

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 15th June, 2004

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Papers were laid on the Table:-

The Report of the study tour of education institutions in Nairobi and Central Province by the Departmental Committee on Education, Research and Technology.

The Report of the study tour of Lamu, Garissa and Laikipia districts and action plan for accelerated education development in the ASAL areas by the Departmental Committee on Education, Research and Technology and members from other Departmental Committees.

*(By Mr. Muriungi on behalf of the Chairman
of the Departmental Committee on
Education, Research and Technology)*

NOTICES OF MOTIONS

Mr. Muriungi: Mr. Speaker, Sir, on behalf of the Chairman of the Departmental Committee on Education, Research and Technology, I beg to give notice of the following Motions:-

ADOPTION OF REPORT ON EDUCATION INSTITUTIONS IN NAIROBI AND CENTRAL PROVINCES

THAT, this House adopts the Report of the study tour of education institutions in Nairobi and Central Province by the Departmental Committee on Education, Research and Technology laid on the table of the House today, 15th June, 2004.

ADOPTION OF REPORT ON EDUCATION DEVELOPMENT IN ASAL AREAS

THAT, this House adopts the Report of the study tour of Lamu, Garissa and Laikipia districts and action plan for accelerated education development in the ASAL areas by the Departmental Committee on Education, Research and Technology and members from other Departmental Committees laid on the Table of the House today, 15th June, 2004

COMMUNICATION FROM THE CHAIR

LIMITATION OF QUESTION TIME

Mr. Speaker: Hon. Members, before we get to the Questions, I would like to bring to your attention that we will be hard pressed for time. Ordinarily, we must finish Questions by 3.30 p.m. However, today, we have a Procedural Motion which must end before 3.30 p.m. In addition to that, I have received a request from the Minister for Finance who wishes to issue two Ministerial Statements which, I am sure, will enlist your interest. So, I propose that Question Time runs up to 3.00 p.m. From there, I will give the Minister for Finance the opportunity to give two Ministerial Statements, making it possible for interested hon. Members to seek clarifications. After that, I will call upon the Leader of Government Business to move the Procedural Motion. So, I hope you understand. For that reason, I will begin with Questions by Private Notice.

I also want to bring to the attention of the House the fact that because of the nature of Questions by Private Notice, we will be beginning with them until debate on the Budget ends. I hope the hon. Members, who are to ask the Questions by Private Notice, are here.

QUESTIONS BY PRIVATE NOTICE

STARVATION IN TURKANA DISTRICT

Mr. Sambu: Mr. Speaker, Sir, although I have not received the written reply, I beg to ask the Minister of State, Office of the President the following Question by Private Notice.

(a) Is the Minister aware that in Turkana District many people died and many more are severely malnourished and weakened due to lack of food mainly maize?

(b) Could he state what steps the Government is taking to save these people from being wiped out by starvation?

(c) Could the Minister table the amount of maize available in each of the National Cereals and Produce Board (NCPB) depots throughout the country?

(d) Could he instruct the NCPB management to urgently allow Kenyans from the areas where the depots are located to buy maize for their food from these depots?

Mr. Speaker: I hope the House does appreciate the predicament of the Chair today as I have explained.

Proceed, Mr. Tarus!

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

(a) I am not aware that many people have died due to lack of food. However, I am aware that the district has been facing drought stress as a result of the said failure of the short rains. Consequently, a food security assessment and nutrition survey was conducted and appropriate measures put in place.

(b) The Government has taken several steps to save the situation. It has allocated relief food to the district since January to May, 2004 as follows: Maize, 74,142, 90-kilogramme bags; beans, 6,584, 90-kilogramme bags and Vegetable oil, 7,739 six by three litre cartons. A sum of Kshs2.3 million has been allocated for secondary transportation during the period under review. The Government has also identified two lead agencies. These are OXFAM in north Turkana and World Vision in south and central Turkana.

These agencies are involved in the secondary transportation, distribution and targeting of food. They have also supplemented the Government's effort by donating more foodstuffs. OXFAM, GP has donated 53 metric tonnes of sugar and 305 metric tonnes of unimix while the World Vision has donated 1,500 metric tonnes of unimix, not to mention the administrative distribution costs.

Similarly, the DC's office distributes food to areas not covered by these two agencies. The Government and other development partners are also in the process of undertaking a major food security assessment in the country, Turkana District included, in order to get prepared for any eventuality.

(c) NCPB has a total of 1,495,547, 90-kilogramme bags of maize, including commercial stocks, strategic grain reserves and famine relief stored in various depots throughout the country as shown in the targeted schedule.

(d) The National Cereals and Produce Board (NCPB) has instructed its depots and cereal managers to sell commercial maize to the public, in the areas where depots are located, without any limitations. The maize is available not only in the traditional 90-kilogramme bags, but also in other affordable and convenient packages of 50 kilogrammes and 20 kilogrammes.

Mr. Sambu: Mr. Speaker, Sir, it is in public knowledge that many people have died in Turkana District. If the Government says that they have not died, we leave it to the judgement of the people. Maybe, those who are dying are not people! Maybe, there are other things! Nonetheless, the distribution process which has been done here is not adequate.

Mr. Speaker, Sir, could the Government involve itself in distribution, rather than use the same agencies which have been in Turkana, and people are still suffering?

Mr. ole Ntimama: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order! What is it? There is a point of order!

Mr. ole Ntimama: On a point of order, Mr. Speaker, Sir. I want the Assistant Minister to assure this House that he will not send contaminated maize to those areas where people are hungry and can eat anything!

Mr. Speaker: Well! You relax, Mr. ole Ntimama! Stand up and I will give you as a supplementary question. That is not a point of order.

Mr. Tarus: Mr. Speaker, Sir, there are deaths which have been reported in those areas. But it has to be proven clinically whether they died as a result of lack of food or other medical reasons.

But I want to confirm that the Government is committed to distribute food to areas where there is shortage of food.

Capt. Nakitare: Mr. Speaker, Sir, whereas I appreciate the Assistant Minister's statement, is he in order to tell this House that Turkana District will be given relief food, when it is neighbouring Trans Nzoia, where we have plenty of food to eat and give out? Why can they not buy maize from Trans Nzoia, instead of buying it from outside?

Mr. Tarus: Mr. Speaker, Sir, we have to use the existing Government organs to acquire and distribute relief food. We have the NCPB which purchases maize. I hope the hon. Member and his people have taken all their maize stocks to the NCPB.

Mr. Speaker: Mr. ole Ntimama, I promised to give you this chance.

Mr. ole Ntimama: Mr. Speaker, Sir, could the Assistant Minister assure this House that the Turkanas will be protected from contaminated maize, which has been issued from some stores in this country to other areas and people have died as a result of consuming it?

Mr. Tarus: Mr. Speaker, Sir, I assure everybody that the country is protected from contaminated maize.

Mr. Speaker: I must end this Question now! I will give a chance to Mr. Ngoyoni, and then finish with Mr. Sambu.

Mr. Ngoyoni: Mr. Speaker, the situation in Turkana is not a sudden occurrence. It has been a looming disaster. For hunger to have hit those areas, there must have been some indications. Why has the Government waited until 40 to 50 people have died, and then pretend to be taking action now? What is the situation now?

Mr. Tarus: Mr. Speaker, Sir, we did not wait. We have established a food security committee which assesses all situations. The problem may have arisen as a result of logistical aspects, but not lack of response.

Mr. Speaker: Last question, Mr. Sambu! I am sorry I have to finish it!

Mr. Sambu: Mr. Speaker, Sir, could the Assistant Minister assure the House that the NCPB silos and depot managers will allow the locals to buy maize in quantities that they can afford?

Mr. Tarus: I assure this House that instructions have been issued to NCPB, depots and silos managers to sell maize without limitations.

Mr. Speaker: Next Question! Mr. Osundwa!

ATTACK ON MR. WILLIAM MUKANGASIA
BY NISHI TRANSPORTERS GUARDS

Mr. Osundwa: Mr. Speaker, Sir, I beg to ask the Minister of State, Office of the President the following Question by Private Notice.

(a) Is the Minister aware that on 6th May, 2004, at about 9.00 p.m., guards employed by Nishi Transporters in Mumias beat up William Onyango Mukangasia who later died while undergoing treatment at St. Mary's Mission Hospital in Mumias?

(b) Under what circumstances did the management of the above mentioned firm transport the body of the deceased from Mumias to Bungoma Hospital, where a post-mortem was done without involving family members?

(c) Could the Minister explain why Mr. Mukangasia was kept in Mumias Police Station for three days despite the injuries sustained, and only released when his condition worsened?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Speaker, Sir, we dealt with this Question, but there were some issues which were brought up by hon. Members, and which we needed to clarify. The first one was judgement on the basis of manslaughter and not murder. May I give the following information:-

(i) The decision to prefer a charge of manslaughter and not murder was based on the advice of the Provincial State Counsel, Western Province.

(ii) No action has been taken against the doctor who performed the post-mortem in Bungoma, as any such action can only be based on professional issues and, therefore, a matter for the Kenya Medical Practitioners and Dentists Board. The Board is vested with disciplinary powers over doctors.

Mr. Osundwa: Mr. Speaker, Sir, this is the fourth time I am asking this Question. What I want the Assistant Minister to explain to this House is why the matter was not discussed in court, where the magistrate could decide whether the culprit could be charged with murder or manslaughter. Why did the police choose to charge those guards with manslaughter and not murder? Those are the issues that the Assistant Minister has not explained to this House.

Secondly, when the body was taken to Bungoma, it was not accompanied by any police officer as required by law. The report from Bungoma indicated that, that man died of malaria. This House is interested to knowing why disciplinary action was not taken against that Government doctor.

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Speaker, Sir, I have said that the charge was as a result of the advice from the Provincial State Counsel. Secondly, we have taken appropriate measures to find out why the body was not accompanied by a police officer. We shall take appropriate disciplinary measures against those who were responsible for that.

Mr. Speaker: Last Question on this! Very well! That ends it! Next Question by Mr. Owino!

OUTBREAK OF *EBOLA* AT THE KENYA/SUDAN BORDER

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

(a) Is the Minister aware of the existence of the deadly disease *Ebola* at the Kenyan border with Southern Sudan, where the disease outbreak has killed five people?

(b) What mechanism has the Government put in place to stop the disease from spreading into Kenya?

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

(a) I am aware of the existence of *Ebola* in Southern Sudan. The outbreak is in Yambio area of Western Equatorial Region, which borders the north-west side of Uganda. The outbreak was first reported on 18th May, 2004. We received the information on the same day, from the World Health Organisation (WHO). The total number of people affected is 28, and seven people have died. The last suspected case was reported on 31st May, 2004.

(b) The Ministry has put surveillance teams at all our border points at Lokichoggio, Malaba and Busia, where screening is being done on people entering the country. There is also screening at Kakuma Refugee Camp, where there is a lot of movement of people. We also have teams at Jomo Kenyatta International Airport and Wilson Airport. All the health units in those areas have been alerted. Our surveillance units, at the Ministry of Health, are monitoring the areas, and have put the following surveillance measures in place:-

Ebola surveillance tools have been reviewed, printed and dispatched to all border points and other points of entry.

Ebola health workers fact-sheets have been given to health workers for ease of diagnosis and quick notification. A Viral haemorrhage fever guidelines on management and preventive measures as developed by WHO and Ministry of Health, have been given to health workers to assist them.

Emergency protective gear is in place and the Ministry has bought additional supplies for preparedness.

Lastly, collaboration with other stakeholders is being strengthened at all levels.

Mr. Owino: Mr. Speaker, Sir, I thank the Assistant Minister for that comprehensive answer. But the Ministry normally comes in haphazardly when an outbreak occurs like has happened in cases of highland malaria. Could the Assistant Minister assure the House that we shall not have haphazard arrangements when this disease strikes us any time?

Mr. Konchella: Mr. Speaker, Sir, I wish to assure the hon. Member and the House that the Ministry is alert and is fully in control of the situation.

Dr. Ali: Mr. Speaker, Sir, how does the Ministry check those people who are travelling by road, especially truck drivers who are coming from Sudan? Where do you check them? He talked about Kakuma, which is a refugee camp and Lokichoggio, which is an airport. What happens to those who travel by road and cross the border the way they like?

Mr. Konchella: Mr. Speaker, Sir, the Ministry has provided our teams with rapid test kits to test the temperatures of people and we have 125 people who have been identified to have high temperatures and these people are being followed in the country wherever they have gone.

Capt. Nakitare: Mr. Speaker, Sir, could the Assistant Minister tell this House if those areas are under quarantine?

(Laughter)

Mr. Speaker: Order! For the Assistant Minister to understand, are you saying, Capt. Nakitare, that the Assistant Minister declares quarantine in a foreign land?

(Laughter)

Capt. Nakitare: Mr. Speaker, Sir, the quarantine can always be along the border!

(Laughter)

Mr. Speaker: Mr. Assistant Minister, what is your response?

Mr. Konchella: Mr. Speaker, Sir, the outbreak of *Ebola* is in Southern Sudan and our role is simply to check whether it is in Northern Kenya and to make sure that the disease does not spread into this country. We cannot stop people from moving around because it is their right.

Mr. Speaker: Very well. Let us attempt to get to the ordinary Questions now.

ORAL ANSWERS TO QUESTIONS

Question No.079

ILLEGAL ACQUISITION/SALE OF NATURE HOUSE

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

- (a) whether he is aware of the illegal acquisition and sale of Nature House, L.R. No.209/674, which is the property of the Union of Kenya Civil Servants; and,
- (b) what measures the Government is taking to salvage the property and return it to its rightful owners.

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

(a) The Kenya Civil Servants Welfare Association (KCSWA) acquired Nature House on L.R. No.209/674 on 28th August, 1989. The transfer was done after the settlement of liabilities by the KCSWA trustees amounting to Kshs3,817,984.45 which the Kenya Civil Servants Union had accepted in form of loans, land rates and water bills. The settlement of liabilities was done before the High Court of Kenya. Records available also indicate that Nature House was again transferred, on the 14th of September, 2000 by the Trustees of the KCSWA and registered on the 21st September, 2000.

(b) The matter is already before the Kenya Anti-Corruption Commission for investigations. The Government is still awaiting the outcome of the investigations before any measures can be taken.

Mr. Muriungi: Mr. Speaker, Sir, Nature House is a four-storey building in the Nairobi Central Business District. It is valued at more than Kshs250 million and it fetches rent of not less than Kshs2 million per month. The amount at which it was sold, Kshs3,817,984.45 would have been paid through only two months rent. This house's records say that it was sold at a pittance of only Kshs16 million.

Mr. Speaker: What is your question?

Mr. Muriungi: Could the Assistant Minister rule out conspiracy between the sellers and the

buyers who are a Mr. and Mrs. Wanjohi? Could he rule out conspiracy? The house was sold at Kshs16 million and by that time the value was more than Kshs250 million. According to records, it is Mr. and Mrs. Wanjohi, of a company which is called Igainya Ltd. of P.O. Box 40370, Nairobi. What the Assistant Minister calls a transfer is actually a sale. So, he is trying to cover up, saying it is a transfer instead of using the word "sale". So, could he rule out a conspiracy?

Mr. Speaker: Order, Mr. Muriungi! Could he reply? There is no difference between a sale and a transfer. In fact, a transfer is the culmination of a sale or a deal.

Mr. Dzoro: Mr. Speaker, Sir, all those allegations that the hon. Member is bringing into this House have been looked into and that is why the Government has decided to send the matter to the Anti-Corruption Commission because the amount involved is big. The matter is still being investigated and a report will come and we shall take the appropriate action. Otherwise, I appreciate the concerns that the hon. Member has raised and I want to assure this House that the matter has been seriously looked into by the Government.

Mr. Serut: Mr. Speaker, Sir, given that the Kenya Civil Servants Union did not exist at that particular time, who were those trustees? Could he name them?

Mr. Dzoro: Mr. Speaker, Sir, according to available records, the following are the trustees that actually got involved. They are John Silas Nyamato, Donald Kamuru Kibera and Joseph Bonny Munyoki Katungu.

(Laughter)

Mr. Shakombo: Mr. Speaker, Sir, whatever amount of money they are talking about that building was sold for, the problem is the first two trustees, because I was one of the trustees.

(Loud consultations)

When I retired from the Civil Service, the two gentlemen went to the Commissioner of Lands and declared the other trustees as "dead" and they said they were the only two living and yet, I am still alive!

(Laughter)

An hon. Member: You are dead!

Mr. Shakombo: I am not dead, I am still alive!

(Laughter)

So, the building was sold by those people and the money went into their pockets. It is not fair for the Assistant Minister to say it is a new subject. This is a very old subject. He should tell us what action he is going to take. One of those trustees is still a senior civil servant and, therefore, we want to know the action the Ministry is going to take because this was complete stealing.

Mr. Speaker: Order! You do not use that language!

Mr. Dzoro: Mr. Speaker, Sir, the records that are available to us show that these trustees I have just read out came up after the retirement of the hon. Member. However, as I have said before, these irregularities have been taken into consideration. So, I would only appeal to the House to wait for the report on the investigations.

(Capt. Nakitare stood up in his place)

Mr. Speaker: Order! I suspect that, Capt. Nakitare, you want to have a shot. Mr. Rotino!

Mr. Rotino: Mr. Speaker, Sir, this is a very serious issue because this is where the Union has lost a lot of money. Could the Assistant Minister assure this House, that when the report is out, those people who were involved will be brought to book?

Mr. Dzoro: Mr. Speaker, Sir, serious steps are going to be taken. This Government is very serious and that is why we will take serious steps against all those that have been involved in this scandal.

Mr. Speaker: Last question, Mr. Muriungi!

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

Mr. Speaker: What is it? I hope it is a point of order!

Mr. Salat: Mr. Speaker, Sir, since an hon. Member had to clear his name, I also heard Mr. Katuku's name being mentioned!

(Laughter)

Mr. Speaker: What did you say? Mr. Salat, you are actually frivolous! As a matter of fact, you do not play with the House. I think this is the seventh time I am telling you that you should cease to be a joking hon. Member. Be serious!

Hon. Members: Out!

Mr. Speaker: You will not go out for today, but if you accustom yourself to making this House a playing field, you will certainly go out the next time. Be serious!

Last question!

The Assistant Minister for Finance (Mr. Katuku): On a point of order, Mr. Speaker, Sir. I appreciate your ruling, but would I be in order to ask the hon. Member to withdraw my name from the saga? I am not party to it!

Mr. Speaker: Yes! Indeed, you are not. Nobody has mentioned you. I do not know where Mr. Salat got all these from. Mr. Salat, will you withdraw and apologise?

Mr. Salat: Mr. Speaker, Sir, I withdraw and apologise but I heard the name "Mr. Katuku".

Mr. Speaker: Order, Mr. Salat! We have hon. Members who really want to reduce the dignity of this House. It is time that we restored this dignity. Just do not dream about maligning the name of your colleague and then go ahead and actually do it. It is a most dishonourable thing. When you are asked to withdraw and apologise, you do it without conditions because then it ceases to be a withdrawal and an apology. Will you now do it without any condition whatsoever?

Mr. Salat: Mr. Speaker, Sir, I withdraw and apologise.

Mr. Speaker: Very well! Next Question by Mr. Kagwima!

Question No.389

CONSTRUCTION OF GATITHINI
POLICE STATION

Mr. Kagwima asked the Minister of State, Office of the President when construction of Gatithini (Makutano) Police Station will start as promised by the Permanent Secretary in the Office of the President (Provincial Administration) and confirmed by the Minister in 2003.

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

There has not been any promise by either the Minister or the Permanent Secretary to construct Gatithini Police Station. However, the Government will consider the request once funds are available.

Mr. Kagwima: Mr. Speaker, Sir, you will remember that last week this Question was deferred to today---

*(Messrs. Moi and Khamasi
consulted loudly)*

Mr. Speaker: Order, hon. Members! I cannot even understand what the hon. Member is saying and I am sure that the Assistant Minister is in the same boat. Could we please consult quietly? Mr. Kagwima, what were you saying?

Mr. Kagwima: Mr. Speaker, Sir, I was reminding the House that this Question was deferred last week to today. At that time, I took the Assistant Minister very seriously because I thought he was trying to get a reasonable answer. However, what I have is a formality where a Minister or an Assistant Minister comes to say: "No, I do not know and because of this, this does not apply." On the last part of his answer, he says; "when funds are available" but the first part of his answer is very annoying. I want to remind the Assistant Minister before I ask the question, that since 1966, in that area of Tharaka District people were displaced by *shiftas*.

Mr. Speaker: Would you now let him answer the question?

Mr. Kagwima: Mr. Speaker, Sir, having told him the seriousness of the matter, could he answer the question? When will he make the money available for construction of the police station?

Mr. Tarus: Mr. Speaker, Sir, actually, we are hoping for the best. Once we secure funds, we shall consider his request.

Mr. Abdirahman: Mr. Speaker, Sir, what is more pertinent in this particular Question is the issue of whether the Minister and the Permanent Secretary have actually promised to carry out the construction of Gatithini Police Station. I have a feeling that probably somebody has to promise you something to have that item placed in the Budget.

Could we really know from the Assistant Minister what the procedure is to have those kinds of institutions put up in this country?

Mr. Tarus: Mr. Speaker, Sir, the Government considers recommendations from the District Development Committees (DDCs) and also the availability of funds.

Mr. Speaker: Last question, Mr. Kagwima!

Mr. Kagwima: Mr. Speaker, Sir, fortunately for us, a similar Question was answered by the same Assistant Minister in person last year. How can he say that he forgot the promise that he and the Permanent Secretary made in the office? He chaired the meeting while the Permanent Secretary took the minutes. Three of us were in that meeting! Now he is denying that he promised the construction of Gatithini Police Station.

Mr. Tarus: Mr. Speaker, Sir, I am not sure whether I was part of that meeting.

(Laughter)

Mr. Speaker: Order! Proceed, Mr. Kagwima!

Mr. Kagwima: Mr. Speaker, Sir, I hope the Assistant Minister takes this House and the business of Government very seriously. Is he in order to embarrass the Government when he, wearing the *kofia* of the Assistant Minister, answered a similar Question in this Parliament last year? He invited me to the Office of the President and he chaired the meeting which he wants to say - and

I know lawyers have very good memories---

Hon. Members: Is he a lawyer?

Mr. Kagwima: Mr. Speaker, Sir, I withdraw that! However, I still hold the Assistant Minister with a lot of integrity. Is he in order to deny what he put in writing in the presence of the Permanent Secretary and myself?

Mr. Tarus: Mr. Speaker, Sir, for the purpose of clarity, yes, the Government is aware that at Makutano, there is a Police Post and currently officers are being housed by UNIHADS. We know that there is sufficient land and all we are waiting for is to access funds so that we can build that police station. We have not denied, but it is only lack of funds.

Mr. Speaker: Sorry, I think I must now end Question Time. Mr. Leshore, I hope you do not mind if I defer your Question to tomorrow. Do you?

Mr. Leshore: Mr. Speaker, Sir, this Question came up last week and I am happy with the answer the Minister has given me. So, he can proceed.

Mr. Speaker: To go home?

(Laughter)

Order, hon. Members! Because of the particular disposition of the hon. Member, I will oblige.

Question No.333

DEPLOYMENT OF STAFF TO
SAMBURU EAST DISPENSARIES

Mr. Leshore asked the Minister for Health:-

(a) whether she is aware that Lodogokwe, Oromodehi, Swari and Sereholipi dispensaries are not operational, and;

(b) what urgent steps she is taking to deploy staff to the said dispensaries.

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

(a) I am aware that Sereholipi, Swari and Lodogokwe dispensaries are operational. However, Oromodehi Dispensary was closed after the residents who are mostly pastoralists, migrated from the area. This forced the facility to remain open for six months without any patients. The nurse had to be deployed to another facility.

(b) As stated above, I shall ensure that the facilities have adequate staff to offer medical services to the area residents. Meanwhile, a nurse has been identified and shall be posted to Oromodehi Dispensary as soon as the facility which is currently undergoing rehabilitation is completed.

Mr. Speaker: Very well! I thought I heard Mr. Leshore say he is quite happy with the answer.

Mr. Leshore: Yes, Mr. Speaker, Sir. I am very happy with the answer given by the Assistant Minister. However, could he now ensure that more staff are posted to that dispensary because the two nurses working there have not taken their leave for over five years?

Mr. Konchella: Mr. Speaker, Sir, I agree entirely with the hon. Member. It is one of the issues we have to address because the distance to the main hospital is quite long. It is, therefore, quite strenuous for one nurse to work there, for a year or so. Therefore, during the next financial year, the Ministry will ensure that we have a minimum of two nurses in each of those dispensaries.

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

*Question No.364*ILLEGAL ALLOCATION OF
MASHAMBANI PRIMARY SCHOOL LAND*(Question deferred)**Question No.225*

ELEPHANT MENACE IN URINGU LOCATION

(Question deferred)

Mr. Mwiraria, you have two Ministerial Statements to make. However, you also have to be mindful that I will have to call the Vice-President at about 3.20 p.m.
Please, Proceed!

MINISTERIAL STATEMENTS

TAXATION ON PETROLEUM PRODUCTS

The Minister for Finance (Mr. Mwiraria): Mr. Speaker, Sir, thank you for giving me the opportunity to make the following Statements which relate to the report made in the media on the Budget proposals for the coming financial year. Particularly, I want to talk about taxation of petroleum products and the Vice-President's house.

I will make a Ministerial Statement tomorrow on the Anglo Leasing Finance Company. But before I do so, I want to assure the House that the two projects under the Anglo Leasing Company have been cancelled and all the money that the Government had paid has been received back.

(A mobile phone rang)

Mr. Speaker: Order! Where is that mobile phone? Whose is it?

An hon. Member: Some ghost!

The Minister for Finance (Mr. Mwiraria): Mr. Speaker, Sir, on taxation of petroleum products, it will be recalled that there was a media coverage on the 11th, which stated that there were price increases on petroleum products following hidden taxes.

Mr. Khamasi: On a point of order, Mr. Speaker, Sir. You have most often made a ruling that this House does not actually rely on any newspaper reports. However, the Minister is trying to do exactly what you ruled against. So, what can the Chair direct?

(Applause)

Mr. Speaker: Order! It is the duty of every hon. Member, and right thereof, to point to the Chair if there is a rule of the House breached. Yes, indeed, this House does not operate on Press reports. The Minister may say: "Following information." Wherever he receives it from, we do not want to hear.

Proceed, Mr. Mwiraria!

The Minister for Finance (Mr. Mwiraria): Mr. Speaker, Sir, following the information I received on the 12th June, 2004, to the effect that the Kenyan population had been misinformed that

there were to be price increases of petroleum products following hidden taxes I had not covered in the Budget, I wish to say the following:

During the year 2000, the Government imposed suspended duties on petroleum products imported as refined products. This was done to protect the East African Oil Refineries Limited. Those suspended duties, at least, part of them, were in force from then and they are in force even this year. So, I decided to convert them from suspended duties into excise duty because they had been in force for over three years. Now, in order to make sure that I protected the East African Oil Refineries Limited, I issued a remission order under Legal Notice No.47 of 10th June, 2004, in the Kenya Gazette Supplement No.37. This means that the oil refineries' products were not subject to the excise duty being charged on imported refined products. The rate of excise duty increase in the Bill represents a direct conversion of the suspended duties which were imposed on petroleum products. So, there has been no change at all in the level of taxation on petroleum products from what existed before the Budget Day. For that reason, the oil industry should not use the Budget proposals as an excuse to justify price hikes on petroleum products. I have today asked the Commissioner of Monopolies to investigate this matter. If he finds that oil prices were increased under this pretext, they will be brought down.

(Applause)

CONSTRUCTION OF THE VICE- PRESIDENT'S RESIDENCE

In the published Estimates, and from information which also reached me, there is an Item under the Ministry of Roads, Public Works and Housing; sub-Vote 142, Head 400, Item 401, with Kshs1,000,050,000,000 which is provided for: "Construction of buildings - VP's residence." As can be noted, Part Two of the Estimates is a consolidation of details in Part Three. If the people who have been talking about this Item had cared to look at Part Three, they would have found out that this amount covered two items. First, it covered the completion of stalled projects for Kshs1 billion. Secondly, it covered the construction of the Vice-President's residence for Kshs50 million. It is important for me to emphasise here that the construction of the Vice-President's residence is already in the current year's Printed Estimates with a provision for Kshs50 million. However, since the works were not started this year, we have re-voted the money for next year.

Mr. Speaker: You have to worry about time now as I do.

The Minister for Finance (Mr. Mwiraria): Mr. Speaker, Sir, I am finishing. I have already said what really needed to be said. I believe that the information I have given to this House puts to rest the question of building what would certainly be a skyscraper for the Vice-President as his residence. I am sure that anybody who thought about it seriously would have known that Kshs1 billion would not be used to build an ordinary dwelling house for anybody.

Thank you very much, Mr. Speaker, Sir.

Mr. Maore: Mr. Speaker, Sir, Kenyans have suffered in the hands of oil companies. Why has the Commissioner of Monopolies, who is directly employed by the Treasury, not revoked the licences of the companies which have been breaking the rule since it was passed on Friday? Secondly, why would the Minister keep on protecting an obsolete facility which is operating under the technology of the 1960s instead of closing it down and let it wither away and allow free importation of oil?

The Minister for Finance (Mr. Mwiraria): Mr. Speaker, Sir, I only gave instructions in writing to the Commissioner of Monopolies yesterday. I have to do that under the law. So, he has to carry out investigations and react positively or negatively in his findings. On the Kenya Petroleum Refineries Ltd. (KPRL), the Government is a 50 per cent shareholder. The KPRL produces products which are sold in neighbouring countries and make money for this Republic. We are

currently carrying out a study to find out whether to continue with the KPRL or whether to get rid of it. As soon as the results come out, I am sure my colleague, the Minister for Energy, will take the necessary action.

Mr. Speaker: Very well! Let us move on to the next Order! The Leader of Government Business, you have only five minutes to move the Motion.

PROCEDURAL MOTION

LIMITATION OF DEBATE ON ANNUAL ESTIMATES

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Speaker, Sir, I beg to move the following Procedural Motion:-

THAT, the following limitations shall be applied to the Business of the Annual Estimates:-

(i) Each speech in the debate on the Financial Statement on the Annual Estimates shall be limited to ten minutes, excluding the Mover's speech and reply, which shall not be limited; and the Official Leader of the Opposition or designated official spokesperson who shall be limited to thirty minutes.

(ii) On the Motion "That, Mr. Speaker do now leave the Chair" to enable Ministers to initiate debate on policy, the Mover shall be limited to a total of one hour; half an hour for moving and half an hour for replying to the debate; thirty minutes for the Leader of the Official Opposition or designated official spokesperson; and that each other Member speaking shall be limited to ten minutes; provided that one hour before the Question of the Vote is put, the House shall go into the Committee and the Chairman shall put every question necessary to dispose of the Vote.

(iii) Each speech in Committee of Ways and Means and Committee of Supply shall be limited to ten minutes.

Mr. Speaker, Sir, I would like to request hon. Members, when they are debating the Motion, to try and confine themselves to the Budget. This is because we do seem to have a habit of wandering around. But, nevertheless, it is just an appeal. No one can rise here and order hon. Members around. I appeal to hon. Members to do this so that we can give as many hon. Members as possible a chance to ventilate their feelings on what is happening.

Mr. Speaker, Sir, I beg to move.

The Minister for Education, Science and Technology (Prof. Saitoti) seconded.

(Question proposed)

Dr. Godana: Thank you very much, Mr. Speaker, Sir. We have heard the appeal of the Vice-President and Minister for Home Affairs and Leader of Government Business and noted that they have already panicked before the debate has started.

Mr. Speaker, Sir, otherwise, I rise to support the Procedural Motion without promising him what he wants us not to do.

(Loud consultations)

Mr. Speaker: Order! I think this House will benefit immensely if it returns to what it used to be.

Hon. Members: Which is?

Mr. Speaker: Which is we did not have people like you talking when the Chair is on his

feet!

Hon. Members, you must now keep to the rules of the House!

(Question put and agreed to)

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT MR. SPEAKER DO NOW
LEAVE THE CHAIR

(The Minister for Finance on 10.6.2004)

*(Resumption of Debate interrupted
on 10.6.2004)*

(First Day of Budget Debate)

Mr. Speaker: The Vice-President and Minister for Home Affairs, as you noted last time, you have ten minutes to second this Motion.

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Speaker, Sir, I stand to second the Motion.

Mr. Speaker, Sir, all of us have been concerned with the poverty prevailing in this country. The inability of ordinary people to access basic necessities of life such as food, education, housing, health facilities---

(Loud consultations)

Mr. Speaker: Order, hon. Members! The most important part of our calendar, as Parliament, is to discuss the financial proposals. Indeed, that was the main reason why Parliament was set up, so that you do not tax people without hearing their voice. I get surprised when we begin a matter like this on day one, and we cannot even listen! You know that last time, hon. Members refused to listen and ended up reducing their own salaries.

Please, proceed, Mr. Awori!

(Laughter)

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Speaker, Sir, I stand to second this Motion. All of us are concerned about poverty that is prevailing in this country. Ordinary Kenyans find it difficult to access basic necessities such as food, health services, housing and education, particularly higher education. Yet, the Government's primary objective is to revive the economy. When the Minister prepared his Budget, he had an eye on how he can alleviate that position; that is, to revive the economy. He looked at all the sectors in the Government.

Mr. Speaker, Sir, in order to revive the economy, he started by looking at the agricultural sector. His first concern was how farmers can access easy credit, so that they can improve

agriculture. He tried to revitalise the Agricultural Finance Corporation (AFC) and capitalise it. He also went further and looked at research, to ensure that both food crops and cash crops produce better seeds to enhance agriculture. Still on research, he did not confine himself to crops only. He went further and looked at livestock as well.

In other words, what he has tried to do in research is to enable farmers get maximum benefits from agriculture.

Mr. Speaker, Sir, he has tried to harmonise all the research houses that we have. In the past, some crops were marginalised and no research was carried out on them at all. They never really grew. One such crop is cotton. Cotton could have benefited this country a great deal. But, it was designated, right from the colonial days, as a native crop. It did not benefit from any research at all. If research was done on cotton, it could have benefitted many people. The Minister looked at the prices of inputs and realised that distributors are taking advantage of farmers. Therefore, he has put in place mechanisms that will deal with such distributors.

Mr. Angwenyi: On a point of order, Mr. Speaker, Sir. Could we kindly listen to the Seconder, please? We are consulting very loudly!

Mr. Speaker: Mr. Angwenyi, I am listening. It is your colleagues who are not listening!

Mr. Angwenyi: Mr. Speaker, Sir, I am saying: "Can we?"

Mr. Speaker: Order, hon. Members! Those who are not interested in the speeches here, please withdraw quietly!

Mr. Awori, please, proceed!

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Speaker, Sir, in the Budget, the Minister has encouraged co-operative societies to take the challenge and start distributing farm inputs. He knows that co-operative societies are composed of people who feel the pinch. He believes that if they took up the distribution of inputs, they would be able to bring down their costs. Similarly, he has taken charge of marketing by reviving, for instance, the Kenya Farmers Association (KFA), Kenya Co-operative Creameries (KCC), the Dairy Board of Kenya and the Kenya Meat Commission (KMC). He has planned abattoirs in various areas, so that, indeed, livestock farmers and pastoralists can benefit.

Mr. Speaker, Sir, on manufacturers, he has brought down the cost of production, so that we can be competitive in the liberalised market. He has put in place mechanisms that will stop dumping. For instance, petroleum destined for other countries has always been diverted to the local market, causing us a lot of problems. He has also put in place punitive measures. Those found dumping will be charged in court. They even run the risk of losing their licences. He has also give several incentives. Even in the Budget last year, he gave incentives to importation of equipment and machinery. But, some people took advantage of that. But now, there are mechanisms to ensure that, that does not happen.

Mr. Speaker, Sir, a window was opened in the American market through the African Growth and Opportunity Act (AGOA), for our textiles to go to America. Some unscrupulous people used that opportunity and seriously damaged our exports to America. That is because no Kenyan really benefited from AGOA, except a few people who were employed there. The only lasting solution to AGOA is to improve the growth of cotton through research, as I have mentioned.

In the service industry, our manufacturers have lacked access to credit facilities for a long time. Therefore, that has stifled economic growth. In the informal sector, where over 5 million people are employed, it is not easy to access credit. As a result, they are unable to grow. The multi-national banks always charge very high interest rates! They make huge profits while benefitting only a few people. When he dealt with the question of regulating interest rates, that was to enhance the work of small traders.

He removed unnecessary charges that were "killing" the people who are using the banks. It is necessary that these banks are regulated so that they can protect the borrowers. It was good to see that when you have taken a loan and paid nearly 90 per cent of it and you are unable to continue to pay, the only interest that would be charged is on the balance of the loan and not the total amount as it used to be the case before.

Mr. Speaker, Sir, on the construction industry, it has always been known that the construction industry is usually the barometer for economic growth. For a long time, there has been no growth of the construction industry but, of course, again when the Minister is regulating the interest rates and removing the charges, a lot of developers are going to come forward to start constructing houses. This will help to realise the policy that we set up of trying to build 150,000 houses every year. When the developers have access to cheap money during the construction process they do employ a lot of people. This also helps the people who are manufacturing building materials such as tiles, GI sheets and many others.

Mr. Speaker, Sir, the Minister brought in the question of efficiency in running the---

Mr. Speaker: I am sorry, Your Excellency! You must now wind up! Finish now!

The Vice-President and Minister for Home Affairs (Mr. Awori): Mr. Speaker, Sir, I will just wind up by thanking the Minister for putting money in the Budget for the Constituency Development Fund (CDF) which is going to help a great deal in the development of constituencies because Kshs20 million---

Mr. Speaker: Your time is up!

The Vice-President and Minister for Home Affairs (Mr. Awori): I beg to support.

(Applause)

Mr. Speaker: Mr. Billow is the Official Responder. Order, Members! I had actually proposed the Question because it was informally seconded by the Vice-President and Minister for Home Affairs. So, I do not need to propose again. I just want the House to know that Mr. Billow, unlike everybody else, will have 30 minutes.

Mr. Billow, your time begins now!

Mr. Billow: Thank you very much, Mr. Speaker, Sir. I want to begin by thanking the Minister for having had the opportunity to present the Budget that he did which, indeed, also had some remarkable pronouncements. However, I would leave those who are seated opposite me to read the eulogy and I will use my time to get into critical issues that I want to raise.

Mr. Speaker, Sir, it was the first year after a full Budget year that the NARC Government presented its Budget. They did mention that the economy grew, last year, by 1.8 per cent.

The Minister for Finance (Mr. Mwiraria): On a point of order, Mr. Speaker, Sir. The hon. Member is talking about an eulogy. Am I dead? Is somebody dead?

Hon. Members: The Budget is dead!

(Laughter)

Mr. Speaker: Order, hon. Members! You know that is why I am asking for calm so that I can follow. Mr. Billow, did you actually say that some people are going to read an eulogy for the Minister?

Mr. Billow: Mr. Speaker, Sir, an eulogy for the Speech means they are praying for the Speech and I put it in that context.

Hon. Members: No! No!

Mr. Speaker: Order! Order! Order, hon. Members! As I said, we are totally losing grip of the matters. We are becoming too petty. You are a Shadow Minister and why do you wish him dead?

(Laughter)

Mr. Billow, be serious! Will you withdraw that terrible wish and proceed?

Mr. Billow: Mr. Speaker, Sir, I apologise and withdraw and I did not intend in any way to-- That was not the meaning I intended but I apologise if that was the meaning that was taken.

Mr. Speaker, Sir, as I was saying, the economy was reported to have grown by 1.8 per cent and the Budget also forecast that the economy will grow by 2.3 per cent in the year 2004/2005. However, the Minister did not specify, or did not tell the nation, to what extent that the measures he has put in place in his policy Statement will eliminate the impediments that were responsible for the failure to achieve the targeted growth of 2.3 per cent last year.

In that regard, I would like to mention some critical matters which are necessary for the achievement of that forecast which the Minister did not mention and I will go through them very quickly.

Mr. Speaker, Sir, one of them is the constitutional review process. A new Constitution underpins the good governance, accountability and the checks and balances in the Government in the management of the public resources which we have been talking about.

There can be no change expected in efficiency in service delivery or for sound economic policies to be entrenched in this country unless we have those critical reforms that we set out to do when we started the constitutional review process.

Mr. Speaker, Sir, the other aspect that I think is also fundamental which the Minister did not touch on, is the issue of the emerging corruption in the Government.

(Applause)

We have seen and we are aware of it! These are factors which are essential for the achievement of the Budget; particularly in the area of public procurement which falls within the Ministry of Finance. We expected the Minister to touch on those areas. With regard to corrupt procurement, for example, what action is the Minister going to take to ensure that there is a relevant law to deal with procurement which will be enacted in this House? In particular, I would like to go further and mention those procurements which deal with security. I think it is very important that the Government moves to try and put in place measures that will address the concerns of Kenyans with regard to corruption in the Government.

Mr. Speaker, Sir, the third item which is important, and to which many donors have alluded, time and again even in the information that is available to us, is the continued wrangling within the ruling party. This is not politics. It has an impact on the economy. It creates uncertainty for those potential investors, donors and others who would want to assist this country.

(Applause)

I thought, as a fundamental Policy Statement, that the Minister would touch on that issue.

Mr. Speaker, Sir, then there is the issue of the financial management. One of the factors that have been responsible for the collapse of this economy is the lack of prudent financial management in this country. We all recall that recently the Financial Management Act went through the Second

Reading but hon. Members were very clear that that Act was grossly inadequate in addressing those shortcomings and problems that have been responsible for the kind of losses of public funds that we have seen in this country. In particular, I thought that the Minister would provide measures or, at least, indicate what measures would be put in place to deal with Accounting Officers who are irregularly overspending against the budgeted provisions and who are responsible for the problems that we have seen in this country.

Mr. Speaker, Sir, lastly, I thought that a matter that is very important for him to mention was to try and interface the Economic Recovery Strategy (ERS) provisions, in particular, the implementation matrix that they have provided for in the ERS with the budgeted provisions so that we know that this Budget, or the provisions and measures which are included in the Budget, will achieve those national goals which have been set out in the ERS, in the Millennium Development Goals or in the Poverty Reduction Strategy Paper (PRSP). Without that linkage between those national objectives that we have in those documents and the policy objectives in the Budget, we will not be able to achieve any of those objectives that we have set out in those lofty documents.

Mr. Speaker, Sir, let me now go to one other important thing which the Minister dealt with at length. This is the issue of the donors.

We do appreciate, of course, the efforts the Government has made to get the donor support back on track. However, if you look at the estimates that have been provided, two multilateral external financiers, that is the World Bank and the European Union are responsible for 80 per cent of the multilateral funds. If you look at the bilateral funding, very few financiers are responsible for providing the funds. For example, the Federal Republic of Germany alone will account for close to 34 per cent of the total bilateral funding in the Budget.

The risk with such funding is that if any of the donors that I have mentioned, pull out, then we risk not being able to achieve the measures that the Minister for Finance has outlined in the Budget. For example, for the Ministry of Roads, Public Works and Housing and the Ministry of Energy to provide the necessary infrastructure and proper housing, which are very critical--- When we are dealing with economic recovery one of the fundamental things we always emphasise is that we must provide an enabling environment by, for example, reducing the cost of production. In that case we must improve our energy sector and rehabilitate our roads. A substantial amount of funding for these two sectors will come from the donors. The risk is that if any of the donors do not fulfil their commitments, the country will not realise any of the development proposals which have been made with regard to the infrastructure.

Mr. Speaker, Sir, the Budget focused a revenue of Kshs271 billion. At the same time, it focused an expenditure of Kshs441 billion. That simply leaves a gap of Kshs170 billion which the Minister has to seek ways of financing. The Minister said that Kshs59 will be obtained from the rolling over of existing debts, and that he will have a domestic borrowing of Kshs22 billion. He said that he is pursuing commitments, which he has not realised yet, from donors, and he expects to get proceeds from the privatisation exercise or sale of some of the Government Corporations, which will give him Kshs36 billion. A combination of this will quite easily earn Kshs117 billion. It is my view that this amount of money may not be realised in the manner that the Minister for Finance has set out. The commitments by the donors are still being pursued. They have not been realised. The proceeds from privatisation exercise are also not there yet. Last year, the Minister provided for Kshs3.5 billion as proceeds from entry of a third mobile phone service subscriber. That was never to be.

Mr. Speaker, Sir, my concern is that all that money will come from domestic borrowing, and should that be the case, then, it will be a disaster for this country. The result is that the Government will have to borrow from the domestic market and that will have an implication on the interest rates

which will rise to where they were before. Also, the private sector will be locked out and, thus, leading us to where we were a couple of years ago, economically. In addition, the Minister still expects commitments worth Kshs51 billion from donors. In last year's Budget, there were commitments worth about Kshs28 billion from donors. The Minister told us that out of those commitments he only managed to get Kshs8 billion. He was not able to get the balance worth Kshs20 billion. To what extent will the reliance on donor funding assist us, especially when we tie the achievements of our goals with regard to the provision of infrastructure to donor funding?

Mr. Speaker, Sir, another aspect that I need to touch on briefly is the cost of living in our country. The Minister did not mention that inflation rose from somewhere below 5 per cent to 9.8 per cent in the last Financial Year. That is a more than double rise. The prices of basic commodities have considerably risen. The price for essential services such as transport has also gone up. Food, which accounts for 50 per cent of ordinary mwananchi today, is no longer affordable to them. The Minister stopped short of giving any measures that would alleviate the suffering of the common man, who has now to contend with the rising cost of living because of the inflationary trends that we have observed in the basic commodities.

Mr. Speaker, Sir, when you look at this Budget, you are bound to realise that the Kshs441 billion for expenditure is Kshs100 billion over and above the last Budget submitted by the previous Government in June, 2002. From Kshs340 billion it has gone up to Kshs440 billion. If you look around and at the same time go through the work that has been done in the last financial year, there is little to show, in terms of any improvement in service delivery. There is little to show in terms of any tangible development projects in this country yet our expenditure has ballooned to Kshs440 billion.

The Budget does not address--- There is confusion with regard to the priorities set by the Government. If you look at its priorities as set out in the Economic Recovery Strategy (ERS) and what has been set out as policy objectives in the Budget, there is no fund relationship. For example, the development priorities have not been given the due weight that we expected this Government to do. If you look at the development budget of Kshs86 billion that the Minister has provided, about Kshs30 billion of that money has nothing to do with any infrastructure development and any of the fundamental issues such as water supply. For example, Kshs18 billion in the development budget is the amount of money that has been set aside for the writing off of debts incurred by financial institutions of this country, including the National Bank of Kenya. Some other interesting provisions have been made too. For example, the Government is going to spend Kshs100 million within the development budget on the second generation Identification Cards (ID). Last year, there was a provision of Kshs316 million for the same. Is that a national priority? Do we have a serious problem with our ID cards today?

Mr. Speaker, Sir, when you look at the Sagana State Lodge, last year there was a provision of Kshs70 million towards it. This year the Government has raised that amount to Kshs100 million. Another example I have in mind is the Kshs227 million that the Directorate of Personnel Management (DPM) is going to spend on consultancy alone. The list runs on, and you will be surprised that all that money is included in the Budget. What is more, they are included as Development Estimates.

The Public Expenditure Review for 2002/2003, according to the Minister, identified the gaps between the Budget policy objectives and its execution. Normally, this review is done to facilitate shifting of resources to priority areas. However, as I mentioned earlier, when you look at the way resources have been allocated, they do not have any relationships with the priorities. Another example that I can expressly give is the Annual Economic Survey which was issued last month. It clearly identified Ganze Constituency as the most impoverished constituency in the

country, with a poverty index of 183. The survey also identifies Kabete Constituency as the least impoverished constituency with 16 per cent of the constituents living below the poverty line. There is no way you can identify within this Budget whether, when the Minister was allocating resources both for development and recurrent, he took into consideration any of those two factors. It is very difficult to know, then, know whether we are addressing our priorities in terms of development in this country.

(Applause)

Mr. Speaker, Sir, with regard to physical infrastructure, and to be specific, the roads and housing allocations stand at Kshs13 billion. Agriculture which is very vital because it accounts for 80 per cent of employment in this country accounts also for 50 per cent of the Government revenue, and 60 per cent of the export earnings in this country is going to receive only Kshs4.3 billion. If you combine those allocations you will get Kshs17 billion that they will receive as per the development budget, yet the writing off of bad debts within the financial sector alone has been allocated Kshs18 billion. Where are our priorities in this case? The financial sector contributes only 4 per cent to the Gross Domestic Product (GDP) of this country, whereas agriculture alone contributes over 21 per cent to the GDP. How then, when we are allocating resources, do we spend three or four times as much on the financial sector as opposed to the agriculture sector? There is, therefore, the need to address the issue of priorities when the Government allocates resources in the Budget.

Mr. Speaker, Sir, another major concern that has been raised by the Government, the donors, and which is also addressed in the Economic Recovery Strategy Paper, is to bring down the wage bill. The wage bill accounts for 9 per cent of the Gross Domestic Product (GDP) and 34 per cent of the total Budget for the recurrent expenditure and so forth. Yet, the Government has provided for a civil service pay increase of 3.4 per cent while attempting to reduce the Budget for the wage bill by providing Kshs2.2 billion for retrenchment. So, the net is going to be an increase of 1.2 per cent in the wage bill. Yet it is the stated policy of this Government in recent months that they intend to rationalize on public expenditure with regard to the wage bill and that they are going to cut down the wage bill. Where is that commitment in the Budget?

Finally, Mr. Speaker, Sir, I just want to give some examples on the issue of priorities. I want hon. Members to appreciate that the Minister has provided Kshs224 million for relocation of elephants in the Ministry of Environment, Natural Resources and Wildlife.

(Laughter)

Yet the same Minister provided only Kshs94 million for maternal health care in the public hospitals for our women in the entire country. Now, where is the priority? You are spending Kshs224 million moving some animals from one national park to another---

(Loud consultations)

Mr. Speaker, Sir, regarding the National Social Hospital Insurance Scheme, the Government has done away with the medical allowances that is normally provided to the public servants and instead provided what they call "Medical Schemes Expenses", which is basically a provision for that scheme. From my rough calculation, it roughly amounts to over Kshs6 billion. My concern is that, as we speak now, there is no legislation in place that is going to deal with that scheme. So, what is going to happen to the civil servants who have been relying on the medical allowances to address

their medical needs, and have now been denied that opportunity while waiting for that medical scheme? I think this is a situation where the Minister has put the cart before the horse.

I want to go to some other issues which I think are relevant in the Budget, that the Minister may wish to expound on and, indeed, they need to be explained. For instance, the Minister has made a provision of Kshs2 billion in his Ministry that he calls the "Internal Government Transfers". I think it is important to demystify the Budget and to make it easier for Kenyans to understand it so that they can hold the Government to account. What exactly is "Internal Government Transfers"? It is transferred to who? This kind of thing needs to be explained. It has a provision of Kshs400 million for compensation to be paid to Mr. Chandaria. Who is Mr. Chandaria, and what are we paying him for? Those are the kind of things that need to be explained.

(Applause)

Or, for example, a payment of Kshs500 million to a company called Numerical Machining Complex. Hon. Members will not have the opportunity to know what this company is about. The last time we heard about it, it was involved in the Nyayo Pioneer Car project, which collapsed many years ago. So, why provide for Kshs500 million, and who are these people? What did they provide? But the more important one is the Kshs4.3 billion which has been provided for as "Information Technology (IT) Policy" in the Budget for the Ministry of Education, Science and Technology. I think we do all know the importance of education, and that the concern of the majority of Kenyans today is access to education, affordability and quality. I think this is the main concern for many of us. How many places in this country have access to IT? How many schools even have electricity in the first place? Is it not absolutely necessary to provide adequate teachers in our schools? Is that not more of a priority than providing Kshs4 billion for IT?

(Applause)

I think these are some of the things that the Minister needed to have looked at.

The Minister has mentioned that he is going to issue a Ministerial Statement tomorrow on Anglo Leasing Finance Company, but it is important to note that in the Budget for the financial year that has just ended, there was a provision in the recurrent expenditure of Kshs222 million for the redemption of a loan to that company. In this years Budget, another Kshs464 million has been allocated to that company. It is because of the cumbersome nature of the Budget; the way it is done and the complex nature of the Budget that hon. Members of Parliament will not be able to pick up this thing. Right at the end of the printed estimates, there is a schedule called the "Schedule of Debts", and hidden there are numerous little debts mixed up with those national and international ones which are known. So, it says United Kingdom, Germany and so forth, then down there are some mysterious names. Anglo Leasing Finance Company is one of them. But there are many of them, and we need the Government to tell us what exactly did those people provide in terms of service.

(Applause)

Which project they funded and when the projects were funded, and why they were not brought to Parliament for approval.

I think the most important thing is that most the projects for which those loans are being redeemed have not been budgeted for. This is what we call "off-budget financing". Immediately we

are through with the Budget, somebody goes out there, decides to procure some equipment or gets into some project and obtains finance; and Parliament is not aware. We expected the Minister to put in place some measures that will outlaw off-budget financing completely and also provide measures for punishing those civil servants or Government officers in his Ministry who have been involved in this kind of thing. I think it is important that the Minister takes action with regard to criminalizing this kind of action because it is a waste of public resources.

I think that it is also important that there be adequate disclosure in the printed estimates in the Government Budget with regard to public debts. We need to know the nature of these debts; what they relate to and what their terms are. The Internal Loan Act provides that the Minister must, immediately afterwards, inform the House regarding the terms and conditions relating to loans. This is something that has been forgotten, and it is something that the Minister should start doing, so that we can interrogate the Government with regards to these public debts.

Mr. Speaker, Sir, with regard to security contracts, where we have had a lot of trouble, particularly in the Office of the President, I personally expected the Minister to propose some measures to deal with two things: the Budget for our security forces, and the security contracts. It happens in many democratic countries that, with regards to the budgeted amounts for the security forces, a Parliamentary Committee like the Finance Committee is mandated to examine the line items relating to that Budget in camera. The members of such a Committee can be sworn under oath so that they keep--- My time is running out, but I think it is important that the Minister addresses the issue of providing for a technical committee that will deal with the evaluation of contracts relating to the security establishments.

Mr. Speaker, Sir, there is also the issue of introducing standards and benchmarks. This is provided for in the Economic Recovery Strategy Paper; that the Government must set up and establish standards for service delivery; standards for offices. We must know what is the standard, for example, relating to Ministers. How many cars are Ministers entitled to? What Budget is a Minister entitled to with regards to furnishing his or her office? We must have some basic standards so that we can have the minimum cost that is essential for providing Government services. At the same time, we also need to have benchmarks so that, similarly, the Ministry of Roads, Public Works and Housing should know how much it costs to gravel a kilometre of a road, so that we do not have one district charging Kshs500,000 per kilometre for gravelling, and another neighbouring district with a similar topography charging Kshs10,000 to gravel a road. I mean, there is a complete lack of standards and benchmarks in the Government, which makes it difficult to monitor Government expenditure.

(Applause)

Finally, Mr. Speaker, Sir, there are two critical items which the Minister did not even mention. One of them is on the issue of the Arid and Semi-Arid Lands (ASALS). When the first Economic Recovery Strategy Paper was tabled in this country early last year, the Government did indicate that it is absolutely necessary for the Government to invest both in the infrastructure and the economic development of those areas.

The Minister completely ignored this sector. There is no provision at all with regard to infrastructure that we can talk about. There is no proposal at all, in terms of investment to improve the lives of the people in that area, who account for 25 per cent of the population of this country.

The second one is the small and micro-enterprise sector. This sector accounts for about 80 per cent of employment opportunities, particularly in the agricultural sector. We need to provide incentives and low-cost financing. The Government that can today spend Kshs440 billion, can set

aside some seed money that it can give to micro-financing institutions, which they can on-lend to small and micro enterprises. Many countries in the world are providing finances to micro-finance institutions, so that they can lend to the small and micro entrepreneurs. This can be guaranteed by the Government. The Government can also undertake to write off losses in case they incur them. There are many incentives that the Government can give to the small and micro-financing institutions, so that they can lend to the entrepreneurs. This is a very important sector. It is disappointing that the Minister did not touch on it.

Mr. Speaker, Sir, I have to mention that the Minister was very generous to the Front Bench. He provided between Kshs20 million to Kshs50 million for each of the buildings in which Ministers have their offices. He provided Kshs48 million for the renovation of Harambee House. Harambee House is not collapsing. How many other priority projects do we have in this country which need Kshs48 million? If you go to all the Ministries; for example, the Ministry of Water Resources Management and Development, and Office of the Vice-President and the Ministry of Home Affairs, you will find that every other building has a provision for renovation. There is a provision of Kshs80 million for the replacement of lifts at the Treasury. We think the Government can do without this expenditure.

The Government has said that there is need to cut down on non-core expenditure and spend more on areas that will alleviate poverty and reduce it from 56 per cent. The Government has said that it wants to reduce poverty in the next five years from 56 per cent to about 50 per cent. We cannot do that if we are spending money lavishly on buildings. I will give another example. Financial management systems for the Treasury will cost the Government Kshs400 million. If you go to the Office of the President, there is the same item. Information technology in the Office of the President will cost Kshs30 million. In other Ministries, you will find similar allocations for the same kind of services.

Mr. Speaker, Sir, there are other provisions which are not easily understandable by hon. Members. How would one explain a provision of Kshs318 million to the Ministry of Local Government for poverty reduction systems? Would it not be better to give Kshs300 million to the Poverty Eradication Commission, so that it can disburse the funds to the youth and women groups in this country? They need that money to do some business.

Lastly, I must emphasise that funding for the infrastructure is subject to the Government cleaning up the financial institutions.

With those few remarks, I beg to support.

Dr. Khalwale: Thank you, Mr. Speaker, Sir. I rise to support this Motion. From the onset, I wish to thank the Minister on behalf of the people of Ikolomani for two things: In this Budget, the Minister for Finance has indicated that the Government will refurbish the Kisumu-Kakamega-Webuye Highway. This is very important because the Ministry of Information and Tourism has indicated that they would like to promote tourism in the western circuit. Without this highway, it would be very difficult for tourists to go there in large numbers.

The people of Ikolomani are also very grateful to the Minister that he found it necessary to give Iguu Health Centre Kshs5 million in the Printed Estimates. This should not just stop there because just like all health centres in this country, Iguu Health Centre still has problems with a monster called shortage of drugs. We usually get surprised when we see the Minister for Health on television, or hear her over the radio or read in newspapers, saying that we have sufficient drugs in health centres. When we go to our health centres, we find that there are no drugs.

The problem is not just at the level of health centres. We are also complaining on behalf of the people who seek medical services at the Kakamega Provincial General Hospital. Unlike any other provincial hospital in this country, anti-retroviral drugs are not available in Kakamega

Provincial General Hospital. Neverapine drugs which are used to control the transmission of HIV/AIDS from mother to child are also not available in Kakamega Provincial General Hospital. This forces patients to go to either Eldoret or Kisumu to have access to these drugs.

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, now that the Minister for Health has been given Kshs15 billion, she should also consider our area when factoring in this issue. More importantly, time has come when the Minister should reduce the cost of anti-retroviral drugs.

I would like to talk about the money that has been voted for tourism. It is disappointing that the amount of money which has been voted for the marketing of tourism has been reduced. This is a very big shame. In countries, like South Africa, where tourism earns far much more than what Kenya earns, they still allocate more money for the marketing of tourism. In the last financial year, the Permanent Secretary in the Office of the Vice-President and Ministry of Home Affairs, summoned me to his office and told me that they had voted from the Promotion of Traditional Sports kitty up to Kshs1 million for the commencement of the construction of a bullfighting stadium in Kakamega. I went there and gave the relevant information, but up to date, nothing has moved. That money has not been forthcoming.

Mr. Temporary Deputy Speaker, Sir, I do not believe that continuing to offer wildlife to tourists will improve tourism in this country. Therefore, I hope that in this financial year, the money that was intended for promoting bullfighting by way of construction of a bullfighting stadium in Western Province will be availed.

There is also a very big resource in Western Province, specifically in Ikolomani, Sabatia, Shinyalu and Lurambi; that is gold mining. We hope that the Ministry of Environment, Natural Resources and Wildlife will spend some of its resources to ensure that these areas are marketed for foreign and local investors, so that this resource, which has been lying there for a long time, can be exploited.

As Mr. Billow has said, it is important for us to realise that the enactment of a new Constitution will promote the economy of this country. I, therefore, would like to take this opportunity to appeal to hon. Members to behave, by way of pronouncements, activities and associations, in a manner that will bring about the enactment of a new Constitution. I believe that any right thinking Kenyan who would like to have a new Constitution in this country appreciates that there is a stalemate in that process. It is, therefore, important that we, as hon. Members, ensure that we reach a consensus, so that we can give Kenyans a new Constitution. The consensus-building initiative by hon. Members has not been very popular because hon. Members think that the group is amorphous. I would like to appeal to that group to hand over the process to political party leaders, so that it is structured. There are some people who do want a consensus and prefer going for breakfast prayer meetings. No amount of prayer, be it in a hotel or any other place, will bring a Constitution to this country. There is no amount of screaming and names-calling at funerals will bring a new Constitution. We have learnt from the history of negotiations in this world that both the First and the Second World Wars came to an end because men and women of reason came together and achieved a consensus.

Mr. Temporary Deputy Speaker, Sir, there is a problem of corruption in this country, which we used in winning the last general election. Hon. Members will recall that the wake-up call to the

Goldenberg scandal was a figure of Kshs1.8 billion. The wake-up call came more than 10 years after the scandal had been going on. I am worried that less than two years after the NARC Government took over power, we have a magical figure of Kshs2.9 billion that is in question. If we add that to the Kshs1.9 billion that is meant for the laboratories at the CID Headquarters, we will get Kshs4.8 billion. Now that we have witnessed corruption of Kshs4.8 billion in less than two years, what should we expect at the end of the five years?

I would like to congratulate the Kenya Revenue Authority (KRA) for enhanced realisation of revenue. I am, however, worried that something is very wrong at KRA. There is a private document that shows that Nairobi Province brought in the highest amount of revenue. It was followed by other provinces. Western Province is the fifth. The most shocking thing is that Central Province is the sixth. Although the province is proud of having the richest constituency, Kabete, it is the sixth in the list. That means that those who do business in Central Province have developed a technique of avoiding paying revenue to KRA. If these unscrupulous people are not followed, a time will come when we will demand that the amount of services a province enjoys from KRA be in proportion to its contribution.

On the issue of corruption, I would like to say that the figure of Kshs4.8 billion is really worrying. Maybe, this House should move swiftly and create a new law on economic crimes. Such a law should provide that anybody found to have committed an economic crime should be treated the same as those who commit capital offenses. I know that this law is there. However, it does not provide for hanging. If people know that they will be hanged for committing economic crimes, they will not be smiling before cameras the way Mr. Kamlesh Pattni is doing.

I beg to support.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I rise to talk on a few things that are happening. We should treat the Budget Speech as an address to the nation. It is important to note how NARC Government is obsessed with deadlines after being in office for 17 months. We were given a deadline of 30th June. Within 24 hours of June 30th, there will be 1st July. The June 30th deadline was for a new constitution. Instead of delivering it, members of the Government are quarrelling over it and calling each other names. I do not know who is supposed to resolve the dispute. July 1st is also the date when the Minister for Health intends to put into effect the National Social Health Insurance Fund (NSHIF). The difference between this promise and last year's January promise for the free primary education programme is that this time round, Kenyans will have to pay. Fourteen days from today, Kenyans are supposed to walk into hospitals and get treatment for free. We are not aware of any mechanism that has been put in place to provide free health services two weeks from now.

When time comes, we will have explanations, excuses, stories and tales from a Government that is confused. It is confused because it should not give deadlines when it has no capacity to meet them. If you evaluate the wrangling that I recently likened to what took place at the Tower of Babel, you will realise that the coalition was not ready to govern us. It got into power by fluke. Now that they got the power, they do not know what to do with it. They are suffering from a syndrome, blaming other people, similar to the mad cow disease. If you are ready to govern as a coalition, you should have a theory and an ideology. As of now, we do not have either of the two. That is why a friend of mine said that it appears as if the country is running on an auto-pilot by the grace of God.

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the hon. Member to mislead this House that the country is being run on an auto-pilot? There is no country that is run on an auto-pilot. This Government is governing the country and we are moving on.

The Temporary Deputy Speaker (Mr. Khamasi): Mr. Maore, do not respond to that. It is

not a point of order.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I have my point and was not going to respond to that. The NARC is behaving as if it lost the general election. People who have lost elections are the ones who quarrel with each other about their loss and blame each other. People are not supposed to quarrel after they have won elections. They are supposed to organise themselves to govern a country.

Once the year 2007 nears, we are going to have an inventory. The best question that will be asked by Kenyans is why they had a contract with the NARC Government, which came in packaged like a Christmas cake, which is normally iced but does not taste good. In the year 2002, the campaign catch phrase of hon. Members sitting opposite me was that they were fighting the corruption and corrosion in KANU.

In 2007, they are going to give their own inventory. The inventory at that time will not be about KANU's rot, but about NARC's five years of waste, excessive spending, showing off, quarrelling and name-calling. This will teach our children bad manners since they watch television everyday. In the eyes of Kenyans, will they be better off than they were five years earlier? I can swear to you that the answer will be in the negative.

There is the issue of the organisation of Government. When the hon. Members who are now on the Government side used to be on this side, we used to complain about how KANU had packed their tribesmen in the public service, the military and everywhere else. With the changes that came about, the Ministers were given some powers. Instead of using those powers to delegate and deregulate the operations of their Ministries, they have gone amok and employed their tribesmen in the various Ministries which they head.

If you want to know who will be the head, managing director or chairman of a certain parastatal---

Dr. Khalwale: On a point of order, Mr. Temporary Deputy Speaker, Sir. The hon. Member has said clearly that the current Ministers are practising tribalism and nepotism in their offices. Can he substantiate?

The Temporary Deputy Speaker (Mr. Khamasi): Yes, Mr. Maore, you are bound to substantiate.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I would seek your indulgence. If you want clarification on what I have said, refer to a document called the Organisation of Government, get the name of the Minister, look at the parastatals under that Minister and you will find that they are full of tribesmen and tribeswomen of the Ministers involved. You do not need substantiation. Let the hon. Member mention one Minister he thinks is clean and I will tell him the names of the fellows.

Dr. Khalwale: On a point of order, Mr. Temporary Deputy Speaker, Sir. There is no Minister in this country who is called "Minister". Ministers are known by their names. If the hon. Member is saying that there are Ministers who are practising tribalism and nepotism, he must substantiate.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I can promise you that I will not get into the wranglings within the NARC. For the hon. Member to invite me to give the names, he wants me to solve his problems. Could you save me from that agony?

Mr. Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Maore. You cannot do that. Our rules do not allow you to do it.

So, you proceed.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, another good example of misgovernance is the Department of Personnel Management (DPM). If you read about why the DPM and the Public

Service Commission composition or why they are constituted, you will see that their mandates have been quietly taken over, against the law, by consultancy firms. We know that during the previous regime, there were some favourite firms that were doing consultancy for the Government. Two other firms have come up during the NARC Government, and these are Hawkins and Pricewaterhousecoopers. If you want these two organisations to be recruiting staff for the Government and vetting people entering the public service, why not dissolve the Public Service Commission and the DPM? You cannot have duplication of services and then go around screaming about how you want to save public money.

Last year, Kenyans witnessed the refurbishing of Nairobi streets, specifically Uhuru Highway and three or four other streets. We do not know what happened after that. Five years from now, there will be a nightmare because we thought local authorities would create order within our urban centres, and that they would provide services. We thought that when they license *kiosks*, they would not demolish them. We prefer that they decline issuing licences rather than demolish kiosks. We thought they would clear our road reserves and create passage space for vehicles and ambulances that would use them when fighting fire.

We would have expected them to order that commercial buildings be painted before licences are given. We are now witnessing continued decay, deterioration of services and the image of our country.

Mr. Temporary Deputy Speaker, Sir, I support the Budget Speech.

The Minister for Roads, Public Works and Housing (Mr. Raila): Thank you, Mr. Temporary Deputy Speaker, Sir. I want to begin uncharacteristically by congratulating the Official Opposition Responder for doing very thorough homework which, unfortunately, Mr. Maore is trying to subtract from. He did a very professional critique of the Budget Speech.

I know that my colleague, the Minister for Finance, made some correction earlier on, but at the risk of repetition, there is an issue that I want to begin by clarifying on. This is the issue of money that has been allocated for the residence of the Vice-President. As stated by my colleague, we have not provided Kshs1,050,000,000 for the construction of the residence of the Vice-President. In last year's Budget, we had Kshs50 million for construction of a house for the Vice-President, which is [**The Minister for Roads, Public Works and Housing**] money which was not utilised because we did not have a suitable plot at that time. Therefore, that money has been rolled over and has been provided for this time round, now that we have a 12.5-acre plot in Karen, where we intend to construct a residence for the Vice-President.

It should be made clear that this is an institutional house. It is not a house that will belong to one person. This will be a Government house and whoever is appointed Vice-President will reside in that residence. This time we will not allow the occupier to retire with the Government property. We have provided Kshs1 billion for completion of projects which stalled when the other side was in power. These projects have been known as "white elephant projects", and they dot the Kenyan landscape. The President, who is very concerned about these projects appointed a special committee to investigate and come up with a clear report as to how these projects can be completed.

The committee has estimated that about Kshs8.4 billion is required, and we have spread the amount over three financial years. This year we have Kshs1 billion, next year Kshs3.4 billion, and in 2006/2007, we will have Kshs4 billion. These projects are as follows.

1. Nyanza Provincial Headquarters for which we have provided Kshs350 million.
2. GSU on State House Road - Kshs41 million.
3. Nakuru Police Lines, Phase II - Kshs20 million.
4. National Youth Service, Ruaraka, Phase II - Kshs135 million.
5. Kapkatet Nyayo Hospital - Kshs24 million.
6. Busia Voluntary Interceptive Unit - Kshs10 million

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|---|--------------|--------------------|
| 7. West Park Housing - Kshs150 million | | |
| 8. Voi Primary Teachers College - Kshs15 | million | |
| 9. Kitui Primary Teachers College - Kshs145 | million | |
| 10. Pool housing in Makeni District | Headquarters | - Kshs110 million. |

That makes up a total of Kshs1 billion. That is the Kshs1 billion in question. It is not for the residence of the Vice-President.

Mr. Temporary Deputy Speaker, Sir, I was a bit pained when the shadow responder spoke about the money which we have provided for maintenance of Government houses. Apart from completing those houses, or those projects which stalled, there is need to maintain those ones already in place. Without proper maintenance, we would run the risk of losing the structures that we have already constructed. There is a famous Swahili saying which says: "*Usipoziba ufa, utajenga ukuta*". We have to "*jenga ukuta*" with regard to our roads because we have some roads which were constructed at very high cost, but they were never maintained and were allowed to deteriorate to a point of collapse. We are now having to reconstruct them afresh. That is why it pained me when I heard the hon. Member of Parliament speaking loosely and carelessly about maintenance. We need to maintain most of the Government buildings. Unfortunately, most of them are in very bad state of repair because they have never been maintained for a long time. For example, Jogoo House; some of its facilities such as toilets are all broken down. This is the same with Nyayo House, Harambee House, the Treasury and so on. Therefore, I would urge hon. Members to support money which has been allocated for maintenance of Government buildings.

Mr. Temporary Deputy Speaker, Sir, the hon. Member also talked about the Government wage bill. Listening to him talk was as if he was speaking on behalf of the International Monetary Fund (IMF) and the World Bank because he was quoting the wage bill as a percentage of the Gross Domestic Product (GDP). This is what we are being held to by the World Bank and IMF. We are being told that our wage bill is 9 per cent and it is much higher than that of any other country in the region. By comparison, Tanzania's is 5 per cent and Uganda's is 6 per cent. So, we are being told that we must not increase the salaries of civil servants and that as we continue to retrench, we should also keep the salaries of the civil servants where they are. However, our people cannot work properly if they are not adequately remunerated. That is the reason why we have made this provision. Whereas in the past, there was compulsory retirement, we have made retrenchment and retirement voluntary and we have made provision for it. At the same time, we have made adjustments, so that we can adjust salaries of those who offer to remain in public service. Instead of opposing this Budget Speech, I would have expected the hon. Member of Parliament to stand up and support what this Government has been doing.

Mr. Temporary Deputy Speaker, Sir, the Minister, in moving the Budget debate, talked about the issues of conservation of our environment. In this effect, the Government has decided to remove Value Added Tax (VAT) on Liquefied Petroleum Gas (LPG). This is aimed at making LPG available and affordable to majority of our people who live in the rural areas. This will go a long way in removing our people from over-dependence on charcoal and firewood which is contributing heavily to environmental degradation in our rural areas. I would have expected that the hon. Member would have supported and hailed this as a very positive move; that, this is a Government that is environmentally conscious, contrary to those who used to give out pieces of forest to politicians to destroy them. The NARC Government wants to protect and conserve our environment.

Mr. Temporary Deputy Speaker, Sir, we are also implementing the universal free primary education programme against a lot of odds. We are also paying the salary packages of teachers which were promised by the previous regime. This promise was made in 1997, but the previous regime was not able to honour it. The NARC Government, upon coming to power with great and

difficult economic situation, decided to implement the salary increment for teachers. Therefore, we cannot, by any stretch of imagination, be accused of neglecting teachers. We, at the same time, are also trying very hard to expand facilities and facilitate construction of more classrooms in the rural areas. This is an area where we need a lot of support and understanding from hon. Members.

Mr. Temporary Deputy Speaker, Sir, we have also tried to deal with the issue of water and sanitation, particularly in urban areas. You can see that we are trying to get Nairobi City clean again; the former "City in the Sun" which has been left to decay into a "city in the shit" is again regaining its lost glory.

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

Mr. Ngoyoni: Mr. Temporary Deputy Speaker, Sir, from the outset, I stand to support the Budget Speech. The Minister talked of some very positive things. The Minister, in his Speech, talked of the removal of VAT on sanitary towels; he exempted income tax from people earning less than Kshs11,000, and he also removed VAT from LPG among other things. In fact, he sounded so prudent when he announced the issue of financial management of the Government, and we support him for that.

However, there are certain grey areas that he left out. What he told Kenyans was just music to the ears or a pipe dream. I say so because the Minister did not address the basic needs of Kenyans. Kenyans need food on their tables. For example, if you compare the current market prices with those that existed during the KANU regime, you will discover that these prices have doubled. In fact, in as much as the Minister told us that the economy has grown by 1.8 per cent, but a layman cannot understand because he is more poorer than he was last year. So, this is a matter that the Minister could have addressed.

If the Minister visits my constituency, he will be distressed by the abject poverty. For example, a kilogramme of sugar is being sold at Kshs100. A kilogramme of maize flour is being sold at Kshs150. This is a very sad state of affair considering the poor people who are living in abject poverty. The cost of transport has also gone up. This is contrary to what the Minister is talking about with regard to the growth of the economy by 1.8 per cent. As a layman, I do not know how some of these things are calculated.

QUORUM

Mr. Salat: On a point of order, Mr. Temporary Deputy Speaker, Sir. As you realize, Mr. Ngoyoni's contribution is very important. However, it is a pity that there is lack of quorum on the 1st Allotted Day of the Budget debate.

The Temporary Deputy Speaker (Mr. Khamasi): You are right. There is no doubt about that. Ring the Division Bell.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Khamasi): Order, hon. Members! We have a quorum now. Proceed, Mr. Ngoyoni!

Mr. Ngoyoni: Mr. Temporary Deputy Speaker, Sir, I was talking about food prices. Today, food prices in supermarkets are double compared to last year. Therefore, Kenyans are getting poorer than they were. So, we do not understand how 1.8 per cent economic growth could have been realised when Kenyans are getting poorer.

In terms of transport, Kenyans living in urban areas are really suffering. It is eating much into their pockets than before. This Government has promised us several things. It claimed that it

has a soft spot for Arid and Semi-Arid Lands (ASALs). I am shocked that nothing has been mentioned about ASALs by this Government. We keep large numbers of livestock. In fact, two-thirds of livestock come from Northern Kenya, yet, nothing has been said. The irony of that is that people from Northern Kenya are facing abject poverty. I was telling the Minister to get out of Nairobi for one day and visit those areas, and see how the people live. I am sure, as a Kenyan, he will be concerned about those other Kenyans.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Khamasi): Order, hon. Members. We can hardly hear him. It is either the lack of quorum or loud consultations! Could we give him time and quietness to contribute?

Mr. Ngoyoni: Mr. Temporary Deputy Speaker, Sir, I was saying that, time and again, we have been promised that the Kenya Meat Commission (KMC) will be revived. The Minister did not say anything about the KMC or the livestock industry. We do not know where we are. We do not know whether we are part of Kenya or not. The Minister has to address that kind of anomaly.

Mr. Temporary Deputy Speaker, Sir, the Government and the Ministry of Health are fond of talking about affordable and accessible health facilities. I wish they knew what they are saying! What do some Kenyans access, when they do not have those facilities on the ground? How do you access non-existent facilities? We do not have them! There is no single health facility that has been mentioned in my constituency or the whole of North Eastern Province. What has happened is duplication of services or projects where they have always existed. That is a little bit unfair and we have got to face it.

Mr. Temporary Deputy Speaker, Sir, in terms of education, this Government has always been saying that it is providing free primary education. But, in those remote areas, a number of children cannot access education because there are no classrooms. For the information of this Government, the distance between a centre, and another centre or a village from another village is too long, such that you cannot access a school in another village. They are not visualising those things in their minds. Kenya is not, and will never be, only Nairobi and the other developed areas.

Mr. Temporary Deputy Speaker, Sir, the Minister has talked about wasteful spending by the Government. I am happy that he has put a stop on the spending of the Government, particularly on buying new vehicles and outside trips. I thought the Minister could also address the many commissions and select committees. Today, we are wasting a lot of resources and money to pay commissioners in commissions and select committees and yet, Kenyans are dying of hunger, they lack education and health care.

We have approved several select committees in this House. I agree that those who have committed those heinous crimes should face the law, but I want to say that the living also need services, just as the dead need justice! Therefore, my position is that, it would be much better if all the resources that are put in all those commissions, including the Goldenberg Inquiry are put somewhere, where Kenyans could access services.

Mr. Temporary Deputy Speaker, Sir, I would like to talk about the rule of law. This Government has told us several times that it is going to maintain the rule of law. I have never, at this age, seen a Government that can allow a private radio station to interfere and jam another one. We have not heard a word from the Government about that issue. The other day, transmission of Kiss FM was interfered with. They told us that there were two other stations operating in this country illegally and yet, we have not heard a single word from any Minister or anybody from the Government. What kind of examples are we setting? They keep on telling us A, B, C and D! They

began by taking away the Kenyatta International Conference Centre (KICC). Now, they are trying to jam--- Those kinds of stations can only be jammed in times of war. We know what happened in Burundi and many other countries. If we could allow those things in Kenya, where there is peace, I do not know where we are going to.

Mr. Temporary Deputy Speaker, Sir, the other area that I want to mention is corruption. Corruption is emerging in this Government. They are preoccupied with fighting the past corruption and forgetting what is happening now. The other day, I watched Mr. Pattni being brought to the Goldenberg Inquiry. He was a healthy person, contrary to what we have been made to believe; that he was sickly and ailing, and is being treated at the Government Memorial Hospital. The fact of the matter is that Mr. Pattni was lodging there. He was put there to be coached to give some particular evidence. How can you bring a very health man---

Capt. Nakitare: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is my colleague in order to touch on a matter that is before a court? Mr. Pattni's case is in court---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Capt. Nakitare! Mr. Ngoyoni, I think you better steer clear of that. That is *sub judice*!

Mr. Ngoyoni: Mr. Temporary Deputy Speaker, Sir, I was only talking about his health, and not about other things.

Mr. Wambora: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute in support of the Budget Speech which was delivered by our Minister. I wish to say that I find it to be a very inclusive Budget. It is a very fair Budget. Fair to the rich and to the poor, fair to the rural and urban folks, fair to those in the formal and informal sectors as well as the employed and the pensioners.

Secondly, I would want to say that the Budget Speech put the right emphasis in terms of sealing the tax loopholes. The Budget was able to maintain the *status quo* in terms of taxes, so that there were no tax increases. I support the Budget because it is investor-friendly. It is investor friendly because, without additional taxes, we may have more investors in this country, as long as the political squabbles are brought down to a lower level.

I wish to support this Budget because it puts a lot of emphasis on the infrastructure. There was a lot of emphasis on the highways, the by-passes and all that. However, at this point, I would wish to appeal to the Government to also put a focus on the rural roads, not just maintenance of the highways. It is the rural roads which, in fact, are going to enable farmers to get their produce from the farms to the market. So, I am still hoping, as we analyse the Budget in detail, that there is something there for our roads. In my constituency, we have some roads which cover highly potential areas, but their state of maintenance is not good. They serve very critical agricultural areas and I am hoping that those roads will be considered for tarmacking.

Mr. Temporary Deputy Speaker, Sir, I also wish to say that the Budget left some other areas which require slightly more emphasis. One of the areas which has a big impact on this economy is the agricultural sector. I have discovered that the budgetary figures for departments like the Department of Defence (DOD) continue to outmatch the agricultural sector Budget. This worries me because what is going to change the economy of this country is the agricultural sector. The less money we spend on it, the more we shall continue being at the tail on the economic growth rate in East Africa. Uganda and Tanzania continue to grow at a rate of about 5 per cent. Kenya is still growing at below 2 per cent. That is not very encouraging and I do not think we are going to change that scenario with this kind of a budget, which does not give enough emphasis in the right sector like agriculture, while the DOD continues to have more money than a very critical sector like that one. I am still looking with a lot of hope to the Kenyatta era when the economic growth rate of this country was between 5 per cent and 7 per cent. That is what the NARC Government promised. But

we can only achieve this by ensuring that we are putting the emphasis in the right areas.

Since I am very keen about the agricultural sector, I want to specifically say that the Government must put more emphasis on the cash crops like coffee, tea and sugar because these are very critical in terms of bringing in the foreign exchange earnings which we need badly. I see the cash crop as the vehicle for rural employment. It is the vehicle for putting cash into the rural folks' pockets. Since our people do not have enough money in their pockets, they will continue complaining because they are not seeing the change as compared to the previous regime.

Mr. Temporary Deputy Speaker, Sir, I would now want to focus my attention to what I have always espoused in this House, that is equitability in resource allocation. While on that, I would like to say that I am very happy with the budgets of the water and energy Votes. I looked at the Development Votes of those two Ministries and I was very impressed with the way they are trying to equitably distribute resources in every district. There is no other Ministry which has done as well as those two Ministries. In the Ministry of Health, I can see they are just giving money to a few favourite health institutions. That is not right.

(Applause)

I would like the Ministry of Health and other Ministries to follow the good example by the Ministries of Energy and Water Resources Management and Development and take care of every district of this country. So, that is the challenge I wish to give to the Ministers who have not looked at the distribution of these resources.

Mr. Temporary Deputy Speaker, Sir, I do not want to talk for long because my colleagues also want to contribute. I want to end my speech by concentrating on the transparency of the budgetary process. I have served as a Deputy Director of Budget and I can assure you, this is a very complex process, and yet, very important. I can assure you that this budgetary process has never been inclusive enough. When I was still in the Civil Service, we were saying it would be good for this country for the budgetary process to be as inclusive as possible. Some steps have been taken. I know the officials of Ministry of Finance have tried a bit and they have now been able, in the last three years, to incorporate the private sector players. That is a credit to the Ministry. But we have not still gone the full length to incorporate other major stakeholders.

Who are these other major stakeholders? We have the civil society. They control a lot of funds from the donors and we should not take them for granted. Let us incorporate them in the budgetary process. The most critical stakeholder as far as the budgetary process is concerned are the Parliamentarians. Up to now, we have not been incorporated in the budgetary process and yet we are the people's representatives. This is a sad case. I got a copy of the printed estimates just three days ago. That is not good enough. I think the shadow Minister for Finance must have done a really good job to analyse this Budget thoroughly. That is what we would like to be doing because it is upon this House to study this Budget properly and be able to advise the Government.

Now, what do we need to do to involve Parliament, a very important institution in the budgetary process? Two steps; one of them is setting up the Parliamentary Budget Office. We need experts who can study the Budget in advance and study it thoroughly, analyse it and advise the Members of Parliament on every national Budget before it is tabled in the House. Secondly, we need transparency in the budgetary process. There is an area which is still very opaque in the budgetary process in terms of coming up with Budget estimates and also in expenditure of budgetary provisions. Which is this area? I talked about it last year, and this is the DOD and other security related areas. I still want to quote the United States of America; the House of Congress whereby we have very strong watchdog committees in Parliament. We have Parliamentary Committees and Congress Committees which act as watchdogs as far as the budget estimates of the

sensitive security organs are concerned. We do not want to be told by the Minister that we are going to buy two jets worth billions of shillings. We must have a Cabinet sub-Committee and a Parliamentary Committee to look at this budgetary provision and advise the Government on prudent use of public funds.

With those few remarks, I beg to support the Budget.

Mr. Kagwima: Mr. Temporary Deputy Speaker, Sir, thank you for this opportunity. I want to join my colleagues by congratulating the Minister for the very well put Budget Speech and to quickly request that we stick to our programmes. For a long time, this country has had very good policy papers. However, how many of them have been made use of? What we are talking about here is what other countries in the world are talking about. What we lack is follow up and consistency in our planning and implementation of those projects.

On infrastructure, for some time since last year when this Government took over, we have been told that there are intentions to do some roads. This is where private investors would come and be allocated certain roads, construct them and over a certain period of time recover their money and leave the roads to our Kenyan people. It is high time that we moved in that direction quickly. Many other countries and the well developed countries have gone in that direction and they have beautiful roads. This is a move in the right direction, but let us move quickly.

I also want to request that we learn to use our local raw materials. Cement, for example, even if it would cost us slightly more, a road would last longer. Most important is that we shall use our locally available materials and we shall provide employment. This is because if we were to use cement for our roads in this country, we would say our cement industry would be booming. We would provide market for the cement that is produced locally and therefore, would have to expand the existing factories. In that way, we would create employment and wealth for the nation. We would save our meagre foreign exchange because we would save from the imports of petroleum products.

I want to touch on industrialisation which will not be possible until we have enough and reliable electricity supply. We have said for many years that by the year 2020 we would want to be an industrialised country. How can we do that when most of our rural areas do not have electricity supply? Or are we saying that we shall displace people who are living in the urban areas and create space for industries? Most of the industries that this country would adequately support would be agro-based. Agriculture is not in the urban areas and that is why we want to move quickly and supply reliable electricity to the rural areas.

The Rural Electrification Programme has been in the books for a long time, but how much has been provided in the last few years? The books are there and maybe at times they are printed for the sake of printing, but the actual money is not available. Some districts are included in the Printed Estimates just for the sake of ensuring that the names appear but, year in, year out, nothing happens.

Of course, I would not want to repeat that for the last 40 years since Independence, the District I come from, Tharaka, has not received a single cent for electricity supply. I hope that this message will reach the Minister in charge and the Minister for Finance. I can see the Assistant Minister is here and he will take notes that for this year, I hope something will happen. Let us get a token to start with so that we also know that we belong to Kenya as a district.

Mr. Temporary Deputy Speaker, Sir, agriculture is a very important component of our economy; it is the mainstay of our economy. When we go to the districts in the country and by very good planning, the Minister for Agriculture has been allocated more money over the years. Actually, even the District Commissioners (DCs) borrow vehicles from the District Agricultural Officer (DAO). However, in most districts, Agricultural Development or Management Committees do not exist or operate. The money is left to the officers and it is converted into personal use. Except

for allocating the money, the money is not being utilised. I would request the Minister for Agriculture together with the Ministry of Finance to ensure that the money disbursed to that Department or Ministry, and more so when it reaches the districts, is put into use to assist develop agricultural activities in those areas. We have continued to receive a lot of money from donors. I do not know what we are going to say over the years, but that money is not reaching the *mwanauchi* whom it is intended for. It is very unfortunate! I am sure that if the money that we have availed to this Ministry is properly used, we would provide enough food for ourselves, enough sugar and those other requirements. We would even go into export.

We know that about 75 per cent of this country is semi-arid. Those areas, if properly managed or developed in terms of agriculture, can contribute substantially to the Gross Domestic Product (GDP) of this country. In some areas, all we need is water and the rivers are there. There are rivers in Ukambani, parts of Mount Kenya and other areas. However, water has just been flowing with the soil into the Indian Ocean over the years. Actually, it is important to note that the money we have been using for relief food over the years is more than adequate to start agricultural irrigation projects, which for years to come, will provide continuous and enough supplies of food.

I would request that as much as we need the relief food, which at times arrives late and a few people die in the process, let us irrigate our ASAL areas and this country will feed itself and export to our neighbouring countries including Sudan.

Mr. Temporary Deputy Speaker, Sir, in terms of security, I want to request the office of the President to ensure that police stations and police posts are modernised so that they contain the insecurity that is being experienced throughout the country. This will ensure that our people can go about their businesses without any worries of criminals invading their homes or stealing their livestock.

In terms of the Ministry of Co-operative Development and Marketing, for many years this Ministry has received very little money yet it is an important one. I would, therefore, request the Minister for Finance to ensure that this Ministry is well funded. The Ministry should provide adequate systems of marketing agricultural and other related produce. We all know that co-operatives provide access to credit to our people in the rural areas. We are also aware that some of our people do not have title deeds to access loans from banks. So, this Ministry is very important in our economy.

The Ministry of Livestock and Fisheries Development which was created last year is only there in the books. It has only a few officers in the districts.

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

The Assistant Minister for Labour and Human Resource Development (Mr. Odoyo): Mr. Temporary Deputy Speaker, Sir, I wish to add my voice in support of the Budget. The Budget is a reflection of the Government's intention to intervene and influence the economy. It also narrates the revenue and expenditure patterns that the Government intends to adopt in the coming year.

Mr. Temporary Deputy Speaker, Sir, I wish to lay emphasis on a few key areas that I believe will have a far-reaching impact on our people than has been emphasized by the previous speakers. The monetary policy that the Minister intends to put in place, specifically on the reduction of the proliferation of charges in banks will have an impact on the lending capacity of our private sector, especially the manufacturing sector. This sector has suffered tremendously. The rule says that you cannot repay two times more than what you borrowed. If you borrowed, for example, Kshs10 million, your repayment should not exceed Kshs20 million. We know of cases where houses belonging to the middle-income earners were sold in Buruburu, South C, Nairobi West and in other parts of the country. Many civil servants, particularly those who retired lost their houses after having paid three or four times the value of the loan they were advanced. Therefore, the Minister's

intention to control this particular lending loophole will have an important impact on our economy.

The introduction of bank rate as a second item of controlling the interest rates, apart from the Treasury rates, is commendable, but I wish to caution. This is because the bank rate as a feature of controlling interest rates has not worked very well in many other economies. Its application will be difficult in this economy because the lending is controlled by multinational banks. The multinational banks control over 60 per cent of the lending capacity. Therefore, the possibility that these banks could collude with them has to be checked. However, I commend the Minister's intention to limit lending to any particular shareholder to not more than 25 per cent.

However, the main area which I wish to request him to put more emphasis on is micro-enterprising. Even though the Micro-finance Bill will be introduced in this House, the infrastructure in which that money will be on-lend has not been put in place. We need to put infrastructure in place before we pass the Micro-finance Bill. If we pass a Bill before the beneficiaries are already institutionalised, there will be a shortcoming in the Act. This is because we will have an Act, but nobody to lend money to. I wish to request this House to consider the Micro-enterprises Bill which will be tabled in this House by the Ministry of Labour and Human Resource Development in the very near future. I have just come from an OECD meeting in Turkey whose sole purpose was to discuss the micro-enterprises. This is for the simple reason that this is where the jobs are. It is where the future is!

The main worry for us, as hon. Members of Parliament, is that when we visit our constituencies, school leavers do not, first, ask from us money, but they ask for jobs. They ask for jobs three or four times before they ask for money. I believe it is also time that, we, as a Government, created job opportunities for our people. However, we cannot create job opportunities when micro-enterprises are not given the full national centre-stage that they should hold. Micro-enterprises and agriculture should be the driving force of this country because this is where our people will get employment. Unless we give our people jobs we cannot rejuvenate the economy. In Turkey, for example, there is a national tax for micro-enterprises. Everybody pays a tax to support micro-enterprises, so that they can on-lend money to small enterprises. This is an area that we have to critically examine because many of our school leavers are not necessarily going back to agriculture. They have to do something and they want jobs.

Mr. Temporary Deputy Speaker, Sir, let me say something on the financial out-turn that the Minister read. The deficit in the Budget, of course, poses a financial risk. The deficit is relatively higher than would have been expected. This has already been mentioned by the Shadow Minister for Finance. However, there is a need for us again to re-examine some of the Budget items. This is because the deficit risk is far much higher than the five per cent normally accepted as good budgetary planning. Perhaps, the theme of enhancing economic efficiency for accelerated economic growth, might severely be hampered unless this deficit is appropriately managed. There are certain risks that are coming to the economy. I am in charge of the Ministry of Labour and Human Resource Development. I am aware that certain sectors of the economy are prone to strikes and they might put a lot of budgetary risks on this Government. For example, teachers, university lecturers and civil servants. We also have other sectors controlled by the public sector and they will also put budgetary strains on the economy. I am not completely convinced that the Minister has factored in these haphazard risks, even though the totality of the Budget reflects some confidence.

On the issue of donors, to expect Kshs51 billion from donors is good, but it also exposes us to further manipulation by them. The dependency on donors is something that has dogged us for the past ten years. It reached a point where everybody was mentioning the International Monetary Fund (IMF). What is IMF? When IMF gives a critical stand, we, as a country, need to move away from dependence on donor-budgets. Donor support means that we are exposed to manipulation. It also

means that we shall be forced to implement policies that we are not interested in. For example, Mr. Mwiraria, Mr. Michuki and others, we were members of the Departmental Committee on Finance, Planning and Trade when the Donde Interest Bill was being discussed in this House. At that time, the representatives of the IMF came and met us. They told us at pointblank range that: "You cannot implement the Donde Interest Bill." So, the question of sovereignty versus what I may call, "sober internationalism or globalization," comes to the fore. So, until we gain control over our finances, the issue of sovereignty is at stake. Therefore, this amount that is expected from the donors is Kshs51 billion. This represents one-eighth of the budget. This means that 20 per cent to 25 per cent depends on the donors. This percentage is higher than normally expected. A reasonable percentage would have been 10 or less.

Mr. Temporary Deputy Speaker, Sir, since I have two more minutes, let me praise the Minister for Finance by saying that although the growth rate stands at 1.8 per cent, it is positive. A few years ago, it was negative. We may think that our economic growth rate is low but the domestic output of goods and services rose by 12 per cent. That is a good achievement. The Treasury Bond rate came down to 1.3 per cent and that is commendable because it was as high as 80 per cent at one point. We are moving in the right direction, and I believe that given more time, with the declining lending rate, and more people borrowing, the economy will grow as more people establish enterprises.

With those few remarks, I beg to support the Motion.

Mr. Chepkitony: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Financial Statement. From the outset, I would like to say that I support the Budget. There are a few areas, which would have improved the economy if the Minister had given attention to them.

First of all, I would like to thank the Minister for banning the packaging of alcoholic drinks in sachets whose volume is less than 200 ml. That was a very commendable move because packaging of alcoholic drinks in 20 ml or 30 ml sachets has become a menace. The alcoholic drinks packed in small sachets have spoilt our pupils in primary schools and students in secondary schools. Students could buy the spirits packed in small sachets from *kiosks* and put them in their pockets because they were easy to hide and then drink them very fast. That is a good decision that the Minister took and I must commend him for it.

The agricultural sector leads in the economy of this country. It contributes a lot to the Gross Domestic Product (GDP) and it is the mainstay of the economy, as it has always been said. This sector should be supported more than any other sector of our economy because it employs the majority of our people. The poverty in the rural areas is based on whether this sector is doing well or not. So, we need to support the agricultural sector in order to alleviate poverty in the rural areas. The Minister did not say much on agriculture although he talked about the revival of some agricultural institutions. This is a commendable move. He said that the Government will revive the Agricultural Finance Corporation (AFC), the Kenya Farmers Association (KFA) and the Kenya Co-operative Creameries (KCC). These institutions and others support the agricultural sector. So, there is need to support this sector through appropriate taxation and credit facilities. I saw in the Budget some provisions being made for the AFC and I do not know whether the money will be lent out to farmers as development and seasonal crop loans. If that is the case, then it is a move in the right direction.

Mr. Temporary Deputy Speaker, Sir, we need to support research on various crops, for example, horticultural ones, cereals and commercial crops like maize, wheat, potatoes, sugar-cane and cotton, although this crop is not doing well at the moment. We need to promote research in order to come up with better seed varieties. Even if we resort to genetically modified seeds and as

long as we produce sufficient food for the nation, I will support such a move.

We also need to look at the issue of affordable inputs such as fertilizer and agro-chemicals. Over the last one and half years, the cost of fertilizer has really gone up. This will increase the cost of production. Although the farmer does not fix the selling price, he needs to sell his crops at a high price to get better returns. This is because of the high cost of production. The price of diesel and other fuels has gone up.

I never heard the Minister say anything about the revival of collapsed irrigation schemes. We used to have many irrigation schemes in this country, for example Bura Irrigation Scheme. We need to revive all those irrigation schemes so that we can create employment opportunities in those areas. I would like to emphasise that irrigation schemes should be people-driven. The people who live in those areas should support the schemes and participate in them. Maybe, the irrigation schemes should provide land and water to farmers.

Mr. Temporary Deputy Speaker, Sir, over the last one and half years, fuel prices have gone up. Of late, due to the increase in the price of crude oil in the world market, the local prices of fuel have gone up. I would have expected the Minister not to have transferred the suspended duty to Excise Duty because it will increase the price of fuel. There is no need to support petroleum industries if they cannot support themselves. It is high time a decision was made by the Government either to stop the Kenya Petroleum Refineries Ltd. (KPRL) from refining crude oil or modernise it, so that it can refine petroleum products competitively. This will enable it not to depend on public funds. The high fuel prices being experienced currently are impacting negatively on our economy. The high fuel prices have led to high inflation rate in the country. Prices of various goods have gone up because the price of fuel has increased. Even the transport cost for both passengers and goods has increased. The rise in fuel prices has increased the price of virtually everything. In fact, inflation has increased in the last few days. The price of food and building materials has gone up. We need to curb this because high inflation will make the shilling depreciate. Already, the shilling has lost value. The value of our shilling is not the same as it was last year when it had gained drastically. To some extent, when the shilling depreciates against other currencies, it is good news to our horticultural farmers. This is because they earn more from their produce. It will be okay if the shilling exchanges at Kshs80 against the US Dollar. But if inflation continues to rise, then the shilling will depreciate.

Mr. Temporary Deputy Speaker, Sir, let me touch on our industries. The NARC Government should have come up with an appropriate policy to encourage investors to come and invest in this country in order to create the 500,000 new jobs per year it promised Kenyans. The Government should also encourage investors who are already in the country to expand their businesses and invest in new areas in order to create job opportunities.

Mr. Temporary Deputy Speaker, Sir, manufacturers should be provided with a conducive environment to thrive. They should be provided with cheaper electricity. We should also improve the infrastructure; that is, the road network, communications and others. Good security is required to enable the investors to invest.

Dr. Khalwale: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to contribute by reading a speech?

The Temporary Deputy Speaker (Mr. Khamasi): Order, Dr. Khalwale! I have not seen Mr. Chepkitony reading any speech.

Mr. Chepkitony, please, proceed!

Mr. Chepkitony: Mr. Temporary Deputy Speaker, Sir, that is off the point.

Still on the manufacturing sector, one area where this country has lost a lot is in the textile industries. Most of our textile industries have either closed down or are operating at a very low

level. We need to take action to revive that sector. It was a very big employer and we have to revive it. One way of reviving it is to ban *mitumba*. People like *mitumba* because of poverty, but second-hand clothes are not good for the economy. We, therefore, need to start by raising duties on second-hand clothes to the maximum, so that local textile industries could start manufacturing. I, already, see that there is a good move. The raw materials imported into the country are almost zero-rated. That action was taken a few years ago and I think that sector needs to be supported.

We have the African Growth and Opportunity Act (AGOA), which we have not taken full benefit of. That has been so because we have not given the local industries the necessary incentives to manufacture fabrics which can be used in Government manufacturing plants. We need to take action to encourage the production of cotton and wool. At the moment, wool is being exported raw. We need to add value to wool, so that we can fetch more money. When we add value, we will be employing our people and providing farmers with good money.

With those few remarks, I beg to support.

The Assistant Minister for Finance (Mr. Katuku): Thank you, Mr. Temporary Deputy Speaker, Sir. I would like to start my contribution by drawing the attention of hon. Members to the provision under Vote R31 - Ministry of Education, Science and Technology, Sub-Vote 310, Head 834, Item 188. It has an error arising from wrong item description. The description reads: Information Technology (IT) Policy Expenses, amounting to Kshs4,327,524,643. It should read: Medical Scheme. It should be read in that context until---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Katuku! Are you trying to amend the Estimates that we have already received? Is that what you are trying to do?

The Assistant Minister for Finance (Mr. Katuku): Mr. Temporary Deputy Speaker, Sir, I am just trying to clarify a matter in the books. I will be amending it in our Supplementary Estimates. So, I was just drawing the attention of hon. Members to it, because somebody had mentioned it in his contribution. I would like hon. Members to note that error.

Mr. Temporary Deputy Speaker, Sir, as the Member of Parliament for Mwala Constituency, I would like to take this opportunity to thank the Minister for Finance for the good Budget that he presented to Kenyans this year. I would like to underscore a few aspects of the Budget.

Mr. Temporary Deputy Speaker, Sir, first and foremost, the issue of financial management is critical in ensuring that the proposals we make in this House have a meaning to Kenyans. There must be seriousness in the aspect of implementation. As the Minister indicated, efficiency is key to ensuring that the resources we collect from Kenyans are properly spent. Kenyans would like to see their taxes utilised properly. We would like to see those who are responsible in various departments and Ministries managing the resources of Kenyans prudently.

Mr. Temporary Deputy Speaker, Sir, none of us, either in the Opposition or in the Government, would like to see taxes collected and meant for a particular project, diverted to serve individual interests. We want to ensure that corruption is rooted out in our departments and Ministries. We want to ensure that monies voted in this House are spent properly. So, I would like to urge those who are responsible, civil servants in particular, to ensure prudent management of those resources. We do not want to hear cases of corruption. I would like to assure this House that, where we will have such cases, the NARC Government will not be ready to cover up anybody involved in misdeeds and mismanagement of Kenya's resources. We will always expose them. I would like to thank the Opposition for coming out and playing their role. That is why we pay them as Kenyans. We pay them to keep the Government on its toes, and to expose issues of corruption. As a Government, we are ready to take up any meaningful exposition and take action, as we have always been doing. So, it is the responsibility of both the Government and the Opposition to ensure that, resources collected from Kenyans and voted for by this House, are properly spent. We have the

Financial Management Bill before the House. I am sure hon. Members will pass it. It will give us more teeth to deal with corrupt officials, and give guidelines on complex procurement procedures.

Mr. Temporary Deputy Speaker, Sir, I want to comment on the issue of the Constituency Development Fund (CDF). Hon. Members may know that, as we talk now, money has already been set aside. There is Kshs6 million per constituency for development. We have also made a provision of about Kshs4.5 billion in this Budget to go to the same Fund. That Fund is expected to assist in development projects like putting up schools where there are no schools and water projects where there are none. If properly implemented, the NARC Government and this Parliament will be remembered for passing the Act that enabled the Ministry to provide funds for development.

Mr. Temporary Deputy Speaker, Sir, I would like to comment on the issue of bursary allocations. As a Government, we have set aside a lot of money for bursaries. I would like to urge hon. Members to take keen interest on the bursaries. There are areas where, for example, 50 children are given a bursary of Kshs1,000 each. That does not make any sense! It will have no impact. Let us give bursary money to the children who are needy. Even if you give two bright pupils in a constituency, it will help them, rather than giving Kshs1,000 each to 30 children, who are sent home the following day because of lack of school fees. I think as real leaders, we have a responsibility on that matter.

Mr. Temporary Deputy Speaker, Sir, my area has water and roads problems. I would like to thank the Minister for making provisions for key roads and some infrastructure in my area. I hope that the roads that are earmarked for tarmacking will be done. The problem of water in my region is very serious. For a long time, no resources were allocated to tackle the problem of water in my region. This is one area that I would like to urge the Government, as the Member of Parliament for Mwala, for more resources, if available, to develop water resources in Ukambani.

As we talk, we have a problem now of food poisoning. There is this aflatoxin problem in the region. As the experts look at this problem, I strongly have a feeling that this problem has more to do with the genetic seeds we have in the area of late. Some of these seeds are called pioneer seeds which are not known in the area. They have been introduced and I would want to urge the Minister for Agriculture to move in and ensure Kenyans have the right seeds because some people are planting wrong seeds. Like in that area, you find people were planting these pioneer seeds imported from South Africa and other parts of this country and they take long to dry. Some people have been keeping these seeds the way they have been keeping the normal seeds. I think this may be the cause of this problem. I would want the Minister to investigate this and maybe confirm to us whether it has any relation so that we have our people planting the right seeds so that they do not face this problem of aflatoxin.

Mr. Temporary Deputy Speaker, Sir, security is key to development and we have tried to allocate resources to deal with the issue of security. However, I want to urge Kenyans to give information to our security system. Even if we bought all the policemen vehicles and we do not give them information, we will not deal with insecurity in this country. We must assist the security system by giving information to the police which can assist in arresting the issue of insecurity in this country.

Mr. Temporary Deputy Speaker, Sir, I would also want to commend the Budget for handling the banks. We have been in this House long enough. We have been complaining to previous Ministers that it is necessary to take action on the issue of banks where people have lost their houses, people took loans and because of the high interest rates, people have suffered. This time round, Treasury took action to ensure Kenyans do not continue suffering and that is a very commendable move which I am sure Members of this House will support to ensure we have control of interest rates. Without monies available, we will not jump-start this economy because we need cheap money. we need money for--- My time is over?

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

The Assistant Minister for Finance (Mr. Katuku): Mr. Temporary Deputy Speaker, Sir, I beg to support.

Mr. Poghiso: Thank you very much, Mr. Temporary Deputy Speaker, Sir. It is always good in principle to say that the Speech was read well. It was the longest Speech ever and we must do something about Ministers who just want to come here and read for three hours something that they could read for one hour. We did not need all those three hours. I think it is well taken. I think we should even legislate that it takes a maximum of two hours because it takes such a long time to say very few things. There were very few salient points that could have been said in this Speech and it took too long.

(Applause)

Mr. Temporary Deputy Speaker, Sir, the Government said that this is only the second Budget Speech. It is the second Budget Speech but also one of the most interesting speeches. When I come to a second Speech, I expect to have benefited from the first one. I would like to ask what happened to the first Speech? Can we retrieve the first Speech and work on it first before even the second one? This is a very interesting speech because the Minister read a Budget Speech here last year promising that a lot of things will come especially to the northern region, that is the dry areas.

Mr. Temporary Deputy Speaker, Sir, let me tell you that Kacheliba Constituency cannot say right now that what was in that Speech last year came to fruition. I cannot point to any one thing that can be so. I would have suggested that if we are not doing anything about these speeches, let us go back to the first one. Let us just produce the first one and read it again because, then it is just a matter of reading.

Mr. Temporary Deputy Speaker, Sir, at the risk of seeking to pour cold water on a very long Speech, I just want to mention a few areas. I have heard Ministers apologising for the Kshs1 billion placed wrongly in a wrong vote. This is not the time to apologise. They should wait until that item comes and then we can talk about it and then they can apologise at that point.

Mr. Temporary Deputy Speaker, Sir, do you not find it very interesting that people pre-empt debates of this House? Outside there in a public *baraza*, they talk about things and mistakes which have been printed in the Speech. I would like to say that let us wait for it until it comes and under that Vote, we will talk about it.

Mr. Temporary Deputy Speaker, Sir, I am a peasant basically because I represent people who do not know what Liquefied Petroleum Gas (LPG) is. When I told then that the Government has reduced the price of LPG, it took me a good number of minutes just to explain the cylinder that you are talking about and what is in it. And then the question: How then do you use gas to cook? It is very interesting and I want to speak over this particular issue that the Minister could come here and very proudly say:- "In order to save our forests from destruction, I have decided to reduce the price of LPG". Now, say that to Kacheliba people and hope that they will understand. You can reduce the price of the cylinders and the price of the gas but what are you doing about the gas cookers? The Minister never said anything about that. Why do you not distribute them for free so that then people can actually afford them?

Mr. Temporary Deputy Speaker, Sir, as surely as today follows yesterday, the forests are going to be cleared for firewood and I am not a prophet. I am just telling you that. A good number of the citizens are going to cut trees for *makaa* or charcoal because that is what they are going to use to cook. I want to challenge the Minister to get that clear and understand that LPG is not sold in all constituencies. At least, there is no one single LPG cylinder that is sold in Kacheliba Constituency because who do you sell them to and for what?

Mr. Temporary Deputy Speaker, Sir, I would like to address the issues on the energy sector. I know that the Minister is interested in reforming Kenya Power and Lighting Company (KPLC) and there is a lot of money which is being pumped into that company. As things are now, some of us from the dark areas of this country are going to have to march to the Minister and ask him how long we are going to remain in darkness in this country when the Government is putting money into KPLC to restructure it and yet we are not getting any power or light. What is happening is that phases two and three of the funds are all going to the places which have had electricity since Independence. If there is no planning and I blame the Minister for Planning and National Development - he is the only one I can see around here -because all this Budget comes from planning. If you do not plan for us we will never get into the budgets. So, he has heard me. If there is no planning for us in the dark areas of this country, the places where we do not have even a single bulb of electricity and lighting in my constituency, how can I be standing here to support measures which are not going to benefit or bring any change to our people? I am not saying this is the first Minister to bring those kind of measures. All the Ministers that have existed before him have done it and it seems that there is no change in policy or planning that affects the people in the far places; places which are further than the Minister's constituency. As things are now, one has to become a friend of the Ministers. The Ministers now have to use---

The Minister for Planning and National Development (Prof. Anyang'-Nyong'o): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is my dear friend in order to say in this House that there is no planning for the far and out-reaching areas when he knows for certain that in the Economic Recovery Strategy (ERS), there is a specific plan for the ASAL and marginal areas, which includes his own constituency?

Mr. Poghisio: Mr. Temporary Deputy Speaker, Sir, you can see that the Minister is a good friend of mine, and he as just confirmed that I need to be his friend. I have to be a friend of the Minister for Energy. I also have to be a friend of the Minister for Water Resource Management and Development, because if I am not, then Kacheliba Constituency will not be put in the Budget. Why are funds not allocated for my constituency? Last year no funds were allocated and the same story applies this year.

Dr. Khalwale: On a point of order, Mr. Temporary Deputy Speaker, Sir. The hon. Member knows very well that the children of Kacheliba Constituency enjoyed free primary education from the funds allocated in last year's Budget. Therefore, is he in order to mislead this House with regard to this issue?

Mr. Phogisio: Mr. Temporary Deputy Speaker, Sir, the Chair has to protect me from frivolous points of order.

The Temporary Deputy Speaker (Mr. Khamasi): Order, Dr. Khalwale! This is time for debate. Let us give Mr. Poghisio time to finalise his contribution.

*(The Minister for Energy
(Mr. Ochilo-Ayako)
walked into the Chamber)*

Mr. Poghisio: Mr. Temporary Deputy Speaker, Sir, I am glad a friend of mine has arrived.

(Laughter)

The people of Kacheliba, West Pokot and Sigor constituencies have not seen electricity. Nobody there spends money buying wires, switches or bulbs. When will we join mainstream

Kenyans who actually budget for wires, switches and electricians?

(Mr. Katuku consulted loudly)

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Katuku! Let us listen to Mr. Poghisio!

Mr. Poghisio: Mr. Temporary Deputy Speaker, Sir, the Minister knows that this country gets foreign support in form of Appropriations-in-Aid (A-I-A) to implement certain projects. There is not a single time that the Minister has turned his face to those areas of this country that have never seen electricity. So, from now on I declare him a friend.

Mr. Temporary Speaker, Sir, I know my time is running out, but I would like to look at another sector of the economy. The banking sector reform programme is very important. We need to push the banks to the rural areas.

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

The Assistant Minister, Office of the President (Mr. Tarus): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute to the Budget Speech.

I would like to begin by supporting this Budget Speech because this is the second Budget after the previous one managed to trigger the economy towards recovery. We have seen positive results in the Gross Domestic Product (GDP), the agricultural sector and in virtually all sectors of the economy. More encouraging is the growth in the tourism sector which despite the difficulties we have experienced as a result of travel advisories, managed to record 18.2 per cent growth.

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

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

Mr. Temporary Deputy Speaker, Sir, looking at the process of economic recovery which was envisaged in our Economic Recovery Strategy, we do realise that, indeed, we set very ambitious programmes and as a result, we were not able to meet the target. At this stage of our second Budget reading, we must address ourselves to the basic issues that made us not achieve what we intended to. For example, we envisaged a good economy that would allow for the creation of 500,000 jobs for the unemployed Kenyans. Today, we are not sure whether we have met that target, but we must ask ourselves how we can fulfil that particular promise we made to Kenyans. We have also realised that economic growth in a country would require all the leaders in the country to participate. We need to build good will across the political divide so that we can meet our challenges.

Mr. Temporary Deputy Speaker, Sir, we need to look afresh at partnerships. When we talk about development together with the development partners, we must be able to consider our partners in development locally here before looking at the external development partners. It all begins in this House. We must be able to share our potentiality and aspirations in order to have fruitful and successful economic growth for our country.

I know that as we embark on another financial year, there are challenges that the Minister considered as likely to affect the process of rebuilding the economy. One of these challenges is the membership in the Common Market for Eastern and Southern Africa (COMESA). We have been drawing our revenue from taxation given the current tax regime. The Minister has envisaged that

our membership in the COMESA will affect our revenue. We need to be proactive and positive in this aspect. We also need to realise that by joining COMESA, we shall have an enhanced market and Kenya will have an advantage in this wider market. All we need to do is to make sure that the institutional framework we are putting in place for whatever we have envisaged is functional so that our people are able to take advantage of the opportunities that will emerge as a result of the new market that is likely to be created as a result of the new partnership in the East Africa region.

Mr. Temporary Deputy Speaker, Sir, the other aspect that is still a challenge in economic recovery is the issue of the unpaid arrears that remain outstanding. One of the questions that keeps on ringing in the minds of many people is: For all these unpaid arrears, did Kenyans ever receive services after payment of such large sums of money? There should be a mechanism through which we can make sure that we are able to confirm whether services were, indeed, delivered or not in order to save the public from having to bear the burden of what they did not get.

Mr. Temporary Deputy Speaker, Sir, in our economic recovery strategy, we need to look at how to improve the incomes of our people in all the sectors where the majority of our people are currently participating. For example, in agriculture, we have indicated very well the contribution of the agricultural sector to the economy. While allocating resources for economic growth, we need to do justice to the Ministry of Agriculture. If agriculture is providing 80 per cent of employment in the economy, then this is where we should invest. This is the sector we should target to industrialize. If agriculture is providing 60 per cent of export earnings to the economy, then this is the sector to strengthen and to provide incentives so that our farmers are able to reap the fruits of a working economy that favours their enterprises. If agriculture is providing 45 per cent of the annual Government revenue, then only Kshs4 billion out of Kshs271 billion which is allocated is not fair to the Ministry of Agriculture.

Mr. Temporary Deputy Speaker, Sir, we also realize that we need to have a strong policy on food security. We cannot have food security if we cannot envisage or recognize the role played by agriculture. We do recognize that the Ministry of Agriculture has come up with a strategy to revive or revitalize agriculture under a programme code named: "Strategy for the Revitalization of Agriculture". But we still need to do much more. For now, the farmers are still waiting to see the revival of institutions that used to provide them with leverage in order to be able to function effectively. One such organization is the Kenya Farmers Association (KFA). Over the past one year, farmers have been expecting the Government to provide services and opportunities for them; especially to make inputs cheaper. But come the planting season this year, farmers had a nightmare, firstly in accessing fertilizer; and secondly, in accessing other products which are required in the agricultural sector. I can see that we have the funds to make sure that we have revived the Kenya Power and Lighting Company, but I feel sad because I am not seeing money being allocated to make sure that the KFA is able to function effectively. I feel sad when we say that we want to revive the Kenya Co-operative Creameries (KCC). We have promised farmers that we are going to buy milk at Kshs18 per litre. I feel sad when I see the prices falling again to Kshs16 per litre, and the farmers were beginning to have a good attitude and to invest in the dairy industry.

So, Mr. Temporary Deputy Speaker, Sir, I hope that during the course of this financial year, we will be able to look at how best to revive these farmers' institutions. We do not want to go back to the history.

Mr. Temporary Deputy Speaker, Sir, I beg to support.

Capt. Nakitare: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute to the debate on the Budget. This is the first Budget Speech that I listened to from inside the House.

The Budget dealt very much on the high class cadre issues, that do not support the economy

of this country. As you all know, the biggest problem we have in this country, which was not mentioned in the Budget, is unemployment. If you look at our youths, you will find that we are producing the laziest and unworkable labour force in this country. Boys and girls who have left school are idle in the streets. They are not even in their homes and they have no farms. They spent many years in school, but they are not putting this knowledge into use. If our youths will be the next generation and the leaders of tomorrow, what kind of generation are we looking at?

Mr. Temporary Deputy Speaker, Sir, Kenya is an agricultural country. The Minister did not give any incentives to farmers. As an experienced farmer in Kenya, I have practical and technical knowledge, but I know that farmers need to be trained, so that they can be good farmers. Enough money has not been allocated to agricultural research institutions. No mention was made to revitalise the Kenya Agricultural Research Institute (KARI), which has barely been vandalised. Nothing has been talked about research in camel production. Some years back, the University of Nairobi, in conjunction with some foreign donors, conducted a research and came up with dairy camels in the ASAL areas. Therefore, these people had nutritious milk from camels. Nothing has been said about livestock. The agricultural sector has been neglected.

I may have a doctorate (Ph.D) in Agriculture, but I will not be recognised like my colleague who has a Ph.D in Medicine. A graduate in agriculture is not recognised. This is a waste of knowledge. A lot of money should be allocated to the agricultural sector in order to improve it and Kenya is capable of feeding the African continent. We have good soil and well educated people, who are energetic and willing to work. However, we have not utilised this labour force. I have travelled to many countries, and I have seen one big vacuum that the Minister for Finance has avoided to mention in his Budget Speech. He has avoided the way to life. The Minister has spent most of his time borrowing technology from other countries, which is not workable in our country. Kenyan raw materials are exported and we get finished products at a cost. We are not different from when we were colonised by the white man. I do not see how the Minister for Finance could talk about smelting of scrap metal when we very well know that this country does not have an iron and steel industry. We do not have the smelting machines. Scrap metal is meant for *chokoras* who collect the materials to sell and get money.

Mr. Temporary Deputy Speaker, Sir, why should the Minister dwell on issues that do not improve the welfare of our people? Our children have a lot to learn from us. What example are we giving them; when we say okay to the fuel prices because we are trying to recover taxes from previous years, yet we are not seeing what impact this will have on our environment? We have environmental problems which the Minister did not talk about. We practise farming and produce a lot of nutritious food in Saboti Constituency, yet we have nowhere to sell it. Our neighbours, like the Turkanas, are suffering. Our country spends money to buy maize from outside, or waits for donations. The food produced in Saboti Constituency is capable of feeding people in Turkana, West Pokot and even Samburu.

We should be in a position to send vegetables to Mombasa by train. Unfortunately our transport and communications systems are poor. We are now borrowing scientific knowledge and imposing it on our people. We have talked about Kacheliba, Kabretwa, Saboti and even Kitale Town. We have no electricity at these places. Our children would want to learn computer technology. We want to impart knowledge to them yet it is impossible. What a waste! I would have liked to see the Minister talk about the necessary social requirements in our country. To overcome development challenges, we need to have a Treasury with visionary ideas. We do not want to have a Treasury which reads to us a three-hour document that cannot benefit Kenyans.

We have been relying very much on foreign investment. We have been inviting people to buy our property and whatever else we have which will make them colonise us. We had a slogan:

"Buy Kenyan, build Kenya." If we cannot buy Kenyan products so as to promote our country, then we are still enslaving ourselves. I would have liked the Minister to mention the basic things. We have the free primary education programme which is promoting our education. What about the conditions in the schools? They are unhygienic, yet money to build toilets or expand schools is not available.

The Local authorities have been a failure. They have no proper planning and no economic plans. They have no vision. All they do is dish out plots. Even if we wanted to promote our industrialisation, where would we find the land to expand? We have no spare land. We should copy strategies from countries like Japan. Japan is an island. It is smaller than Kenya, but it is among the First World countries. It does not have minerals. We have minerals, which have not been exploited. Instead of importing fertiliser, we should depend on rock phosphate from Mount Elgon. Japan imports rock phosphate from Morocco to manufacture chemical fertiliser, which is eventually sold to Kenya. Is this not strange? We need to have a vision. Our university graduates and researchers are not using their knowledge. We would like to see money used on technology and scientific research that is applicable to us and can benefit us in our social context.

We are talking of industrialising our *jua kali* sector. This is a waste of time. How can we have an industrialised *jua kali* sector which has no market for its goods? It is just like giving a farmer land and no farming equipment. Even if the land has potential, the farmer would not produce anything.

Mr. Temporary Deputy Speaker, Sir, we should train our people to work hard. We are producing a brood of lazy people and yet we say we want Kenya to be a working nation. How can you expect to have a working nation if you cannot train these people to work? I would like to see the Government take care of idlers in the streets. That way criminology will have been dealt with. You cannot control a hungry person. You cannot stop a child from crying because of hunger.

With those few remarks, I beg to support the Budget Speech.

Dr. Galgalo: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to this very important Motion.

This Budget came at a time when Kenyans had a lot of hope in this Government. Kenyans had given the NARC Government about one year to start implementing the promises its members made at election time. They have given it enough time. Over the years they had developed a lot of hope in the Government to provide the things they crave for. If one looks critically at the Speech, one finds that the Minister failed to address some critical issues that face Kenyans.

Mr. Temporary Deputy Speaker, Sir, first of all, our Budget for the current financial year is Kshs440 billion. This coming year the Minister is proposing to raise that ceiling. In order to raise that ceiling one would expect the Minister to have solid proposals to bring to the House and assure Kenyans that he is truly able to raise those funds. Usually, we get funding from donors. During the one-and-a-half years that the NARC Government has been in power, donors have started developing cold feet. Like Kenyans, they were also enthusiastic initially in supporting the Government, but they have also started developing cold feet now. This is because people are beginning to lose faith in the Government.

Last year, donors had pledged support of about Kshs28 billion, but they only gave us Kshs8 billion. If we expect that from a donation of Kshs8 billion, they will give us more than Kshs50 billion in one single year, I think that is asking for too much. This is against the backdrop of dwindling faith of donors in the Government.

The other source of finance is taxation. Again, Kenyans gave the NARC Government a lot of goodwill and started paying taxes. They have been paying taxes over the last one year, because they had---

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Poghisio): Order, Dr. Galgallo. You will have six more minutes tomorrow.

Hon. Members, it is time to interrupt the business of the House. This House, therefore, stands adjourned till tomorrow, Wednesday, 16th June, at 9.00 a.m.

The House rose at 6.30 a.m.