

Mr. Deputy Speaker, Sir, some time ago, we actually passed a Motion, but I am not quite sure whether it became law, appealing to the Government to release certificates of students who complete secondary school education. That Motion was actually brought by you. In my

constituency, I am constantly confronted by students who sat for their examinations but cannot secure jobs because they do not have their certificates. If we are willing to spend money on bursaries, why can we not also spend money to assist headmasters, so that they can release certificates to students so that they can go and look for jobs? It does not make sense to withhold students' certificates. There can be a way of knowing the number of those certificates that are withheld because financially-able parents are not willing to pay fees, and the students whose parents are genuinely unable to pay outstanding fees, so that their certificates can be released to them. Those certificates can even be released on loan agreement, so that when the owners get jobs, they pay their outstanding fees balances, the same way we do at the university level. I think we are frustrating many students because their certificates are withheld.

Mr. Deputy Speaker, Sir, I want to mention something about roads. The Ministry of Roads and Public Works continues to be one of the greatest causes of soil erosion. This is because the people who make roads open up roads leaving the soil completely unprotected. When it rains, a massive amount of soil is lost from these roads. We will continue causing waste if we are not going to manage the water that runs along roads. We need to learn how to harvest rain water. We lose both the water and the soil and yet, we have spent so much money constructing roads. Now that we experienced much rain in this country recently, very many roads will need to be rehabilitated by the road engineers, because they were spoilt by the heavy water, literally rivers, that was running along them. Why can the Ministry of Roads and Public Works and the Ministry of Agriculture not get together and learn how to manage water that runs along roads, so that we can save the soil? Maybe the Ministry of Environment and Natural Resources should also be involved, because soil is one of the most important natural resources that he is supposed to protect.

There are several other Ministries that are involved, including the Ministry of Energy. All that soil ends up in our hydro-electric power dams. It goes and silts these dams. But it is the Ministry of Roads and Public Works which opens up land and leaves soil exposed to erosion. I must say that, as long as I have lived, I have never seen anybody in the Ministry of Roads and Public Works planting a tree, but I have seen very many of its officers cutting down trees along the roads. I wonder why they cut down trees, yet cars do not travel on road reserves. I wish the Ministry could learn to rehabilitate land once they dig it up by planting trees and protecting the roads from landslides, especially when it rains.

Mr. Deputy Speaker, Sir, I want to support very strongly the resettlement of the people, who are internally displaced. These are people about whom nobody worries because the United Nations High Commission for Refugees (UNHCR) does not worry about the internally displaced. But we have literally millions of people in this country, who are internally displaced. Although the Minister has allocated a small amount to assist them, we have been talking about this issue from as far back as I can remember. The first time this displacement took place was during the tribal clashes of 1991. Up to now many people have never been able to go back to their land.

Mr. Deputy Speaker, Sir, finally, I want to support the idea of channelling the youth money through the Constituencies Development Fund (CDF).

With those few remarks, I beg to support.

Prof. Mango: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. While I congratulate the Minister for the Budget Speech, I would like to point out that the Budget process is flawed. It is always top-down instead of being bottom-up. We need to change it. The Budget is not owned by the *wananchi*. Therefore, the *mwananchi* cannot hold the Government responsible when it comes to the Budget process. Therefore, the Minister needs to start the process from the sub-location to the location and then to the district level, just the way the CDF is being handled. That way, *wananchi* will articulate their problems, which will then be factored into the Budget. For now, the Budget is a ritual which is done by the mandarins at

Treasury without taking into account the people's problems. Therefore, in next year's Budget, I hope the Treasury will go down to the grassroots to collect the people's views and find out their problems. For example, the Minister has now raised the fuel levy. If they had checked with wananchi, I do not think they would have done that. Until we reverse this, the economy will not grow as expected.

Mr. Deputy Speaker, Sir, the Budget needs to address the Millennium Development Goals. (MDGs). For example, in the areas hit by HIV/AIDS, people are not getting therapy. The Global Fund is there, yet drugs are not reaching people. Our people must access medical treatment where necessary. As it is, the people in the lake region are not getting treatment. Two weeks ago, on the Floor of this House, it was said that in Butula Constituency, the infection rate of HIV/AIDS is 33 per cent. These people are not getting treatment at all, and they are left to die without care from the Government. Health is a human right and, therefore, the health of the people must be addressed. Right now, we are left with very many orphans who cannot access education or food. We need to look into these MDGs and take care of the vulnerable.

Mr. Deputy Speaker, Sir, women in this country remain the most vulnerable and poor. They need to be empowered. They till the land, fetch water and do all the donkey work. Women can hardly access finance because they do not have collaterals. Therefore, they cannot go to a bank and borrow money. It is time we considered having a women's bank where women can borrow money without collaterals. This is because commercial banks charge a lot of interest. Sometime this year, the Kenya Women Finance Trust came to my constituency and identified women for loans. Before long, the same bank was taking the women's furniture and livestock because they were unable to pay the loans. Therefore, we need a more women-friendly institution which can help the Kenyan women to come up. As it is, they are left to themselves to suffer without collaterals, and they will continue being poor and this country will not move on.

Turning to the sugar levy, I want to express the feelings of my people who grow cane. These cane farmers are already poor enough. To load on them Sugar Development Levy is just putting the last nail in their coffins. I think this is meant to create an avenue for importation of cheap sugar for the sugar barons while the six million Kenyans who grow cane will be more impoverished. This needs to be looked into by the Minister for Finance so that these people are not impoverished while the barons import cheap sugar into the country. I am sure the sugar grown in this country cannot be sold because once you load on the levy, the locally-produced sugar will become more expensive.

Mr. Deputy Speaker, Sir, I want to touch on education. While it is very commendable to have free primary education, I would think that we should have left the parents to pay for primary education and put more money into secondary education and university loans. As it is, last week, we had only 10,000 Kenyans admitted to universities, and 60,000 left out. How are we going to develop manpower when such a high number of Kenyans cannot access education? I do not think we are doing much to develop human resource in this country. It is only a few who can make it and the rest are left to rot away. Therefore, we need to look again at the free primary education. I think most parents can afford primary education. But at secondary level, many parents cannot afford, leave alone university.

Mr. Deputy Speaker, Sir, the girl child starts primary at 50 per cent. At secondary school, she is barely at 30 per cent. At university, she will be lucky to be at 5 per cent. Therefore, we need to address inequality in girl child education. If we continue like this, we shall not move on. If you educate a woman, you educate the community. You educate a man, you educate an individual. Therefore, we need to look into the academic institutions for the girl child, pay attention to them, improve facilities so that the girl child can move on. As it is now, the girl child is disadvantaged and we are wasting her as a human resource. Therefore, the Ministry of Education has to think

twice and look at the human resource we are producing at the end of production line. We are wasting a lot of human resource because not many Kenyans can access university education. This issue needs to be addressed without leaving it to chance saying that Higher Education Loans Board (HELB) has enough money and yet it has very little money.

When the Education Bill came to this Floor, we recommended that there should be money for research at the universities. But that is not happening. So long as universities do not get money for research, we are not going to develop. There are a lot of good ideas which can become good innovations, but unless they are backed up by research and development, those ideas will be stolen by other people who can put them into products and then sell them to us. For example, one young man in Kisumu has developed a motorised bicycle that can run on one litre of petrol for 100 kilometres. That is an innovation that needs to be patented and protected and turned into products for *boda boda* people who cannot afford motorbikes.

With those remarks, I beg to support.

Mr. Bifwoli: Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion. I want to start by saying that this Budget is good. This Government has done very well. However, the Budget has some fundamental mistakes and I propose that they be removed so that we support it. But if they are not removed, I want to state that I will not support it.

Mr. Deputy Speaker, Sir, I want to thank the Government for free primary education. During the Budget, the Minister for Finance said that the economy of this country has improved by 5.6 per cent. There is an agreement between this Government and teachers in this country. In that agreement, the Government committed itself that if the economy improves, they will pay teachers what they have agreed.

Now that the economy has improved, according to the Minister's own statement, I urge this Government to pay the teachers the agreed salaries. Some of us are very ready to join the teachers if they go on strike. According to the agreement, the Government stated that it will pay the increment when the economy improves. It is the Minister for Finance who has confirmed that the economy has improved. So, why are they not honouring their own commitments?

Mr. Deputy Speaker, Sir, the free and compulsory primary education brought all the children of this country back to school, and the enrolment increased by millions. That meant that the workload for teachers increased tremendously, and they are handling more workload today. Common sense dictates that they should be compensated for the heavy workload. They should also be given good terms and conditions of service, for example, promotions.

I do not understand how the Provincial Administration officers can be promoted on academic grounds while teachers are promoted on merit. If the two were *jembes*, which one would you sharpen to go and dig the farm? Is it the pen of a teacher or that one of the Provincial Administration official? I thought teachers needed more knowledge to go and teach our children. But if a chief, or a District Commissioner or a Provincial Commissioner passes mathematics or physics examination, what will he do with it? If a teacher studies physics and passes his examinations, he will pass the same knowledge to our children. I think the priorities of the Government are upside down. They have no idea what they are recommending for this country. They are recommending unsuitable things!

Mr. Deputy Speaker, Sir, this Government is rated as a good performer because of the Constituencies Development Fund (CDF). If the CDF is not enhanced, then we will drift back to the old system. We asked the Minister for Finance to increase the allocations to the CDF from 2.5 per cent to 7 per cent to enable us do tangible development in our constituencies. Last week, I asked a Question about electricity projects in my constituency. It came out clearly that this Government is only implementing projects in the Minister's constituency. It is very clear! If you look at the health and water sector, it is the same story! The only saviour for the Backbenchers is

the CDF.

I am calling upon all the Backbenchers to rise up against the Front Bench so that we can increase the CDF allocation by force. We have no other way to get money from this Government apart from the CDF. If the Minister has ears, he should listen!

The Assistant Minister for Finance (Mr. Kenneth): On a point of order, Mr. Deputy Speaker, Sir. Is it in order for hon. Bifwoli to mislead this House that all the projects in his constituency have been funded by the CDF, when last week, he asked the Minister for Energy to lay on the Table a list of all the projects that are undertaken in his constituency by the Government through the Rural Electrification Programme? That list was laid on the Table here and he never dismissed it!

Mr. Bifwoli: Mr. Deputy Speaker, Sir, I am in order! I can prove here that the so-called projects in Bumula are not there on the ground. They are only on paper! I can volunteer to take him around the constituency to witness for himself that there are no projects on the ground. There is no electricity in Mateka. It is on paper! Am I going to go by what is in the records of the Ministry or what is on the ground?

Mr. Deputy Speaker, Sir, I want to state very clearly that the other poison in the Budget is the Sugar Development Levy (SDL). Previously, those who imported sugar were being taxed. I have heard from hon. Members that some of the Ministers are involved in the importation of sugar. That is why they are transferring the SDL from the consumers to the farmers. Which means that they want our sugar-cane to be more expensive as they import their sugar free of charge. The Minister should rescind that decision and instead tax those who import sugar. Surely, how do you import sugar and, instead of encouraging our farmers, you tax them? Some of us who come from Nyanza, Western Province and parts of Rift Valley grow sugar-cane. We are part of this Government, yet they want to tax us because some of them import sugar. We will oppose that move. If they want me to support them, they should stop taxing sugar-cane farmers and pass on that tax to the consumers.

Mr. Deputy Speaker, Sir, the economy has improved and I cannot not see why the Government cannot pay teachers the agreed salaries. The Minister removed the road licence which costs about Kshs10,000 for big vehicles and transferred the levy to the common *mwananchi*, including my mother or grandmother, who will never own a car. She will now be required to pay tax when going for a funeral. Right now, it is the commuter who is paying that tax. If my mother, grandmother or aunt is sick and is taken to hospital, they pay road licence in the name of Fuel Levy. Is this Government really mindful of the welfare of the poor? Is this Budget supporting the poor? How can this country develop with such punitive taxation measures? Despite the fact that there are some good things like setting up the Youth Enterprise Fund (YEF), these are some of the promises we are yet to see whether they will be implemented.

Mr. Deputy Speaker, Sir, let me turn to the use of Government vehicles by Ministers and senior public officials. The Minister told us that a Minister is supposed to have only one vehicle at his disposal. Does this mean that some Ministers were using more than one vehicle? How were they travelling in two vehicles at the same time? This is strange! I thought that each Minister was supposed to have one car. Why were they given seven cars, as hon. Khaniri said? What are they doing with all these vehicles? When they were appointed Ministers, were their wives and children also appointed Ministers so that they could get free vehicles? This is strange! I must congratulate the Minister for Finance for coming up with that policy of one man, one car.

Mr. Deputy Speaker, Sir, on the issue of hon. Members paying tax, under the Trade Unions Act, you cannot reduce the salary of a worker under normal circumstances. I never negotiated for my salary and allowances. I joined this Parliament recently, and as I can remember, since I was born, the salaries and allowances of hon. Members have never been taxed. The Minister for

Finance is asking the House to appoint a committee to look into the regulations which precluded hon. Members from paying tax on their allowances and pass a law to tax them. Does he expect me to support this proposal? I never negotiated for my salary and allowances! I want to state openly and honestly that the people of Bumula will support me, because I use the same money to build classrooms. So far, I have built 14 classrooms with my own salary and not the CDF money. If the Government wants to tax me, how will I help my people to build more classrooms for our children?

With those few remarks, I will only support the Motion subject to the conditions I have mentioned.

Mr. Kajembe: Asante sana, Bw. Naibu Spika. Naomba kushiriki katika mazungumzo ya Bajeti ya mwaka huu.

Bw. Naibu Spika, sehemu kubwa ya Bajeti hii ni nzuri. Ile sehemu ndogo iliyobakia ndio itakayowaumiza Wakenya. Waziri alipendekeza kuondolewa kwa kodi ya leseni ya kutumia barabara na kuongezwa kwa kodi ya petroli kwa Kshs3.20 kwa kila lita. Ukilinganisha ushuru ambao ulikuwa ukikusanywa kupitia kodi ya leseni ya kutumia barabara na ule ushuru utakaokusanywa kupitia kodi mpya ya petroli, utaona kwamba Serikali itakusanya pesa nyingi zaidi katika mwaka huu. Lakini gharama za uchukuzi katika sekta ya umma na uchukuzi wa mizigo zitaongezeka. Mwananchi wa kawaida ataathirika kutokana na kuongezeka kwa nauli katika magari ya abiria.

Mishahara wanayolipwa wafanyikazi katika sekta za umma na kibanafsi nchini humu bado iko chini sana. Kuongezeka kwa gharama za uchukuzi hali misharaha bado ni kidogo kunamuumiza mwananchi wa kawaida. Hali hiyo inaondoa umaarufu wa Serikali miongoni mwa wananchi. Huu si wakati wa kumwongezea mwananchi gharama za maisha. Ukilinganisha matumizi miongoni mwa jamii na mishahara wanayolipwa wafanyikazi katika sehemu za mijini na mashambani, utaona kwamba mishahara bado ni kidogo sana. Serikali imetwambia kwamba uchumi wa nchi hii umekua kwa asilimia 5.6. Iwapo ni kweli kwamba uchumi umekua kwa kiasi hicho, inafaa Serikali iongeze mishahara ya wafanyikazi wote wa umma nchini, wakiwemo walimu.

Bw. Naibu Spika, ningependa kuipongeza Serikali kwa kuanzisha mpango wa elimu ya bure. Ingawaje inasemekana kwamba watoto wanapata elimu ya bure, ukweli ni kwamba watoto hawapati elimu ya bure, kwa sababu pesa za umma zinatumiwa kugharamia mpango huo. Uchumi unapokua, pesa huongezeka. Kama kweli uchumi wa Kenya unaongezeka kwa kasi kama inavyodai Serikali, basi kuna haja Serikali kufikiria kuanzisha mpango wa elimu ya bure katika kiwango cha sekondari. Kufanya hivyo kutampunguzia mwananchi mzigo wa kuwaelimisha watoto.

Kuhusu sekta ya uchukuzi, kila mwaka, kiasi kikubwa cha pesa hutumika katika urekebishaji wa barabara, haswa barabara ambazo hazijawekwa lami; lakini, barabara hizo huharibika wakati wa msimu wa mvua. Kwa hivyo, kila mwaka, pesa ambazo hutumika kwa shughuli hiyo hupotea bure. Hivyo ni kumaanisha kwamba pesa hazipo. Ni lazima kuwe na mpango mwingine, ikiwezekana, ili kila barabara katika nchi hii itengenezwe kwa njia inayoweza kudumu, badala ya kupoteza pesa kiholela.

Kunapokuwa na shida, watu huanza kurekebisha mambo nyumbani kwao. Bandari ya Mombasa inakusanya pesa nyingi sana kama ushuru. Hata hivyo, pesa hizo zinazokusanywa hazisaidii wakaaji wa Mombasa, bali tu pesa zinazotolewa katika mradi wa CDF. Kuna kandarasi ya kutengeneza barabara inayotoka Miritini kwenda mpaka Maji ya Chumvi, ambayo imetangazwa. Tumelia na kutoka machozi ya damu kwa sababu barabara hiyo imekuwa mbaya. Barabara hiyo ndio inayosaidia uchumi wetu, kwa sababu magari yanayotoka Kilindini huleta mizigo na magari yanayoenda Kilindini pia hutumia barabara hiyo. Baada ya sisi kulia machozi ya damu, kandarasi ya kutengeneza barabara hiyo ilitolewa. Kulingana na utengenezaji wa barabara na pesa zilizotengwa na Serikali kwa kazi hiyo katika Mkoa wa Pwani, ni barabara hiyo tu ambayo

Serikali imeamua kutengeneza katika Mkoa wa wilaya saba. Kuna barabara mbovu katika sehemu za Mombasa. Afadhali kama kungekuwa na mpango maalum wa kugawa fedha za kutengeneza barabara, lakini sasa, sehemu wanapotoka Mawaziri na Wabunge wenye nguvu katika Serikali ndio hupata pesa nyingi, na sehemu zinazoongozwa na watu ambao wako katika Serikali. Nafikiri tuna haki ya kugawiwa pesa za kutengeneza barabara na pia za kuendesha miradi mingine ya maendeleo.

Bw. Naibu Spika, ni jambo la aibu, fedheha na uzembe kuwa na mahali kama Mkoa wa Kaskazini Mashariki ambapo watu wanaota lakini hawajaona barabara za lami. Watu katika sehemu hiyo wamekuwa wakiota tangu mwaka wa 1963 tulipopata Uhuru. Ni lazima Serikali ieneze maendeleo ya barabara, mashule na maendeleo mengine. Hakuna sheria inayosema wilaya fulani inafaa kufaidika zaidi, na nyingine iumie zaidi. Tunataka maendeleo na barabara zitengenezwe kwa usawa.

Wakati Serikali hii ilipochukua hatamu, tuliambiwa kwamba kiwanda cha sukari huko Ramisi kitafunguliwa. Tuliambiwa pia kiwanda cha korosho kitafunguliwa. Sasa tuko karibu kwenda katika uchaguzi na kiwanda cha sukari bado kimekwama. Kile cha korosho pia kimekwama.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): On a point of order, Mr. Deputy Speaker, Sir. I do not want to interrupt my very good friend, but is he in order to mislead the House that the Cashewnut Plant in Kilifi has not been revived? He knows very well that it is working to full capacity right now.

Mr. Kajembe: Bw. Naibu Spika, nasema hivyo kwa sababu mtambo wa korosho haujarudishwa mikononi mwa wakulima wa korosho. Nasema hivyo kwa sababu, lazima tufufue viwanda vitakavyofaidi wananchi. Lakini ikiwa kiwanda kimepokonywa wananchi na kupewa mtu fulani, lazima tupige kelele kwa sababu tunataka uchumi uwekwe katika mikono ya wananchi.

Mr. Deputy Speaker: Muda wako umeisha!

Mr. Kajembe: Naunga mkono.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Thank you, Mr. Deputy Speaker, Sir, for this opportunity to contribute to this debate. At the outset, I would like to congratulate the Minister for tabling, perhaps, one of the best Budget Speeches that we have had in this House in a very long time. It is also time when this House should be the first to appreciate what is happening in this country. This year, we got reports from all the relevant Ministries, and we all know that we had a growth of 5.8 per cent. That is a record! So, as a House, we need to appreciate that this country is moving in the right direction.

Mr. Deputy Speaker, Sir a lot has been said by my colleagues about security. It is true that security is a challenge for this Government. It is also true that the state of security today is not what it was three years ago.

Indeed, we need to congratulate the managers of security from Vigilance House, Office of the President and all over the country for the improved security. However, security still remains a major challenge that should be tackled. There will be no meaningful growth if the state of security is not properly addressed.

(Mr. Waithaka entered the Chamber without bowing to the Chair at the Bar)

Mr. Deputy Speaker: Order, Mr. Waithaka! Go back. You know how to enter this Chamber.

(Mr. Waithaka went back to the Bar and bowed to the Chair)

Very well. Come in.

The Minister for Co-operative Development and Marketing (Mr. Ndwiga): Mr. Deputy Speaker, Sir, I listened to my colleague who has just spoken about roads. There is a lot of double-speak. I have listened very keenly to the debate going on in this House and there is a lot of double-speak. It is time we realised that we are leaders. We cannot, all the time, make statements because they are populist and give us political mileage. We all know the saying: "There cannot be gain without pain." We cannot, in one breath, lament about the poor state of our roads - the road network in this

country is very poor - and, at the same time, say that the Government should not raise capital to construct those roads. Where else does the Government get money to construct the roads? I wish to congratulate the Minister for removing the menace of the road licence. It is true that the increment in petrol prices affects everybody. Similarly, bad roads affect everybody; those with or without vehicles. Even passengers are affected by bad roads. Therefore, everybody should contribute some money to have good roads.

Mr. Deputy Speaker, Sir, I support that. Let all Kenyans contribute. But for the first time, we are asking the Ministry of Roads and Public Works to utilise the funds to build our roads. Again, I want to congratulate the Minister for increasing the allocation to the Ministry of Roads and Public Works. I am happy when I look at the allocations and what the Ministry intends to do with that money. I am satisfied that this country is properly covered. This is the first time, in the history of this country, that, that has happened. Today, our contractors are very busy. You do not find them queuing at the Ministry of Roads and Public Works with briefcases waiting to bribe somebody to get a small contract. Right now, there is so much work. Indeed, we do not have enough contractors to construct our roads. That is a fact.

Mr. Deputy Speaker, Sir, we are also creating jobs for the contractors. Some hon. Members have become very irresponsible in the way they express themselves. I have heard some hon. Members question the number of jobs that have been created in this country. If you have all the contractors in this country fully employed, that has created employment!

Mr. Deputy Speaker, Sir, I would like to comment on the issue of the Sugar Levy. Whereas that is a new levy to sugar-cane farmers, I would like to inform my colleagues that it is levied on every other crop. It is levied on coffee. Coffee producers pay taxes. All Kenyans must pay taxes! I support the introduction of the Sugar Levy. That way, we will have a fund that will support the sugar sub-sector. All of us remember the story of sugar-cane farmers. Two years ago, when the sub-sector had collapsed, it is the Sugar Levy which assisted in bringing it back. Revenue collection has increased drastically. That is why we are getting some benefits.

Mr. Deputy Speaker, Sir, the Constituency Development Fund (CDF) has been increased. What else can we ask for? Everything is functioning well. Hon. Members are getting whatever they want. You will agree with me that when we walked into this House 12 years ago, you know what kind of benefits hon. Members were getting. But today, what has created impunity and an element of bad manners on the part of hon. Members is because we are well paid.

Mr. Deputy Speaker, Sir, Members of Parliament would stand in any podium and cast aspersions even on the Office of the President. How many times do you hear an hon. Member say: "Summon the President. Let the President---" That is impunity! I think as responsible leaders, we need to tame our tongues. That is what differentiates us from the people we lead.

Mr. Deputy Speaker, Sir, we ought to be leading Kenyans to celebrate the re-birth of a new nation; a nation where every season has something new happening. We have had the revival of Kenya Co-operative Creameries (KCC) and Kenya Seed Company. Yesterday, we had the landmark revival of the Kenya Meat Commission (KMC)! That is not what we are talking about. No! Leaders in this country are not showing us where we need to go as a country. Instead, we are all pre-occupied with some Armenians fellows who walked in and out of this country. They will never come back here, anyway.

So, it is time we re-focused our attention to the right things. Let us focus our attention on where this country should go.

Mr. Deputy Speaker, Sir, it is true that the Minister directed the Government to cut costs. One of the measures is that every Minister should have one official vehicle. I support the fact that Ministers should have one vehicle each because nobody can travel in two vehicles, as hon. Bifwoli has said. That should be implemented. Ministers should use whatever vehicles that can take them to wherever they are working.

Mr. Deputy Speaker, Sir, I wish to caution that while reducing the number of vehicles each Minister should have, we should not reduce the number of vehicles that are used by Government officers in the field where services are required. Instead of even auctioning the vehicles that will be taken away from the Ministers, I hope they will be taken to the field to assist the officers on the ground, so that they can offer effective extension services to our people. That is what is lacking.

I would also like to suggest that all the funds that have been allocated for the construction of roads be channelled through the CDF. I am in agreement with my colleagues that, that should happen, so that the money can be put into proper use.

With those few remarks, I beg to support.

Mr. Oparanya: Thank you, Mr. Deputy Speaker, Sir, for giving me this chance to contribute to this important Motion.

I will take a cue from my colleagues who took the Floor before me to thank the Minister for his balanced Speech. However, I have reservations on quite a number of issues.

First, year in, year out, a Budget is presented before this House, but the Minister for Finance does not tell us the problems that were encountered in the implementation of the previous year's Budget. A Budget is presented before the House and we forget about what happened in the previous years. I am saying this because quite a number of projects are provided for in the Budget, but they are never implemented and we are not told why they have not been implemented. Is it due to shortage of funds or there was delay in procurement?

Mr. Deputy Speaker, Sir, I have a case in my constituency where the construction of Ebuyangwe-Ekero Road has always been provided for in the Budget. In the 2003/2004 Budget, there was a provision of Kshs20 million and nothing happened on this road. In the 2004/2005 Budget, Kshs14 million was provided and nothing happened. In this year ending 30th June, 2006, Kshs60 million was provided for the murraming of this road. Up to now, nothing has happened. We have not been told why this money has not been used or where it was taken to. Was there a shortfall in collection or a diversion of funds which were meant for this road? The Government, through the Chief Executive, promised that this road shall be tarmacked in 2004/2005. Up to now, nothing has happened.

We should take a cue from countries where, before a Budget is presented to the House, implementations problems are taken to the House in form of a Motion and the previous Budget is discussed in full before the current one is presented, so that people can know what problems are encountered by the Ministry of Finance and what problems to envisage in the future.

Mr. Deputy Speaker, Sir, I am concerned that there is growing public debt and now the Government is rolling over domestic debt which amounts to Kshs51.8 billion. If you are rolling over a debt, it means that you are unable to pay it. Furthermore, even with the domestic borrowing which the Minister for Finance said will amount to Kshs29.5 billion, plus Kshs51.8 billion being rolled over, then it means that the Government is overstretched. At the same time, the Minister says that the inflation rate is 13 per cent and he is proposing to reduce it to 5 per cent by the end of the next financial year. I do not understand how he is going to do that when he is rolling over the domestic debt; when the domestic borrowing is increasing to 29.5 per cent; when Government expenditure is increasing to 12 per cent, while the revenue which he is not sure of collecting at 100 per cent is increasing by 17 per cent.

Mr. Deputy Speaker, Sir, the Minister said that he has a deficit financing of Kshs146

billion. He identified areas that he is going to raise money to finance the deficit, and one of the areas is projected loans of Kshs30.2 billion. I do not know what these projected loans are. The Minister said that he has not included foreign funding within the Budget. Are these projected loans local funding or overseas funding? There is a provision of Kshs18.2 billion to come from privatisation proceeds. Even in the last budgets, every year there has been provision of privatisation proceeds. This has never happened. I wish the Minister for Finance luck if he will raise Kshs18.2 billion from privatisation proceeds.

Mr. Deputy Speaker, Sir, within the domestic deficit financing, the Minister has provided refinancing of bank restructuring of Kshs20 billion. I do not understand how the refinancing of the bank restructuring becomes a proceed. I hope, when the Minister for Finance is replying on this Motion, he will enlighten us on how refinancing bank restructuring will be financing a deficit.

Mr. Deputy Speaker, Sir, however, I thank the Minister for bringing up the Youth Enterprise Fund plus that of the women. Like the previous speakers have said, I am hoping that there will be fairness in the distribution of money from this Fund so that every district in this country benefits from it.

Mr. Deputy Speaker, Sir, the most important issue that I need to point out that affects people that I represent in this Parliament is the sugar industry. The Minister proposes to move the Sugar Development Levy from the consumer to the farmer. In fact, this will be the first Government in the world to tax the farmer. The world over, like in the European Union (EU), they are fighting that they will continue giving subsidies to their farmers so that they are able to produce enough.

Mr. Deputy Speaker, Sir, during the last World Trade Organisation (WTO) meeting there was an indication that if the subsidies have to be removed, there should be enough time to do this, up to the year 2025. Here is a Government that says that farmers have to pay tax and that tax has to move from the consumers to the farmers.

We had a Motion presented in this House, and we agreed that taxes levied on farmers and the sugar industry should be reduced. This Motion was supported by both sides of the House. We were hoping that since this Motion was passed in this House before the Budget, the Minister would consider some of the sentiments raised during debate of this Motion, to make sure that sugar-cane farmers are relieved of some of the unnecessary taxes. I would like to assure this House that if the Minister makes the amendment, there will be problems in this country. Sugar-cane farmers have suffered for a long time.

The Minister for Agriculture said in this House that there is a Kshs16 billion debt within the sugar industry. He indicated that, that debt would be taken over by the Ministry of Finance during the Budget. I never heard of that. So long as the Kshs16 billion debt is there, we will never lower the production costs. The production costs of sugar in this country are very high. We cannot compete effectively come 1st March, 2008, when the COMESA Safeguard Measures expire. Sugar is supposed to come in freely from the COMESA countries. Sugar production in other COMESA countries is cheaper than in this country. Surprisingly, instead of the Sugar Development Levy (SDL) being moved to the imported sugar, and that is what we suggested in the Sugar (Amendment) Bill that was to be tabled in this House--- The SDL is a good levy, but it should be moved from the consumers to the imported sugar. That has not been done.

As you are aware, it is the Government that owns most of the sugar industries in this country. The Government owns 20 per cent of Muhoroni, Chemelil, Sony and Mumias sugar companies. I would like to urge the Minister to re-consider his position, that the SDL should not be levied on farmers, it should be levied on imported sugar. Since we cannot meet our production levels, we will continue importing sugar.

The other issue that I should congratulate the Minister for is---

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

Mr. Oparanya: Thank you, Mr. Deputy Speaker, Sir. I beg to support the Motion.

The Assistant Minister for Information and Communications (Mr. Were): Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion. From the outset, I support the Motion. I would like to congratulate the Minister for Finance for the well-balanced Budget which he read to us.

Mr. Deputy Speaker, Sir, just as other hon. Members have said, my problem with the Budget always comes at the time of implementation. We have very good things written on paper, but at the end of every financial year, we find that Ministries return the money to the Treasury. You find that most of the projects that have been planned for implementation are never implemented. I believe this has happened for many years. By now, Ministries should have established why this happens; that year in, year out, about half of the money that has been budgeted for is returned to the Treasury.

Mr. Deputy Speaker, Sir, the Minister informed us that the economy grew by 5.8 per cent. This is quite a good figure. He also indicated that 460,000 new jobs were created during the last financial year. The greatest problem that we are facing in this country is that of unemployment. Many of our youth who have completed school are not employed. The number is increasing year in, year out. What we would request is that the jobs that are being indicated as having been created should be tallied so that we are able to know exactly in which areas these jobs have been created. In my constituency, for example, the level of unemployment is very high. The 460,000 new jobs that the Minister talked about translate to about 2,000 jobs or more per year. I am unable to translate this when it comes to my constituency because the levels of unemployment are high. We would like the Government to put more effort on areas that can create employment.

Mr. Deputy Speaker, Sir, I was impressed when the Minister said that there were increased allocations in areas like health, education, infrastructure and agriculture. In the area of education, the Budget for this year has risen to Kshs99 billion, while Kshs71 billion is to be spent on teachers' salaries. With the introduction of Free Primary Education, the number of pupils in schools has increased tremendously, while the number of teachers has not increased likewise. This has created a heavy workload on the teachers. Previous speakers spoke of a pay increase for teachers which has been pending not only during this Government's time. It is a problem that started a long-time ago.

I would propose that instead of increasing the salaries for teachers, we should plan to employ more teachers. The workload on the current teachers is too much. They are unable to cover all the classes. For instance, in my constituency, you will find that a school has about 900 pupils but there are only seven or eight teachers. A school with about 16 classrooms has eight teachers. It is impossible to manage it! Even if we increase the salaries, there is no magic that those eight teachers would teach 16 classrooms. I think the main thing that we should do is to increase the number of teachers so that the workload is reduced. This will ensure that all our pupils in primary and secondary schools can be taught properly.

Mr. Deputy Speaker, Sir, on the issue of infrastructure, there has been an increase and a proposed increase to Kshs126 billion by the year 2008/2009. This is a good idea, but the problem comes at the time of implementation. Money is allocated, but at the end of the financial year, you will find that the money has not been spent. This is a process that goes on year in, year out. For example, if we talk of energy, in my constituency there is one project that was approved in 2004. It is only last week that they started digging holes for electricity poles. This project was approved two years ago, but it has taken long to be implemented. I believe at the end of every year, money was returned to the Treasury. With the new Estimates, the project has been recorded once more. We should try to improve on how the projects are implemented. On agriculture, I was also happy to note that the Vote has increased. I believe that this will help to improve agriculture in this country.

Mr. Deputy Speaker, Sir, on the Youth Enterprise Fund, this is a very impressive step that the Minister has taken because most of our youth do not have jobs. If there can be a way of helping them to do business so that they can keep themselves busy, it will be good. However, I would request that this amount of Kshs1 billion be distributed fairly. I would like to propose that the

formula used in the CDF distribution should be applied here so that each constituency gets a fair share from this amount.

The Minister also talked about village youth polytechnics and he has allocated Kshs105 million. If you divide this amount per constituency, it will come to Kshs500,000 per constituency. This is nothing for a polytechnic. I gave about Kshs1 million to a polytechnic in my constituency but found it very little. So, when Kshs500,000 is given to a polytechnic, it is too little to do anything. However, we congratulate the Minister, because it is a first step. Maybe, next year, we will get Kshs1 million or more per constituency.

Mr. Deputy Speaker, Sir, the Minister dwelt a lot on women related activities, but, unfortunately, allocated no money to them. So, I would like to urge him to allocate some money for women activities.

Mr. Deputy Speaker, Sir, the issue of Sugar Development Levy is a pet subject for many hon. Members from Western and Nyanza Provinces. I come from a sugar growing belt. 99.9 per cent of my constituents grow sugar-cane. They wholly rely on sugar-cane for their livelihood. In the past five years most sugar-cane farmers have been getting what was called DRs. At the end of every harvest period, farmers owed the sugar company some money. At the end of the harvest, they ended up not benefitting from growing sugar-cane.

Mr. Deputy Speaker, Sir, we have been advocating that we should zero-rate VAT on sugar-cane and reduce the Sugar Development Levy. But, unfortunately, it has happened the other way round. Farmers, who have been earning very little or nothing are going to pay another 7 per cent tax. This issue has caused a major cry in our constituencies. Farmers are asking why they should pay another 7 per cent levy. The price of sugar-cane per tonne dropped in the year 2003. When this Government came to power, sugar-cane farmers were earning Kshs2,015 per tonne. This dropped to Kshs1700, and now it has gone up to Kshs2000. But this is still below what farmers were earning in the year 2002. So, imposing another 7 per cent levy on them will discourage many of them. What is going to happen is that sugar companies will not increase the amount of money they pay per tonne of sugar-cane. Since this levy will become payable on 1st January, next year, we should have another look at it. The Ministries of Agriculture and Finance, Members of Parliament and other stakeholders should sit down and see how to implement this proposal, so that our farmers do not suffer.

Mr. Deputy Speaker, Sir, I am very happy with the increase in the CDF. This is because the increase from Kshs7.2 billion to Kshs10 billion is about 40 per cent. But we should realise that many constituencies have never seen funds coming directly from the Government. Most of the projects in our constituencies have been undertaken through Harambee or donor funds. In my constituency, I found out that in the last 40 years what has been constructed directly by the Government is negligible. But since 2003, a lot has been done by the Government. I wish to suggest that instead of increasing the Fund to Kshs10 billion, it should have been increased to 5 per cent. I know that hon. Members had asked that it be increased to 7.5 per cent. This would have allowed more development to be done in our constituencies.

With those few remarks, I beg to support.

Mr. Owino: Mr. Deputy Speaker, Sir, allow me to add my voice to what hon. Members have said in this House on this Budget Speech.

First and foremost, I want to thank the Minister for giving us a fairly balanced Budget. However, I have a few points to make on expenditures.

The Minister gave us a figure of Kshs461 billion as the total amount of money available for both Recurrent and Development Expenditure. He said that over Kshs300 billion will go to Recurrent Expenditure, leaving only about Kshs120 billion for Development Expenditure.

Mr. Deputy Speaker, Sir, one of the measures the Minister has taken is to reduce the number of Government vehicles on our roads. If you remember very well, hon. Nyachae, when he was the Chief Secretary, tried to do that, but he failed. He even came up with the idea of

introducing green and blue number plates which, in my view, has also failed. This is because those vehicles have been running up and down everywhere. I also believe that the Minister will not save much from pulling out Government vehicles from our roads because the way he will administer this is not clear to us. This is just some form of window-dressing because last year, the then Minister for Finance said that the number of vehicles used by Government officers and Ministers will go down, but that was never done. I believe that even this time round, it will not go down. Even the allowances the Minister is going to give, instead of those vehicles, in my view, will cost us more than taking care of those vehicles if they were to be used prudently.

I also believe that the amount of money provided for in the Budget every year has never been seen on the ground. The only thing that we have seen working on the ground is the money from the CDF which we, hon. Members of Parliament, have been using to start and complete small projects. The rest of the money left to the central Government for development, I do not know what it is used for. Just like hon. Oparanya said, if money is allocated in the Budget for the construction of roads in an area, say, Kshs50 million, and that money is not used during that financial year, where does it go? We never see what that money is used for! I do not know if my colleagues see any development carried out in their constituencies using that money that has been provided for in the Budget. Several projects have been provided for in the Budget, but I have never seen, in my constituency, where that money that has been budgeted for is used to complete, for example, a water project. We would want the Minister to tell us what exactly happens to that money because it is never used to do anything that can be seen. I am sure that even in his own constituency, he will not be able to tell his constituents how much money has been used on a certain project.

Mr. Deputy Speaker, Sir, with regard to banking, the Minister was very kind to tell us that there will be new banking facilities for the poor people of Kenya. Whereas that is a prudent idea, the Minister should come out clearly and tell us what kind of products will be given to the poor people. It is not only the Muslims that are cut off from the conventional banking services. Even many poor Kenyans are not able to access finances because of outdated policies and requirements of the conventional banking systems in this country.

I was once a bank manager and I know that we have very many enterprising Kenyans, as much as they are poor, but because of those outdated requirements, many of them are not able to access money. For example, a requirement like a balance sheet; a poor woman who runs a small kiosk will not be able to understand what that is. She will not be able to know what a financial statement means. So, what the Minister should do, as a matter of urgency, is to bring the Micro-Finance Bill, so that micro-finance institutions have a legal standing from which they can assist the poor people to get money. That has taken the Government too long.

ADJOURNMENT

Mr. Deputy Speaker: Hon. Members, it is now time for the interruption of Business. Therefore, the House stands adjourned until tomorrow, Wednesday, 28th June, 2006, at 9.00 a.m.

The House rose at 6.30 p.m.