

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 28th June, 2001

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.323

SELECTION OF POLICE TRAINEES

Mr. Speaker: Mr. Otula is not in? We shall come back to this Question later on!
Next Question!

Question No.397

DEVELOPMENT PROJECTS IN MARAGWA

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

(a) whether he could table the list of projects earmarked for implementation within Maragwa District through the use of *El Nino* funds; and,

(b) when the projects will be implemented and what the cost will be.

Mr. Speaker: The Minister of State, Office of the President is not in? We shall come back to the Question later on!

Next Question!

Question No.248

APPROPRIATION OF DORMANT ACCOUNTS

Mr. Speaker: Mr. Kariuki also not in? We shall come back to the Question later on!
Next Question!

Question No.127

DEVELOPMENT PROJECTS IN NYATIKE

Mr. Speaker: Mr. Onyango also not in? We shall come back to his Question later on!
Next Question!

Question No.336

MANAGEMENT OF KONZA RANCH

Mr. Kikuyu asked the Minister for Agriculture:-

(a) whether he is aware that Konza Ranch Company Limited is on the verge of collapse; and,

(b) when he will set up an inquiry to look into the management of the firm, as requested by the shareholders.

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

(a) I am not aware of the existence of Konza Ranch Company Limited, but I am aware of Konza Ranching and Farming Co-operative Society Limited which is active and is not on the verge of collapse.

(b) Arising from my answer on part "a" above, action on part "b" of the Question does not arise.

Mr. Kikuyu: Mr. Speaker, Sir, there have been a lot of wrangles between the former management of Konza Ranching and Co-operative Society Limited, and the present one and there is a lot of public money being wasted on court cases. Who will reimburse the shareholders of this Co-operative Society thousands of shillings which is being wasted in court cases?

Dr. Godana: Mr. Speaker, Sir, to be very frank, I think the hon. Member should have framed the Question in terms that would have brought the attention of the Minister to legal wrangles in the co-operative society rather than say it is on the verge of collapse. So, I do not think that is really a direct supplementary question. But even so, I would like to say that obviously, monies which have been used by co-operative society officials in fighting legal

disputes before the courts are bound to be monies belonging to the larger group. This is a problem which has become one of the cancerous developments in many agricultural institutions, the co-operative societies included. We are embarking on a process of revisiting, reviewing and rationalising the operations of many of these organizations, to strengthen supervision as well and we hope, when the time comes, members will all be able to close ranks even between the two sides and help us to re-establish serious order within the societies.

Mr. Kihoro: Mr. Speaker, Sir, corruption in the co-operative sector has been rampant and this has created a very unfortunate situation where many of the farmers in this country are suffering in a way that they should not. Could the Minister tell this House what measures he is going to put in place to make sure that people who have become corrupt in the leadership of the co-operative societies are going to be arrested and tried, and also make sure that monies they might have stolen will be refunded to the farmers?

Dr. Godana: Mr. Speaker, Sir, actually, it is not an easy task, because, even as we speak here today, the fact is, diversion of public funds or co-operative society funds by officials and corrupt players within the co-operative movement is something which is criminal. There is a limit to what the Ministry can do, separate from the other arms of Government. I think it calls for all of us, including the Attorney-General's Chambers and the Police Department, to take complaints regarding this misuse of funds seriously. What I can say is that, from the Ministry, we are already looking at the legal and institutional structure with a view to enhancing the supervisory powers and making it much more difficult for people to continue - as it were playing on the backs of innocent farmers co-operators.

Mr. Twaha: Mr. Speaker, Sir, I would like the Minister to comment about ranching companies which belong to the AFC. These are ranching companies acquired with loans from AFC to buy cattle. The cattle were subsequently stolen by *shiftas*. Could the Minister consider waiving these debts?

Dr. Godana: Mr. Speaker, Sir, that definitely is a very different Question, but it relates to the Question which I handled here yesterday. Only that, then, the specific complaints of *shiftas* having taken away the cows had not been raised. We also hope we are not here dealing with cases of conmen who may have sold their properties and found it easier to say: "Yote imeenda na *shifita*". We hope that is not the case.

Mr. Shidiye: On a point of order, Mr. Speaker, Sir. We do not have *shiftas* in this country. Is the hon. Member and the Minister in order to talk about *shiftas* when we do not have them in this country? Could he tell us who *shiftas* are? He is misleading the House!

Dr. Godana: Mr. Speaker, Sir, the word *shifita* is cushitic in origin, both in my mother tongue and in Mr. Shidiye's mother tongue. It refers to a bandit who is lawless and who is out there to rob you of what you have. In recent Kenyan parlance it has come to be understood to be bandit.

Mr. Shidiye: On a point of order, Mr. Speaker, Sir. This Minister is misleading the House. We do not have *shiftas* in this country. The last time we ever heard of *shifita* was in 1967.

Mr. Speaker: What about bandits?

Mr. Shidiye: Mr. Speaker, Sir, it is true there are bandits, but there are no *shiftas*. So, I think he is misleading the House.

Dr. Godana: Mr. Speaker, Sir, for the satisfaction of Mr. Shidiye, "*shifita*" means bandit.

Mr. Michuki: Mr. Speaker, Sir, given that livestock production and husbandry is part of the whole of the agricultural effort in this country, and knowing as we do, that the production in the agricultural sector last year declined by Kshs2.4 per cent, what is in the Minister's mind as to how he is not only going to recover the lost ground, but also produce growth within the agricultural sector which is the mainstay of the whole of the Kenyan economy?

Dr. Godana: Mr. Speaker, Sir, I do not think the short time I have to answer a Question is enough for me to elaborate sufficiently on what the Ministry plans to do to make a significant positive turn-around in the agricultural sector. I acknowledge that the agricultural sector has suffered a serious and unprecedented decline last year; to the tune of 2.46 per cent. That, of course, was partly because of the unprecedented drought that we suffered. But there is no doubt, there are serious structural problems in the entire agricultural production and management system. We are reviewing every sector on a sector-by-sector basis, and I think over the next one year, this House will be receiving a series of Sessional Papers and new legislative enactments. The idea is, in short, to liberalise agriculture and facilitate; give the right environment to the farmer and give power back to the farmer with appropriate protectionist and supervisory powers in the Central Government machinery.

Mr. Speaker: Mr. Kikuyu, I can see your Question is being diverted now!

Mr. Kikuyu: Mr. Speaker, Sir, although the Minister is new in his Ministry, I believe there are records in the Ministry which he should have checked. Way back in July 2000, the Director of Co-operatives directed that this Konza Ranching and Co-operative Society be investigated by a commission. There is that directive and there are documents to show that. It is only that I am not carrying them here, but the money looted was Kshs200,000. The Minister has insisted that the Ministry cannot raise that money. When the Director of Co-operatives said that the society should be investigated by a commission, was there anything wrong about this society? Could the Government not get Kshs200,000 to put up the commission in place? We have been waiting for it this long.

Dr. Godana: Mr. Speaker, Sir, I would like to confess that this is news to me, and I wish the hon. Member followed up the matter with me if he thinks there was a promise made before I arrived in the office. It cannot be impossible for Government to institute investigation into a co-operative society whose offices may not be far off from Nairobi. I do not think it is even necessary to ask for Kshs200,000. I would wish, in fact, he could follow up the matter with me in the office.

Mr. Speaker: Next Question!

Question No.024

DISMISSAL OF MR. SIMON KAMAU

Eng. Muriuki asked the Minister for Vocational Training:-

- (a) whether he is aware that the services of Mr. Simon N. Kamau, Personal No.300728, an instructor attached to Kinangop Youth Polytechnic, have been terminated; and,
- (b) why his services were terminated.

Mr. Speaker: The Minister for Vocational Training is not in? We shall come back to the Question later on!

Next Question!

Question No.066

WATER SHORTAGE IN MODOGASHE TOWN

Mr. Shidiye asked the Minister for Water Development:-

- (a) whether he is aware that there is an acute shortage of water in Modogashe Town;
- (b) whether he is further aware that all public institutions are almost closing down; and,
- (c) in view of the above, when he will drill boreholes in the town and how much money has been set aside for the same.

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

(a) Yes, I am aware.

(b) No, I am not aware. However, in view of the water problems in the town, my Ministry has made tankering arrangements to supply Modogashe Town with water from the borehole in the neighbouring Habaswein Division.

(c) My Ministry has provided a drilling rig, with all components, to be used by the Northern Aid Non-Governmental Organisation (NGO) which has offered to fund and drill boreholes at Kokar and Abakhaley in Modogashe Town at an estimated cost of Kshs3.5 million. Another borehole will be drilled at Yumbis by the Catholic Diocese of Nakuru after the survey on the most suitable site are finalised by the technical experts.

Mr. Shidiye: Mr. Speaker, Sir, I find this answer quite shameful and ridiculous. I say so because Modogashe Town has a population of 50,000 people. It has a total of six primary and secondary schools; it is the headquarters of Lagdera Constituency and the centre he is talking about---

Mr. Kihoro: On a point of order, Mr. Speaker, Sir. Did I hear the hon. Member say that the answer given by the Assistant Minister is "ridiculous"? Did I hear him say so? If he did, then that is unparliamentary.

Mr. Shidiye: Mr. Speaker, Sir, the word "ridiculous" is not unparliamentary. This answer is ridiculous because neither the House nor myself deserve such an answer. The Ministry cannot supply water to the headquarters of my constituency with one tanker which does not even exist. We had borrowed a tanker from the Ministry of Education, Science and Technology which had some mechanical problems and it could not supply water. We have closed the schools and hospitals until the rains came. On part (c) of the Question, the Assistant Minister has told us that they are going to drill boreholes in Kokar and Abakhaley in Modogashe. These centres are 500 kilometres away from Modogashe! That is why I said this is a ridiculous answer and this House cannot be taken for granted. We are not on adventure! This is not an answer! Could he just say what he has to say, about what I have said, before we proceed?

Mr. Kofa: Mr. Speaker, Sir, Modogashe Town does not have 60,000 inhabitants but 20,000. We have the problems of Modogashe people at heart. It is an area which receives very little rainfall and we shall do all we can to assist the people.

Mr. Mwakiringo: Mr. Speaker, Sir, it is on record--- Early this year, the Minister for Water Development assured this House that the Ministry was going to rehabilitate the existing boreholes in that area and that it would sink more boreholes

[**Mr. Mwakiringo**]

during this financial year. Why is the Ministry playing around with the lives of the people in Lagdera? Why is it not sticking to the assurance which the Minister gave to this House in January this year?

Mr. Kofa: Mr. Speaker, Sir, if that happened, then it is unfortunate but, at this moment, the Ministry wants water projects to be under the management of communities. That is what we intend to do at the end of the day.

Mr. Shidiye: Mr. Speaker, Sir, I am going nuts and crazy--- You must help me!

Mr. Speaker: Please, do not!

(Laughter)

Mr. Shidiye: Mr. Speaker, Sir, I will go nuts and bonkers! I am telling you! When a borehole is drilled 500 kilometres away from Modogashe Town and he tells me that they are going to drill a borehole in that town and then talk about a drilling machine which does not exist on the ground--- He is an Assistant Minister who is in the same Government as I am--- He must tell us whether we are in one Government or a different one! Could he tell us candidly where the people of Lagdera will get water from? For the last 30 years, we have been suffering! I brought here a Question about Kokar before I was shot and the Minister was telling us about NGOs and other people who were going to assist in the provision of water. This has never worked! Could he tell us which drilling machine is found in Lagdera Constituency? He knows that we do not have even a single river in my constituency!

(Applause)

Mr. Kofa: Mr. Speaker, Sir, kindly, persuade the hon. Member not to go nuts. Let him come to our offices and tell us that story. The Ministry is very sympathetic to the people of North Eastern Province and we shall do what we can to assist the people of Modogashe.

Mr. Muchiri: On a point of order, Mr. Speaker, Sir. Are you satisfied that the Question has been answered satisfactorily?

Mr. Speaker: Mr. Assistant Minister, how far is the borehole you are talking about from Modogashe Town? The hon. Member says it is 500 kilometres away. How far is it?

Mr. Kofa: Mr. Speaker, Sir, I am not in a position to tell the distance at the moment.

Mr. Wambua: On a point of order, Mr. Speaker, Sir. It appears that the Assistant Minister does not seem to know what he is talking about. I would like to request that this Question be deferred so that the Assistant Minister can go and find out the distance from Modogashe Town to where the borehole is situated?

Mr. Speaker: I think that is a reasonable request. Yesterday, I asked Ministers to take a little time with their officers to get what is correct. It does appear to me that a lot of them do not know what is happening! Can I

defer this Question?

Mr. Shidiye: Mr. Speaker, Sir, I think it is in order to defer it.

Mr. Sungu: Mr. Speaker, Sir, it appears that Ministers are not serious about issues that affect this nation. We know, for sure, that there was the policy of provision of water to every homestead by the year 2000. The residents of North Eastern Province, as well as those of Kisumu, do not have safe drinking water. Is this Government serious? They have a big Ministry here full of engineers! Why do they not use those resources to provide clean water to Kenyans? Could the Assistant Minister kindly state what the Government policy with regard to the provision of clean drinking water to Kenyans?

Mr. Kofa: Mr. Speaker, Sir, it is true that the Ministry had promised to provide water to every homestead by the year 2000. But there were very many bottlenecks on our part, for instance, population explosion, erratic weather conditions and droughts. These happenings derailed us from what we had set to achieve. It is unfortunate that there is nothing that can be done about it. However, we shall do all we can to assist the people of Modogashe.

Mr. Speaker: Mr. Shidiye, I wanted to defer this Question. What do you have to say?

Mr. Shidiye: Mr. Speaker, Sir, before you defer it, I want to give the Assistant Minister some assignment. I have been going to that Ministry, I have met with the Permanent Secretary; the Drilling Officer, Mr. Ochieng, and the Minister for Water Development Mr. Ng'eny. I have met with virtually everyone who matters in that Ministry. It is as if I work in that Ministry! I have been going there everyday. These people know my problem but they do not want to solve it. If you defer this Question, I want a good answer. That is my prayer.

Mr. Speaker: I will, therefore, defer the Question for a week.

(Question deferred)

Mr. Otula's Question for the second time!

Mr. Otula: Mr. Speaker, Sir, I apologise for coming late.

Question No. 323

SELECTION OF POLICE TRAINEES

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

(a) whether he could table the list of names, together with the districts and locations of origin, of the police trainees recruited early this year; and,

(b) what the allocation for each district was in terms of female and male recruits.

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

(a) I am not in a position to table the list of names of police trainees who were recruited early this year.

(b) There was no fixed allocation per district since the recruiting teams went out to look for the best qualified young Kenyans with a genuine interest to join the Police Force. However, between ten and 15 males, and one to three female recruits, were recruited in each district.

Mr. Otula: Mr. Speaker, Sir, arising from the Assistant Minister's reply, could he tell this House why the Ministry does not have the records of the recruits in the current year?

Mr. Samoei: Mr. Speaker, Sir, we do have lists of the recruits. However, we have not classified them as requested by the hon. Member, according to their districts or locations of origin.

Mr. Wamae: Mr. Speaker, Sir, I come from near Kiganjo Police Training College. Is it not true that more than half of the recruits we have there are from Northern Rift Valley and nowhere else?

Mr. Samoei: Mr. Speaker, Sir, I think the allegations made by the hon. Member are not based on facts.

Mr. Sungu: Mr. Speaker, Sir, this is a very sensitive matter. For years on end, the people of Nyanza Province have been discriminated against when it comes to police recruitment. Could the Assistant Minister table the total numbers per district - not names - so that we do not infringe on the rights of some Kenyans, by naming them?

Mr. Samoei: Mr. Speaker, Sir, I think it is on record that the Kenya Government has not discriminated against any part of the country in employment opportunities that are available to Kenyans. In fact, the Commissioner of Police comes from Nyanza Province which the hon. Member has referred to.

(Applause)

Mr. Sungu: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister in order to impute improper motives on the part of the Commissioner of Police? The present Commissioner of Police has not been the Commissioner of Police since time immemorial! I said Nyanza Province has been discriminated against since Independence. The number of police officers from that area is negligible compared to those from his area, for example.

Mr. Samoei: Mr. Speaker, Sir, I think the hon. Member has now degenerated into witch-hunting and I do not wish to participate in that kind of activity. However, I should be guided by the Chair as to whether I should table a list on district of birth or district of recruitment of the trainees. For the interest of this House, I would like to have a clarification on what I should do.

Mr. Speaker: From whom do you want a clarification?

Mr. Samoei: From whoever wants the information!

Mr. Speaker: I think Mr. Sungu asked you to table the list of the number recruited from each district. I think that is a fair request.

Mr. Samoei: Mr. Speaker, Sir, I will accede to the request made by the hon. Member. I will do so, given three weeks.

Mr. Speaker: Why do you need three weeks?

Mr. Samoei: Mr. Speaker, Sir, I will explain. As I said earlier, we did recruit between ten and 15 males and between one and three females per district. But because of the extent and nature of the training, our original records are not the same as the records we have now. Some of the recruits have since deserted and we have had replacements. That is why I am seeking the indulgence of this House, that within three weeks, I can comply with the request of the House.

Mr. Speaker: Mr. Assistant Minister, I will cut your request to two weeks. The Question is, therefore, deferred.

Mr. Muchiri: On a point of order, Mr. Speaker, Sir. Since the Question asks about the police, is it the administration police or regular police officers?

Mr. Speaker: Mr. Muchiri, in local parlance, when you talk about police, everybody in Kenya understands it to mean the "men and women in blue".

(Question deferred)

Mr. Speaker: Next Question, Mr. Kamande Mwangi!

Question No.397

DEVELOPMENT PROJECTS IN MARAGWA

Mr. P.K. Mwangi asked

the Minister of State, Office of the President:-

(a) whether he could table the list of projects earmarked for implementation within Maragwa District through the use of *El Nino* funds; and,

(b) when the projects will be implemented and what will be the cost.

The Minister of State, Office of the President (Mr. Nassir): Mr. Speaker, Sir, first, I want to apologise for coming late. However, the Questioner was more late than myself!

(Laughter)

Mr. P.K. Mwangi: On a point of order, Mr. Speaker, Sir. I think the hon. Minister is not being fair to me. I have said that I am asking this Question for the second time simply because the Minister was late. Now, he says that I was also late, but I was here before him! Is he in order?

Mr. Speaker: Mr. Minister, how do you know that he was not here and you were not here yourself?

(Laughter)

The Minister of State, Office of the President (Mr. Nassir): Mr. Speaker, Sir, first, I would like to say

that the hon. Member of Parliament is good in his job. He is trying to save his people and I am also trying to help more people by---

Mr. Speaker: Order! Mr. Minister, will you apologise to the House for coming late?

The Minister of State, Office of the President (Mr. Nassir): Mr. Speaker, Sir, I did! However, if you want me to apologise twice, I will do that.

(Laughter)

Mr. Speaker: Okay! You go ahead and answer the Question!

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

(a) The list of the projects earmarked for implementation within Maragwa District through the *El Nino* funds are as follows:-

- (a) i. Makutano-Murang'a Road C71
- ii. Makuyu-Mbombo Road D424
- iii. Kigumo Water Supply.

(b) The implementation schedule is as follows:

i. Makuyu-Mbombo Road and Kigumo Water Supply will be implemented from September 2001 during the first phase of the French-funded component of the *El Nino* Emergency Project (ENEP).

ii. Makutano-Murang'a Road C71 will be implemented during the second phase of the same component when the first phase is successfully completed.

iii. The total cost of these projects will be known when the tendering procedures are completed.

Mr. P.K. Mwangi: Mr. Speaker, Sir, I think the Minister has misled this House and the nation at large in his reply. Since 1997, Maragwa District suffered from *El Nino* rains and since that time, we have been carrying our dead bodies on some of the sections of the road using our hands since vehicles cannot reach anywhere. We have complained to this Government to release these funds to our people. More or less, since there are two projects to be implemented this year, how much money has been set aside this financial year so that we can be sure that by September this year, work will commence?

Mr. Nassir: Mr. Speaker, Sir, I am 100 per cent sure that the Member of Parliament is much more educated than myself. However, funds for doing roads do not originate from my Ministry but from abroad. There are friendly foreign governments who pledge the money in times of need and we only contribute 10 per cent of the total cost. This is why I said that we should be interested in what is going on in our country, the mode of getting the money and how we get it.

Mr. Kariuki: Mr. Speaker, Sir, among the roads that were mentioned by the Minister is the Makutano-Murang'a, Road C71. For the last three-and-a-half years, that road being the main highway into Central Province, people have suffered because one of the major bridges was washed away during the *El Nino* rains. Could the Minister consider special funding for that particular bridge so that it becomes passable?

Mr. Nassir: Mr. Speaker, Sir, I am one of those who want to see our country in good shape. This problem cannot be solved in isolation here but if we work together as a team, then things will go the right way.

Mr. Kariuki: On a point of order, Mr. Speaker, Sir. With due respect, the Minister is very casual in his reply to this Question. Could he be specific and answer the Question rather than beating about the bush?

Mr. Nassir: Mr. Speaker, Sir, I can also use that type of language, but I am not allowed to do so. The only thing that I would like to say is that, whatever you want to do, you must go back to the District Development Committee (DDC). You must go and work there. Whether you want it or not, the country will go that way. Everybody must look after his own district.

(Laughter)

Mr. Michuki: "Wapende Wasipende"!

Mr. Speaker, Sir, the Minister should be serious because this Makutano-Maragwa-Murang'a-Sagana Road, that he says has been funded, is in a very bad condition. As a matter of fact, as we go to Murang'a, we have to pass through Makuyu into Sagana and back again to Murang'a in order to be able to go to our constituencies because the road is bad. As it has been stated, the bridge was washed away, the potholes are peeling and we have to repair our cars every week. Could the Minister be serious because money has been given to solve the *El Nino* related problems and this road is one of them? Could he be serious and tell this House, and the country at large, since it is not only us who use the road, exactly how much money it will cost for doing this road and when it is

going to be done?

Mr. Nassir: Mr. Speaker, Sir, if this money was in our Budget, I would be able to say something. However, it is some few European countries who come and say: "Let us help this country". They bring the money into the country without even informing us.

Mr. Maore: On a point of order, Mr. Speaker, Sir. I am sure you are equally agitated and irritated by that kind of answer. The question is very specific. Is the Minister not out of order not to answer a specific question about the money rather than those other tales he is giving?

Mr. Nassir: Mr. Speaker, Sir, I do not always reply to Questions in Parliament, but I ask the Member of Parliament for Maragwa Constituency to go to the area concerned and work together with the District Commissioner.

Mr. P.K. Mwangi: Mr. Speaker, Sir, could the Minister deny or confirm that these projects have not taken off because this Government has not satisfied the donors' conditionalities they were given and that is why the French government is not taking these projects seriously? When will the Government satisfy the donors' conditionalities before donors start implementing these projects?

Mr. Nassir: Mr. Speaker, Sir, I cannot be able to bring the quotation here. This is because when quotations come to my office, they then go to the engineers.

Hon. Members: The hon. Member is asking about conditionalities and not quotations!

(Laughter)

Mr. Nassir: Mr. Speaker, Sir, I will get hold of them and bring them once we start the job.

Mr. Mutahi: On a point of order, Mr. Speaker, Sir. Many times, you have told us that once a Question is brought to this House it should be answered in this House. The Minister wants to reach an agreement with Mr. P.K. Mwangi in his office. Is he in order to do that, given that this Question is now the property of this House?

Mr. Speaker: Mr. Minister, all the hon. Members want to hear what you have to say!

Mr. Nassir: Mr. Speaker, Sir, I am very pleased to answer all the questions. But I am saying that I need their co-operation. If there are things we could do with him to help Kenyans, we will always go down there and work.

(Laughter)

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

Mr. Speaker: Let us move on to Mr. Muriuki's Question for the second time!.

Mr. Kariuki: Mr. Speaker, Sir, I would like to apologise for not being here when the Question was called out for the first time.

Question No.248

APPROPRIATION OF DORMANT ACCOUNTS

Mr. Kariuki asked the Minister for Finance:-

(a) whether he is aware that banks and companies take advantage of the deceased, sick and emigrated persons through appropriation of their dormant accounts worth billions of unclaimed dividends, deposits and other properties; and,

(b) whether the Government could retrospectively retrieve these assets and use the funds to cater for street children and HIV/AIDS orphans.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that banks and companies take advantage of the deceased, sick and emigrated persons through appropriation of their dormant accounts worth billions of unclaimed dividends, deposits and other properties. However, I am aware that banks separate dormant accounts from active accounts in order to minimise incidents of fraud by ensuring more scrutiny and higher levels of any withdrawals from these dormant accounts. However, as there are no legal requirements for banks to surrender amounts in dormant accounts to the Central Bank or to the Government. Individual banks have developed policies on how these accounts should be handled in order to avoid misuse. These funds are, however, readily available to genuine claimants.

(b) As there are currently no legal requirements on these funds, it is not possible for the Government to

retrieve the subject assets.

Mr. Kariuki: Mr. Speaker, Sir, the answer the Assistant Minister has given this House is totally unsatisfactory. I am surprised that the hon. Assistant Minister has said that he is not aware, while he knows that the Kenya Government owns 35 per cent of the shares of the Kenya Commercial Bank (KCB). Last year, they converted Kshs397 million from dormant accounts and absorbed that into income which will now be paid to shareholders as dividends. I would like to say that, that money does not belong to the KCB; it belongs to account holders. Converting this money into dividends is daylight robbery, because these funds belong to the customers. There is about Kshs5 billion to Kshs10 billion worth of property in dormant accounts and other assets which are owned by emigrants who have left this country or died, and there are no people to claim ownership of those properties. It is very irresponsible of this Government not to have taken action to retrieve ownership of those assets so that they can belong to the State. Is it not, therefore, in order for the Assistant Minister to look into this issue much more closely and address it as a matter of urgency?

Mr. Arap-Kirui: Mr. Speaker, Sir, as I have said, I was not aware of that. However, since the hon. Member has mentioned a particular incident, we will look at it very closely. I also pointed out that we do not have legal facilities at the moment to acquire deceased, expatriated or emigrated persons' goods. We shall look at the possibility of making provisions, in the very near future, in order for us to take action in this regard.

Mr. Speaker: What about the principal of escheat?

Mr. Arap-Kirui: Mr. Speaker, Sir, as you very well know, I am not a lawyer. Maybe, you could explain that term.

Mr. Speaker: It simply means that when somebody has died and there is no claimant, the ultimate authority to inherit the person who has no heir is the Government.

Mr. Arap-Kirui: Mr. Speaker, Sir, this does happen when these matters come to our attention, but if the Government is not aware that an individual has no successor or inheritor, then we are unable to do anything.

Mr. M.M. Galgalo: Mr. Speaker, Sir, is this Assistant Minister not misleading this House when he says that he is not aware of this, and yet, the Permanent Secretary, Treasury, represents the Government of Kenya on the Board of the KCB? He is one of those people who had converted that money for the benefit of the bank.

Mr. Arap-Kirui: Mr. Speaker, Sir, we seem to be going back to what we said. The Permanent Secretary, Treasury, may be a Board Member, but he is not part of the management. We are now aware of this fact, and we will take action.

Mr. Wamae: Mr. Speaker, Sir, could the hon. Assistant Minister get the total figures of the dormant accounts from all the banks and bring the information to this House?

Mr. Arap-Kirui: Mr. Speaker, Sir, that is a slightly different Question. If the hon. Member would like to bring it up, we will try and get that information.

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

Mr. Onyango: Mr. Speaker, Sir, I would like to apologise for coming late.

Question No.127

DEVELOPMENT PROJECTS IN NYATIKE

Mr. Onyango asked the Minister for Planning:-

(a) how much money was allocated for development projects in Karungu, Nyatike and Muhuru Divisions between 1997 and 1999; and,

(b) whether he could list the projects which were funded and completed in the said period.

The Minister for Planning (Dr. Awiti): Mr. Speaker, Sir, I beg to reply.

(a) During the last three years, between 1997 and 1999, the Government allocated Kshs7,012,464 to development projects in Karungu, Nyatike and Muhuru Divisions of Migori District.

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Is it in order for the Minister not to read out the figures correctly? This is because we do not know the figures he is talking about. Could he read them properly?

The Minister for Planning (Dr. Awiti): Mr. Speaker, Sir, I am replying to the Question and I think I was reading the figures as they are contained in these papers. If he listens to the way I am answering, he will understand that they relate to various development projects in the district. Let me read out the answer.

(a) During the last three years, between 1997 and 1999, the Government allocated Kshs7,012,464 to development projects in Karungu, Nyatike and Muhuru Divisions of Migori District.

(b) These funds were allocated to various projects as shown below:-

Sector	Project Name	Expenditure	(Kshs)
Roads	Migori-Muhuru Road	500,000	
	Macalder-Gogo Falls Road	<u>1,300,000</u>	
	Sub-Total	<u>1,800,000</u>	
Health	Community Development Project	1,034,000	
Education	Early Childhood Development Programme, Nyatike Division	1,387,035	
Planning, Health, Water, Social Services	Farmers Groups Community Support Project in Nyatike Division	2,791,429	

Mr. Onyango: Mr. Speaker, Sir, the Minister should check properly with the people on the ground because the information they have is misleading. Could the Minister tell the House who was the contractor who worked on the road between Macalder and Gogo Falls? As far as I know that road has not been done up to now.

Dr. Awiti: Mr. Speaker, Sir, there is a partial rehabilitation programme going on Macalder-Gogo Falls Road, but I cannot say which contractor was given the job.

Mr. Sungu: Thank you, Mr. Speaker, Sir. I congratulate the Minister on his first answer. The Minister comes from that same area and he knows it very well. I was there only last week and the roads are impassable. He has said that only a paltry Kshs7 million has been allocated to a whole constituency comprising three divisions, with a population of over 200,000 people. Could the Minister assure this House that he will look into this matter more carefully and allocate more funds to the constituency to take care of health, planning and roads?

Dr. Awiti: Mr. Speaker, Sir, I was responding to the Question which was asked in respect of the years 1997, 1998 and 1999. If the Member wants to know the current figure, I could say that, for this year, 2000/2001, in respect of roads, the Government has allocated Kshs69,776,976 and 40 per cent of the road work is already done.

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Is it in order that the Questioner should blame the Minister by asking him to state how much money has been allocated for development projects, which is what the Minister has explained? If the Questioner wants to ask whether the money was spent, that is entirely a different Question. Is it in order that we should be talking at cross purposes when the question has been answered properly?

(Laughter)

QUESTIONS BY PRIVATE NOTICE

REJECTION OF ANTI-HIV/AIDS DRUG

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

Why has the Government rejected a free offer of Nevirapine from Boehringer Ingelheim Pharmaceuticals which would greatly reduce HIV transmission from mother-to-child during pregnancy?

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

The Government has not rejected a free offer of Nevirapine from Boehringer Ingelheim Pharmaceuticals. The firm is free to make their donation to the Ministry for distribution. As I said yesterday, on 18th August, 2000, we received a letter from Prof. Lule in which one of the conditions for donations from almost the five companies

was the letter of intent and to process the importation of this drug. Also, there are other conditions which we were already fulfilling but the letter of intent was the bone of contention. We agreed to make various consultations before the letter was given.

Dr. Kulundu: Mr. Speaker, Sir, you will recall that the major bone of contention in this Question, when I asked it last week, was the Minister's claim that Boehringer Ingelheim Pharmaceuticals had attached some unacceptable conditions to the free offer of this drug to Kenyans for a period of five years that would be renewable. I have had the advantage of reading through the document that the Minister laid on the Table and there is nothing from Boehringer Ingelheim Pharmaceuticals that imposes any condition on the Kenyan Government. Could the Assistant Minister be honourable enough to apologise unreservedly to this House for misleading us about the offer by Boehringer Ingelheim Pharmaceuticals to this country?

Dr. Wako: Mr. Speaker, Sir, it is true there is nothing in that document which says that Boehringer Ingelheim Pharmaceuticals has imposed any conditions on the free offer of the drug. But, verbally, they wanted to become the sole supplier of three drugs. Currently, there are more than five

[Dr. Wako]

companies which want to give Kenya similar drugs.

Mr. Achola: On a point of order, Mr. Speaker, Sir. This Assistant Minister is still misleading this House. Last week, when Prof. Ongeri was answering this Question, he said specifically that there were written documents from Boehringer Ingelheim Pharmaceuticals giving them conditions on which drugs would be supplied to the Kenya Government. This Assistant Minister is meandering and coming out with something else. Either he tables the conditions here or he tells this House why the Kenya Government declined to take this offer, while 25,000 children are dying of AIDS because of mother-to-child transmission.

Dr. Wako: Mr. Speaker, Sir, if Prof. Ongeri said last week that there is a written letter giving that condition, which I know is not there, I apologise. But the Ministry will not tie its hands to one company alone. We would like to receive donations from all other companies as well. The UN is discussing this issue, specifically as it relates to Sub-Saharan Africa and as all you know, our Head of State has met over four companies in America to ask for drug donations. So, if we were to tie our hands to one particular company, then that would be very disastrous for this country.

Mr. Twaha: Thank you, Mr. Speaker, Sir. As we go about satisfying donor conditions, and being intimidated by dubious bodies like Transparent International (TI) with their subjective reports, I wonder if this nation and this Assistant Minister have forgotten the very wise Swahili saying: "*Cha bure chaumiza.*"

Hon. Members: What is that?

Dr. Wako: Mr. Speaker, Sir, we will still accept any free drugs for the treatment of HIV/AIDS because they are very important. This is one of the biggest problems for this country.

Mr. Mutahi: On a point of order, Mr. Speaker, Sir. According to our Standing Orders, you are not allowed to mix languages. If you start asking a question, or contributing in English, you finish in that language. The hon. Member has used a mix of languages; English and Kiswahili. Is it in order?

Mr. Speaker: That was a quotation. But you could not see because he was quoting in the mouth!

(Laughter)

Dr. Kulundu: Mr. Speaker, Sir, I want this Ministry to take this House seriously. The Ministry not only refused Nevirapine from Boehringer Ingelheim Pharmaceuticals, it also went ahead and refused a similar free donation of diflucan from Pfizer which is very important in the management of cryptococcal meningitis which is very common in HIV/AIDS positive people. The Ministry tends to refuse free offers because of monetary considerations. They would rather buy these drugs from companies because these companies are expected to give "*Kitu Kidogo*" (KK). The Ministry should stop playing around with peoples' lives in this country in the name of enriching themselves.

Dr. Wako: Mr. Speaker, Sir, the Ministry is accepting all donations without conditions. As we speak now, the Ministry received the same drug; Nevirapine, from UNICEF because there were no conditions attached. It is unfortunate that some of the multinationals want to bring in---

Mr. Speaker: Question Time is over. All the remaining Questions by Private Notice are deferred.

ALLOCATION OF CHILDREN'S HOME PLOT

(Mr. Wambua) to ask the Minister for Local Government:-

- (a) Is the Minister aware that Masaku County Council Children's Home plot with more than 100 orphans and destitute children has been sub-divided for sale and allocation?
 (b) Who are the beneficiaries of the plots and what action has the Minister taken to stop the allocation of the children's home?

(Question deferred)

HOSPITALISATION OF ZAKAYO NYABUTI

(Mr. Anyona) to ask the Minister for Medical Services:-

- (a) Is the Minister aware that Mr. Zakayo Nyabuti was seriously injured in a road accident (Motor Vehicle KAK 074A) and was admitted at Nakuru Provincial Hospital (Ward No.10, Bed No.8) on Friday 20th April, 2001 with serious injuries and fractures?
 (b) Is he further aware that the hospital demanded Kshs20,000 before performing an operation on the patient?
 (c) Since the patient paid Kshs11,000 without being given a receipt and could not raise the balance of Kshs9,000, could the Minister investigate the matter and ensure that the patient is given full treatment, including surgery?

(Question deferred)

ALLOCATION OF PLOT TO CIVIL SERVANTS

(Mr. Munyao) to ask the Minister for Lands and Settlement:-

- (a) Is the Minister aware that a piece of land L.R. No.8825-8826 and parcel Nos.80 and 83, both measuring 2,000 acres in Kangundo Division, Machakos District, have been irregularly allocated to some civil servants, among other persons?
 (b) Could the Minister undertake thorough investigations and table the names of the allottees?
 (c) Could the Minister further revoke the allocations so that the land can go back to the people of the area?

(Question deferred)

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

[Mr. Speaker left the Chair]

IN THE COMMITTEE

*[The Temporary Deputy Chairman
 (Mr. Imanyara) took the Chair]*

MOTION

APPROVAL OF TAXATION MEASURES

The Minister for Finance (Mr. Okemo): Mr. Temporary Deputy Chairman, Sir, I beg to move:-
 THAT, the proposals relating to:-

- (a) Customs Tariff;
 (b) Excise Duties;
 (c) Value Added Tax;
 (d) Income Tax; and,
 (e) Miscellaneous Fees and Taxes, contained in the Financial Statement for the Year of Account 2001/2002 be approved.

Mr. Temporary Deputy Chairman, Sir, as I mentioned during the Budget Speech, there is an urgent need to seriously address the challenges of revamping our economy in order to realise effective resource allocation for growth and poverty reduction - our theme for this year's Budget. The realisation of this theme will partly be achieved by the various tax proposals brought before this House, which are intended to lead to economic recovery through increased productivity, employment and alleviation of poverty.

Due to economic down-turn and high production costs, growth in the manufacturing sector has been sluggish. In order to mitigate these negative factors impinging on the sector, I have taken a number of customs measures. Duties on key raw materials and capital goods have been lowered. Import declaration form fees applicable on raw material imports to manufacture goods for export under the (EPPO) scheme is waived. The textile sector has been in recession for long. In order to encourage the industry to take advantage of the emerging export opportunities, duties on fibres have been removed. The yarns have been rationalised by removing duties on them. The manufacturers, who make goods to be supplied to other manufacturers in their process of production, will also benefit from duty-free imports on their raw materials under the Essential Goods Production Support Programme (EGPSP).

The performance of our agricultural sector has been dismal, yet retail outlets have remained well-stocked with imported foodstuffs. In order to cushion the agricultural sector from these imports, duties on foodstuffs have been raised. The selling of timber has continued unabated in our forests. To counteract this problem, duties on timber have been removed to facilitate imports. Previously, duty waivers on imports by charitable institutions and other needy cases were confined to 50 per cent. In order to ensure that critical imports are given adequate consideration for duty waiver, the Minister is now conferred with powers to give full waiver.

Mr. Temporary Deputy Chairman, Sir, the many exemptions given by the Government have had an impact on revenue. In order to enhance the revenue, a number of low priority exemptions under the Customs and Excise and Value Added Tax Acts have been deleted. Other exemptions have either been rationalised or combined or confined to needy areas. Concerns about the administrative time spent on processing numerous other exemptions have been addressed by moving this over to the Kenya Revenue Authority (KRA). Lecturers in public universities and eligible civil servants will no longer need to apply for exemption. Instead, budgetary allocations have been made to cater for their exemptions when they import vehicles.

In order to be on course on our regional commitments, particularly on the harmonisation of tariff structures, as is the requirement in the Common Market for Eastern and Southern Africa (COMESA) and the East African Community, the top tariff band has been lowered from 40 per cent to 35 per cent. As hon. Members are aware, bicycles are important as a mode of transport in the rural areas. In order to increase and ease mobility, duty on bicycles has been removed.

Mr. Temporary Deputy Chairman, Sir, during this Budget, I have also undertaken a number of excise measures. To adjust the value of oil taxes by inflation, excise duty on petrol has been marginally raised. Licence fees for excise factories have also gone up. Earlier on in the year, excise stamps on cigarettes were introduced. To improve enforcement of the requirement for excise stamp, penalty for failure to affix excise stamps on cigarette packets has been enhanced. The Government is faced with meeting revenue shortfalls as well as means to provide adequate investment incentives to revamp the economy.

Hon. Members have noted the introduction of VAT on rental of commercial buildings, and have raised concern that it will affect tenants. Hon. Members will also note VAT measures that exclude most of the items consumed by the poor, particularly those in the rural areas. The consumption of electricity, for example, of 200 units of electricity and below by domestic households, is zero-rated. Under VAT, are measures that are meant to expand the tax base by expanding taxable services and designated goods. Tax administration is enhanced and simplified by the reduction of penalty rates and allowing objections.

With regard to the Income Tax Act, the major concern has been to reduce the tax burden of the low-income workers. To achieve this, personal relief has been increased by 10 per cent and the lowest tax bracket increased by 6 per cent. To further relieve low-income earners, the minimum aggregate taxable value of the benefits has been increased from Kshs2,400 per annum to Kshs12,000 per annum.

Mr. Temporary Deputy Chairman, Sir, hon. Members have noted the re-introduction of the Presumptive Income Tax. This tax has been re-introduced but has now been made optional to save farmers unnecessary costs and problems. Kenyan residents working abroad will be allowed credit on foreign tax paid on the salaries earned in those countries. The Income Tax proposals also contain measures to encourage investment and saving.

Under Miscellaneous Measures, proposals have been made to transfer the responsibility of collecting the Catering and Training Levy and the National Hospital Insurance Fund from their respective institutions to the KRA. The latter has a better efficiency level and operational machinery to collect revenue at lower costs. Proliferation of counterfeit goods has made manufacturers incur heavy losses through cheating by the sellers of

those goods. To counteract this problem, the Standards Act has been strengthened by reviewing penalties upwards for infringing Kenyan standards.

Small and medium-size banks have been under pressure due to hard economic times. In order to give them breathing space, the Minimum Core Capital requirement has been set at Kshs300 million for a period of two years without escalation. To promote the tourism industry, the Air Passenger Service Charge has been lowered.

Mr. Temporary Deputy Chairman, Sir, with those proposals, I beg to move.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Temporary Deputy Chairman, Sir, I rise to second this Motion.

The Motion is about the various proposals contained in the Financial Statement as means of raising revenue. In this regard, the Minister's proposals have always been traditionally used. In this case, I would like to specifically refer to customs tariffs, which have been the subject of a great deal of discussion in this House during the deliberations on the Financial Statement.

Mr. Temporary Deputy Chairman, Sir, overall, the customs and tariff measures contained in the Budget have been formulated at a difficult economic time. I want to commend the Minister for Finance for taking cognisance of the fact that he needed to use the tariff measures to give a boost to industry and trade in order to ensure that our own manufactured goods will be produced at cheaper costs than was before so that they can become much more competitive in the international market. The tariffs or the custom duties on raw materials and intermediate goods have been reduced. For those goods whose tariff was about 2.5 per cent, this has been increased. However, for those whose tariff was about 5 per cent, this has been reduced to 3 per cent. There are, of course, quite a lot of things which have been done. Tax on textiles or intermediate goods used to manufacture garments has been reduced.

As far as agriculture is concerned, one does note with a lot of gratitude the fact that the Minister increased the custom rates for foodstuffs which are produced in this country, but imported from outside. This is what has created a great deal of problems as far as our agricultural sector is concerned.

Mr. Temporary Deputy Chairman, if you look at the totality of this, as far as customs are concerned, one must commend the Minister for moving towards a situation where at least duty on raw materials will be zero-rated. This is the trend worldwide. Instead of collecting so much revenue by charging very high tariffs on raw materials, the best thing is to lower it as much as possible to ensure that you become competitive as far as your goods are concerned. Much more important is that when the same goods are sold domestically, it should be possible to collect more revenue through the VAT. That is the best way of moving into the whole scenario.

Mr. Temporary Deputy Chairman, Sir, Kenya being a member of the Free Trade Area (FTA) within COMESA, we find ourselves in a scenario where a number of goods find their way into our market at zero-tariff. If we did that - and we have to allow that as per the agreement - and at the same time we do not give any relief to the domestic manufacturers, then they will be completely cancelled out in the domestic market. So, the only way out is to ensure that we zero-rate raw materials so that our goods will remain competitive, both in local and foreign markets. I want to commend the Minister for that. As I said, in the case of textiles, I think it is extremely important now because Kenya is already a member of the AGOA. This has paved a way for us to be able to export textile goods to America. We need to remain competitive.

Mr. Temporary Deputy Chairman, Sir, as far as agriculture is concerned, this is an area where most hon. Members felt that this Budget may not have done very much. I sympathise with them. The Budget is not always exhaustive on anything. It has the primary objective of raising revenue to be able to fund Government expenditure. It is also used as a tool for announcing the various reforms that will be undertaken. There are other reforms which can be undertaken which necessarily need not to be in the Budget. There are what we may call institutional reforms. For example, there is need for the Kenya Meat Commission to be operational. That is not a Budget issue. If anything, it is a reform of that particular institution. I hope that will be looked into.

Mr. Temporary Deputy Chairman, Sir, the other issue is how to deal with those who borrowed money from the AFC and they are unable to pay. When we address the issue of AFC, it must be seen as an institutional reform. We would also want to see the same thing done, in the case of coffee and tea industries where major reforms are required. Those reforms need to be addressed from the point of view of being institutional.

Mr. Temporary Deputy Chairman, Sir, another important way through which the Government raises funds is the Excise Duty. This has gradually become a very fundamental means of raising revenue. When we come to the question of tariffs, this is only confined to imported goods. Excise Duty is so flexible because it covers both export and imported goods. It is an extremely interesting mode of raising revenue. Of course, at this particular time, there is no much to it. But again it is one particular mode that I am sure the Minister will use in future to raise more revenue.

Mr. Temporary Deputy Chairman, Sir, the Value Added Tax is an important one. I am glad about the

various things which have been done. Indeed, I was so surprised that there are hon. Members who actually took issue with the Minister for Finance for zero-rating duty on condoms. The issue of HIV/AIDS is so fundamental because it has acquired a global dimension. In fact, it is killing so many people. We must come out clearly and say that one way of ensuring that our people do not get infected by HIV/AIDS is by abstinence. But we must also take into account that this might not be 100 per cent effective. Therefore, we have to encourage our people to use condoms. This is because those countries which have used protective means---

Mr. Ndwiga: On a point of order, Mr. Temporary Deputy Chairman, Sir. The hon. Vice-President and the Minister for Home Affairs is a staunch catholic like me and he knows our doctrine. Our church does not condone the use of condoms.

The Vice President and Minister for Home Affairs (Prof. Saitoti): Mr. Temporary Deputy Chairman, Sir, I have not, at any time, questioned the doctrine or tradition of the people. I respect it. But we must avail these protective measures to our people to choose. It is a question of either protecting yourself or choosing death. Those countries which have embraced protective measures today have less cases of HIV/AIDS.

Mr. Temporary Deputy Chairman, Sir, with those few words, I beg to second this Motion.

(Question proposed)

Mr. Keriri: Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me this opportunity to contribute.

Mr. Temporary Deputy Chairman, Sir, I agree with the Mover and the Seconder that the Minister has done a good job for the manufacturers. As I said, when I was contributing to the Financial Statement, the measures taken to encourage manufacturers to produce more and enable the economy to recover, will, if implemented, in conjunction with good governance, go a long way to help to revive our manufacturing sector. But they will not be assisted unless the roads that they use in the Industrial Area and elsewhere are improved.

Having done so well for the manufacturers, I think the Minister has been unfair to the tourism sector. Tourism has been unfairly treated. I know the Minister did reduce Passenger Service Charge from US\$40 to US\$20. But that is not the point. A Passenger Service Charge is included in the ticket and, therefore, very few people notice that it is included in the ticket. These are what we call visa charges, which the Minister had abolished at one stage, but he reinstated them during this financial year, but he has ignored considering them in the current financial year, in his revenue collection measures. People think that visa charges are things that cannot affect the coming of tourists into this country. But tourists come into this country in organised groups. So, when you increase visa fees, even it is a small amount of money per person, that amount is not paid by the tourist when he comes into this country alone, it is paid by the company that arranges that tour. That company, therefore, has to recover the money from the tourists who are intending to come into this country. So, the amount they pay to the organising company which arranges their travel abroad goes up. When a tourist finds the price going up when booking, he changes his course and goes elsewhere. So, it is very important that we consider abolishing visa charges.

Mr. Temporary Deputy Chairman, Sir, in fact, the Minister did not, whether deliberately or through oversight, consider what tourists pay in terms of VAT. The VAT payable by tourists is still 18 per cent, which is very high for tourists. I think the Minister should have accepted to reduce that VAT on tourist hotels *et cetera* to 10 per cent. This might be all right for tourists, just to get revenue. It should have been abolished for tourist hotels, but I think, for revenue purposes, it should be reduced to 10 per cent in order to encourage tourists to come to this country. We are being told that tourism is picking up while it is not. We are being misled by one company called Serena Group of Hotels, which has a lot of business going on in Tanzania. Tourism business is booming in Tanzania. So, the bookkeeping of that company is so good because it is combining Kenya, Tanzania and everywhere so that they continue saying that tourism is booming while it is not. Tourism is not booming in Kenya and, therefore, the Minister should consider making adjustments to boost tourism. I think we should bring an amendment to this House to make VAT 10 per cent instead of 18 per cent. I am talking at length about tourism because it has been one of the greatest foreign exchange earners and we should take that into account because the other sectors are failing. I think the Minister should consider promoting tourism through reducing VAT on tourism related items.

Mr. Temporary Deputy Chairman, Sir, the Minister raised excise duty by Kshs2 on petrol and he told us in this House that the tax burden should not be passed over to the consumer through the pump price. In fact, by the time we left this House the pumps had been adjusted to indicate the new prices. Those fellows were listening and they adjusted pump prices immediately, while the Minister was saying that they should not change. This is serious! I think the Minister should not have said that they should not change. He should have just told the House

that: "I know they will change the pump price, but I am doing this to catch up with inflation." As I said last time, the Minister has no intention to reduce inflation. So, what inflation was he talking about? Again, the tax burden of Kshs2 on petrol is not just affecting those who drive cars; it is affecting the small fellow who travels by matatu and the small trader who transports his small merchandise in small vans because he has to buy petrol. Also the small fellow who hires a lorry to transport his maize will pay more for that. We are trying to help the small fellows to benefit because they are affected most by poverty. By imposition of tax on petrol, we are, in fact, affecting the small person very adversely and it is not fair.

Mr. Temporary Deputy Chairman, Sir, there was the other issue of VAT on commercial properties. Here, the Minister said that he was taxing the landlords; those people who have big commercial properties and, therefore, he was not punishing other people, but the landlords. But it is not the landlord who is staying in those commercial properties. If you look at most of the big office buildings in Nairobi City, they are not occupied by big people. They are occupied by small tenants who do their small businesses in one office of 100 square feet. It is the tenant this tax is going to be passed on to, the landlord is not going to be affected. All he is going to do is to say: "Okay, if I am getting more than Kshs3.6 million for my property and I am now going to pay VAT on the rent I receive, I will pass it on to that small fellow." So, the person the Minister wants to assist is the one who is going to suffer. So, the Minister is taxing the small fellow and not the big fellows.

Mr. Temporary Deputy Chairman, Sir, people are going to move from the centre of the City because of that commercial property tax. They will start going to the residential areas. This incidentally is going to create pressure on rents in the residential areas because more people are going to start moving from the City leaving empty buildings and going to the residential areas. So, the Minister is punishing everyone by imposing this tax. I think the Minister should re-consider this and see whether there is anything he can do. I do not think he was right to have done what he did. As I said, he did well on manufacturers *et cetera*. He is trying to do the best he can for agriculture. I heard the Vice-President and Minister for Home Affairs talk about the other measures apart from the tax measures, to be reforms of institutions. I agree with him that we must reform the institutions to create credit facilities and to assist agriculture. But is this being done? Are we trying to revive AFC, KFA and Kenya Co-operative Creameries? I can say that, that is not a tax measure; it is an institutional reform. But let us implement it when we are tackling the tax measures; let us do it now. Let us not wait, because if the agricultural sector fails, the whole country fails. You cannot raise tax at that time. I am doubtful if the Minister can raise the amount of money that he intends in an economy that is depressed. I wish him luck, with all due respect.

With those few words, I think I support most of what the Minister says. Regarding what I have said, he should consider relaxing.

Dr. Anangwe: Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me the opportunity to make my contribution to this Motion. Let me say, at the outset, that I support the Motion on the taxation proposals made by the Minister during his Budget Speech. May I say that the tax proposals that have been made are an integral part of the fiscal strategy that the Minister hopes will enable him to achieve the goals and objectives that he mentioned during his Budget Speech. I would like to say that the taxation proposals can have an impact on both the individual and the economy, and so we have to be very careful the way we design the taxation proposals or measures. This is in order to ensure that, whereas there is necessity for money to accrue to the public sector, there must be some balance left for private consumption.

Looking at the way these measures have been designed, I do not see any danger posed to private consumption. Indeed, the Minister, during his Budget Speech, said that revenue from taxes would constitute about 23.1 per cent of the GDP. Compared to what is in other countries, I do not think that we will be doing badly off. Many a time, Kenyans complain that Kenya is a highly taxed country, but that is not borne out by evidence. When you look at the index of the World Development Report and you try to compare how Kenya is fairing on that particular criteria vis-a-vis other countries, you will notice that we are not that badly off. At 23 per cent of the GDP, we will certainly be doing much better than a country like Lesotho where it is nearly 44 per cent, or a country like Egypt where it is nearly 27 per cent of the GDP, or South Africa where it is nearly 25 per cent of the GDP. Even if we extended a comparison further and went to the developed countries, you will find that in a country like the United Kingdom, her percentage of tax revenue of the GDP is over 30 per cent. The same case is happening with the NORDIC countries, and so forth.

So, I am simply saying that, whereas it is true that Kenyans are feeling the pinch from the taxes that are being raised, let us take cognisance of the fact that, that is true to the extent that the pinch goes to the individuals. But as for what the Kenyan Government is able to raise as a percentage of the GDP vis-a-vis other countries, we still have some room. In the light of what I have said, it is important for us to emphasize that Kenyans are not so much concerned about the tax burden, if the resources that are being raised are being put to good use. A major issue that should concern all of us is to ensure that the little that we are able to extract from Kenyans is going to be

put to good use. Many people have said that taxes collected are not being well spent, but I can readily tell you that, that wastage is a major problem within the public sector. There is a lot that needs to be done. Many estimates have been made in regard to what is being wasted. It is not wastage necessarily in terms of corruption; it is just wastage at the level of the individual civil servant who has been bestowed with the responsibility to look after Government resources or public resources. But they end up not doing what it is desired of them, so much so that if we were able to seal those particular loopholes, the return on what we are able to generate in this country would help us to go further. The immediate issue is not so much about increasing the level of taxation; it is about ensuring that the little that we are able to raise is invested well and the returns are able to be registered in the manner that Kenyans can see. It should be translated into effective delivery of goods and services, from the public sector.

It is in that regard that I would urge the Minister for Finance to enhance the management of the resources that he is able to raise, in terms of ensuring that the control systems are effective. I know, and it is not just a matter of us engaging in rhetoric, about what the Government can do. I think we should go a step further by ensuring that the right control mechanisms are put in place, to ensure that the resources that the Government is able to get from Kenyans are put into good use. One way of ensuring that is to emphasize on the implementation of the Exchequer and Audit Act. That particular Act has very good provisions that would enhance control systems in respect of Government finances. One section that I would like to draw the attention of the Minister to, is of course, Section 11(2) on the roles of the Controller and Auditor-General. I know that Subsection 1 provides for the Auditor's responsibility in terms of auditing Government accounts, but there is a section that he has always ignored, and it is the section on controls. That is why he is called the Controller and Auditor-General. What he has been emphasizing most is the auditing functions; where he prepares audited reports, and he submits them to the Public Accounts Committee (PAC), and the PAC comes up with a report here.

There is a function that he is not playing well, and that is the controlling function. I do not know why he is not able to exercise that particular function well, but I call upon the Minister to enable the Controller and Auditor-General to play that particular role very effectively. That particular role says that, if resources are voted by this House, it is incumbent upon him to ensure that, when they are being expended, they are being expended according to the requirements. It is also part of the role of the Controller and Auditor-General to ensure that revenue that is being raised is being put into good use. Unfortunately, the Controller and Auditor-General is not able to do that. May I call upon the Minister for Finance to do something about it, in order to enhance the capability and capacity of the Controller and Auditor-General to perform that particular function.

The other area which the Minister needs to emphasize on, in order to be able to enhance Government control systems for public finances, is the role of the Accounting Officers. I know that it is by practice that the Government appoints PSs to be Accounting Officers, but there is no provision in the law which says that PSs should be Accounting Officers. It is just by practice and it started soon after Independence. However, the Exchequer and Audit Act just provides for the role of an Accounting Officer. The unfortunate thing is that, when a PS is appointed, he or she is an administrator, and is a jack of all trades and a master of none, and yet the accounting function is a specialised function where a person needs the requisite skills and ability to be able to control public resources. By the very nature of appointments of PSs, they come from all sorts of backgrounds; maybe some are doctors, engineers, social workers and agriculturalists. They are from all sorts of professions. I am simply saying that, given these kinds of backgrounds, and a person turns up in an office to be a PS, he or she may not be endowed with the requisite skills to be able to perform the functions of an Accounting Officer. That particular function should be divested from the office of the PS and given to a person who is qualified in that particular area of accounting. Of course, PSs are not able to exercise this by the very nature of that particular function, because they are not qualified, and accounting is a profession by itself. People go to universities to get degrees; a PS in the process may acquire the experience and skills, but that is not an area where you can gamble with public resources. The resources at the disposal of Ministries are colossal. They are in terms of billions of shillings. These resources must be bestowed on a person who is qualified. I am, therefore, asking the Minister for Finance to reconsider and re-appoint a separate person to be the Accounting Officer of each Ministry. Leave PSs to do what they are appointed to do; to be generally administrators, to be jacks of all trades. But the Government should reserve the responsibility of an Accounting Officer to a person who has been trained, like the Finance Officers, who have gone to universities and acquired the requisite skills. When this particular person is appointed, let him or her not just be answerable to the PS. Let him or her not be an appointee of the Ministry of Finance and Planning. I am even proposing that the appointment of Finance Officers to be Accounting Officers should be a Presidential prerogative in order to give them the requisite leverage to perform that particular function well. When they are not given the requisite leverage, even if you bestow the responsibility on them, the danger is that they will be steamrolled by other people.

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

Mr. Michuki: Thank you, Mr. Temporary Deputy Chairman, Sir. I also want to join my colleagues in contributing to this debate. First of all, I think we should agree on the basis on which we are moving forward on this debate. Money definitely must be accounted for. Permanent Secretaries should not be appointed to be the Accounting Officers because they are accountants, but because of their ability to be accountable for the money. They do not do the work of accounting in terms of balance sheets and things like that, but the responsibility that is involved. That is how that word "accounting" comes in. The Controller and Auditor-General controls their activities by ensuring that the withdrawal warrants are properly prepared. He does this by opting to sign or not to sign if he has reasons to do so. Generally, I do agree that every cent that we authorise here must be used for its intended purpose.

Dr. Anangwe: On a point of order, Mr. Temporary Deputy Chairman, Sir. I do not wish to interrupt my good friend, Mr. Michuki, but in his attempt to respond to my contribution in respect of the role of the Accounting Officer, he ended up misleading this House. The Exchequer and Audit Act is very explicit in its definition of an accounting officer and the responsibility he is accounting for. In accounting there is no other way---

The Temporary Deputy Chairman (Mr. Imanyara): Order, Dr. Anangwe! You are now arguing! It is not a point of order!

Mr. Michuki: I was coming to the issue of taxes and corruption. The Minister should come to a point where he zero-rates every import into this country. In the process of importation, a lot of corruption is taking place at various entry points; the Port of Mombasa, the Airport here in Nairobi and all warehouses, where imported dutiable goods are brought into this country. I would like to challenge the Minister to investigate these allegations because they are true. At the airports, Customs Officers have agents who play as go-betweens, between them and those who want to clear their goods on the pretext that they are helping. They normally end up sharing the money with the customs officers under the pretext that if they had used clearing agents, they would have paid more than what they are being charged. This is taking place at all those places. If we have to fight corruption in this country, some action needs to be taken to stop this. The best way to end corruption is to charge no taxes at all. There is of course the need to run this Government properly and to provide whatever modicum of services that are now available.

There is also the issue of Income Tax. Concerning excise duties on locally produced goods, I feel that more taxes should have been imposed on things that we want to discourage people from using, like cigarettes, because it has now become a policy of the Government. Perhaps, we should do something else for revenue purposes. I do not think that the principle of marginal utility is being applied in all these matters. It is possible, for example, to double revenue from beer if you reduced your taxes by Kshs1. Perhaps you will get more revenue than you are getting at the moment and you will save a lot because people will stop drinking *Chang'aa* and *Kumi Kumi* and drink Tusker instead. Consequently, we will save a lot of money in hospital bills. This is the kind of mechanism that should be used by the Minister in order to introduce certain directions on how people should behave. I recommend that, next time round, the Minister should think about this.

We have passed a lot of Motions in the House. I remember bringing a Motion here on the issue of *Kumi Kumi*. I was grateful that this House approved that Motion. However, for a variety of reasons, some of which are directed against certain tribes found in areas where this *Kumi Kumi* was being taken, the Government was unwilling to ban it. I want to state again here - and I will not be tired of repeating - that it is time the Minister for Finance who is one of the major agents in changes of policy, convinced his colleagues that this *Kumi Kumi* drink should be banned altogether from the face of the Republic of Kenya in order to save the lives of our youth and improve their health.

Mr. Temporary Deputy Chairman, Sir, the tourism industry is on the verge of collapse. The advice that the Minister tried to articulate within his Budget Speech is based on false premises. There is one company in this country which is making money from the tourism industry, namely, the Serena Hotels Ltd. The Serena Hotels are not making their revenue in Kenya, but there are getting their revenue from Tanzania where the company has even more hotels than in Kenya. The Serena Hotels make profit and mislead this Government that the tourism industry has grown by 6.9 per cent, when it has actually been declining. Forty hotels at the Coast have closed down and others are on the verge of closing down. Will the Minister save the tourism industry or shall we save it ourselves on the Floor of this House? I certainly will join those who hold the same views, and I know they are in this House, that we should bring an amendment to the Finance Bill to ensure that the Minister charges no more than 10 per cent on hotels.

With those few remarks, I beg to oppose.

Mr. Too: Thank you, Mr. Temporary Deputy Chairman, Sir, for allowing me time to contribute to this important Motion.

First, the Minister has reduced the VAT on goods from the COMESA region to 35 per cent and most of our items here are also charged a 35 per cent VAT. So, at the end of the day, we cannot protect our own industries. The powdered milk is brought into the country at 35 per cent duty. The Minister has talked about harmonisation of taxes within the COMESA region and the East African Community, but we know that Uganda has raised its taxes to 55 per cent to protect its agricultural industry. The Minister has talked about reducing the COMESA tariffs from 40 per cent to 35 per cent. It is high time that the Minister reconsidered this in order to protect our farmers. Kenya is an agricultural country and so if we allow products from the COMESA region to be imported into the country at a zero-tariff and then we impose a 35 per cent tariff on our locally produced goods, we will be killing our local industries. We need to calculate our tax percentage on how much it has cost the farmer to produce. This is an exercise that should be conducted by the Minister for Agriculture and the Minister for Finance. They should base those taxes on the farmers' cost of production.

Mr. Temporary Deputy Chairman, Sir, the other thing which I also want to talk about is the VAT imposed on the rental commercial buildings. This is double taxation because, when you are buying materials to put up a house, you are charged VAT and then after finishing building, again you are charged more VAT. If we have to raise revenue to support our Budget, we should reduce VAT. At the moment, nobody is paying VAT at 18 per cent. We should reduce the VAT to 10 per cent so that we can raise some revenue. If you go to an Asian shop, maybe wanting to buy some building materials, the Asian will tell you that if you want to be issued with a receipt, you should pay the 18 per cent VAT, but if you do not want to pay the VAT, then you can have the goods, provided you do not ask for your receipt. The Government is losing a lot of revenue through this. If the Government wants to collect a lot of revenue, it should reduce the VAT from 18 per cent to 15 per cent. This is happening and we have been seeing it while buying these things and a lot of revenue is not being collected.

There is a lot of corruption in the process of VAT collection. In fact, when the Government sends its tax inspectors to these shops, the owners of the shops give these officers Kshs10,000 or Kshs20,000 and that is the end of the story. The Government is losing a lot of revenue through corruption. The Government should reduce the VAT to a rate that will be affordable by everybody and everybody will pay it. There will be no need for the Government to incur any expenses by sending tax inspectors to these shops.

There are a lot of goods which are being brought into the country and people are not paying Customs Duty. The Minister should set up an internal audit department within the Ministry of Finance and Planning to counter-check this area and see how much revenue is collected. You cannot collect Kshs20 million this week and then next week you collect Kshs400,000.

For this country to grow economically, there is need for the Minister for Finance to liaise with the commercial banks and come up with a lending strategy to the small and the medium-scale enterprises. These banks should give loans to these small and medium-scale enterprises to put into their businesses. The banks are not supporting the small and the medium-scale enterprises. They are saying that supporting the small and the medium-scale enterprises is a high risk involvement. They buy the 90-day Treasury Bills and make their money. Even if the Government has to borrow domestically, through the Treasury Bills, there should be a limit within which to borrow.

The other thing is that there is a big difference between the interest earned by deposits in banks and the interest charged on loans. Deposits earn a return of 5 per cent while loans are given at an interest rate of up to 40 per cent. There is no way our economy will grow on money borrowed from banks at an interest rate of 40 per cent. What return will you get from that capital? There is no return at all. So, there should be a way of bridging the gap. The banks have taken us for a ride in this country and it is high time the Treasury liaised with the Central Bank of Kenya to regulate these interest rates.

The other thing that I would like to mention is that, I think, we are moving in the right direction. For the first time, the Minister said that everything was well. If the Minister strengthens his revenue collection process and makes it efficient, there will be no other taxes imposed on the wananchi. We are assuming that we will raise revenue, but because the collection process is not efficient, you can only raise more taxes by going back to the mwananchi. But if you put in place measures, things will move in the right direction and there will be no double taxation.

The other thing that I wanted to talk about relates to goods that are being imported into this country. We should protect our people. The local industries are almost collapsing because people are importing even things that can be manufactured locally. The Government is losing a lot of revenue and so our people cannot get employment. The Government should put measures in place to protect our local industries, including the dairy industry. If somebody is manufacturing something in the Industrial Area, we should support his industry. You cannot charge 35 per cent VAT on our locally-produced goods and also charge 35 per cent VAT on goods from the COMESA region. This is unfair. The Government can impose levies on locally-produced goods as long as those levies will

protect our local industries.

With those few remarks, I beg to support.

Mr. Khamasi: Thank you very much, Mr. Temporary Deputy Chairman, Sir, for giving me a chance to contribute to this Motion. First of all, I would like to appreciate the fact that the Minister, in putting up these proposals, knew very well that he was in a fix with regard to our development partners, who refused to give us any money. He had to go virtually everywhere, where it was possible for him to raise revenue. For the people who collect our taxes, tax collection is a very important exercise in this country. We can propose means and ways of collecting revenue, but if the revenue is not collected, we end up with zero. That is where we need to strengthen.

Therefore, I want to appeal to the Minister for Finance to look at the Kenya Revenue Authority (KRA) very carefully, and scrap the preferential payroll system that exists there. The salaries that are paid to the employees of the KRA are very discriminatory. The higher level staff of the KRA earn much more than the technicians and the lower grades. That does not motivate the people on the ground to do a better job and collect revenue as it should be.

I would liken that to a situation whereby a greedy father sits on the table with a very delicious four course meal, and then tells his children to sit under the table. He eats that food and leaves the children to eat the crumbs. That is exactly what is happening at the KRA. We need to scrap the preferential payroll system and pay all the employees handsomely, if we want them to do a better job for us. If that is done, corruption in the KRA will be eliminated. We are telling the employees to collect for us billions of shillings and yet, what we pay them is peanuts. It is, therefore, necessary for the Minister to harmonise the payroll structure at the KRA.

Mr. Temporary Deputy Chairman, Sir, I would like to comment on one or two things that the Minister proposed. On the proposal to increase petrol tax by Kshs2, I know the Minister very well. When he said that the increase will be absorbed by the oil companies, he knew very well in his own mind that, that would not be the case. That is because he does not have the capacity to control the multinational oil firms. He knew very well that, by the end of the day, the increase would be passed on to the consumers. Why is it that the Government is sitting very helplessly, looking at those oil companies forming cartels and literally doing things the way they want?

Is the Government unable to do anything? Can it not bring legislation to control the multinational companies? They have just gone haywire! They can do anything they want! It is very important that the Government thinks seriously, and brings in a legislation to Parliament to make sure that the multinational companies, which have formed cartels and are fleecing the Government, are controlled. At the end of the day, they repatriate all the money back to their home countries.

On the proposal to charge Value Added Tax (VAT) on rental commercial businesses, my colleagues have commented very ably. Again, the Minister knows very well that, that will not stop at the doorsteps of the landlords. It will be passed on to the small mwananchi who pays rent. Has anything been done to make sure that, that is not passed on to the ordinary person who pays the rent? I do not think so! If there is, there should be legislation to that effect.

Mr. Temporary Deputy Chairman, Sir, on the question of VAT relating to various commodities, I would like to say that the Minister has done nothing about taxes on electricity. That is a very important area that the Minister should consider, because industries, in this country or elsewhere, cannot thrive without affordable electricity. A classic example came in when we had drought. Very many businesses closed down. If our electricity, particularly industrial electricity, costs are not going to be controlled, then obviously, what we are going to see in this country is that, most industries will relocate to our neighbouring countries. That is an exercise which has already started, and will continue for as long as the cost of power is high.

Mr. Temporary Deputy Chairman, Sir, we are in a very high competitive market in the region. We are signatory to the COMESA Agreement. If we cannot produce competitively, there is no way we can compete with other COMESA countries. I do believe that the new Minister for Energy will be able to look at that Ministry carefully. That Ministry needs a shake-up, so that we can get some benefits from his inclusion in the Cabinet.

Mr. Temporary Deputy Chairman, Sir, I would like to commend the Minister for Finance for introducing VAT on chartered planes. That has been belatedly done. The people who do it are the "big boys" in this country. It is not the small mwananchi. We know some of them are sitting at the Front Bench. They are the people who charter planes to bring them here. In fact, the Minister was late in doing that. He should have started that long time ago, when the business came into effect. We should have collected enough tax by now. So, I commend the Minister on that.

Mr. Temporary Deputy Chairman, Sir, as far as I am concerned, to make it an alternative for farmers to either complete return forms or pay Presumptive Tax is unacceptable! I want to ask the Minister to reconsider that proposal. Payment of Presumptive Tax should not be an alternative. It should be scrapped once and for all! We have said that in this House time and again. We would like to see the idea of farmers paying Presumptive

Tax scrapped once and for all! Let the farmers complete the necessary return forms and pay on the basis of their net income and not gross income. That is exactly what the Presumptive Tax is doing.

Mr. Temporary Deputy Chairman, Sir, I would like to comment on what a former Minister has just said here. He has said there is too much wastage being done by the civil servants on monies allocated to their departments or Ministries. He has downplayed corruption. I want categorically to say that wastage and corruption are not two different things. Wastage and corruption are both deliberate. So, once you want to downplay corruption and say wastage would be more excusable, it does not arise in this particular case. We need to see accountability on the part of those officers who are given the responsibility to manage the finances of this country.

Mr. Temporary Deputy Chairman, Sir, I know there is a provision in the Budget where money is released to the districts particularly for roads. What do you see after that? You see those "young boys", that is the District Roads Engineers, enjoying that money all through and there is no proper check-up on how these funds are used. There is need to make sure that the finances released for particular purposes are used properly.

With those remarks, I beg to support. **Mr. Sungu:** Thank you very much, Mr. Temporary Deputy Chairman, Sir, for allowing me to contribute to this Motion on taxes. I think the Minister did the right thing to eliminate taxes on bicycles and condoms. This is because a majority of our *ngware* people come from our area and that is very important. I think it was a necessary thing that was done for the common man.

Mr. Temporary Deputy Chairman, Sir, many governments do not take issues regarding the economy seriously in the developing world. That is why we are still developing after over 30 years of Independence. If you go to other countries on this planet, particularly the well-developed countries like Britain, elections are decided on the strength of the economy. A booming economy ensures a re-election of a government; a collapsed economy cannot ensure a re-election of a government. The Minister for Finance is at the heart of this matter and he must take it seriously. For example, you cannot pretend to want to revive the economy when you are busy reducing the demand from the ordinary mwananchi and encouraging inflationary tendencies. For example, this 2 per cent increase on excise duty on petrol is bound to have a major negative effect on the economy. It is going to have inflationary effects on the economy. It is going to affect transportation, production and many other areas including farming. This is because we already know that the fuel pump prices have been increased by Kshs2 everywhere in this country, despite an assurance from the Ministry that this Kshs2 increase was going to be absorbed by the petroleum companies.

Mr. Temporary Deputy Chairman, Sir, the success of any economy depends on the successful management of the resources available and many speakers before me have talked about corruption and misuse of funds. It is important, and I want to congratulate the Government on this issue, that it has now decentralised the district treasuries so that the District Commissioners are no longer the accounting officers. The Accounting Officers are the relevant officers in the various Ministries. This is because the district treasuries have been the centres for misuse of funds. We have been talking about roads which have been put on the Budget and Estimates and they have never been done according to the planning.

Mr. Temporary Deputy Chairman, Sir, sometimes far back in this country, we treated employment seriously. This Government is working on retrenchment of civil servants and other areas. We are losing people from all sectors of this country due to the bad economic situation. I cannot remember which year it was, but there was a time when the then government forced employers, including the Civil Service, to increase employment by 10 per cent. There was some sort of tripartite agreement. That had the effect of boosting the economy because it had the effect---

A hon. Member: It was in 1976!

Mr. Sungu: Thank you very much. This is because it put money in the hands of wananchi who would in turn spend it. That is the meaning of an economy. If wananchi have money, they have demand. When they have demand, then the supply can also be created. However, when there is no demand, the supply cannot be there because there is nobody to buy. In other words, there is no effective demand.

Mr. Temporary Deputy Chairman, Sir, there was an element of zero-rating of electricity consumption below 200 units. This has been said ably by the industry itself, that this is not going to have any effect because this was already in effect. Therefore, I think, it was not necessary to include that in the tax proposals.

However, allow me to comment on the VAT aspects that have been addressed in the Financial Statement. For professional organisations, like where I belong in the insurance industry, we are forced to pay VAT in advance before collection. This is because we are expected to pay VAT upon invoicing, yet it could take months and even years before you are paid. I hope the Minister will address this issue because professional firms, including lawyers, insurance and consultants and so on, are suffering because they have to produce money which they do not have and the VAT officers are very vigilant on that issue.

Mr. Temporary Deputy Chairman, Sir, when it comes to the issue of standards, I must agree with the

Minister on the same. This is because, in Kisumu Town, we have had problems with generic drugs whereby suppliers import expired drugs. These suppliers then repack these drugs and sell them to unsuspecting wananchi who suffer the consequences because they think they are being treated when they cannot be treated. It is important that we strengthen the Kenya Bureau of Standards so that the relevant inspections can be carried out so that we can be sure that whatever goods we import are of the right standards that can help this country.

Mr. Temporary Deputy Chairman, Sir, when it comes to levies, I do not see anywhere in his tax proposals where he has addressed the same. However, the Kenya Sugar Authority (KSA) is charging farmers 7.5 per cent as Sugar Development Levy. This Sugar Development Levy has turned out to be a conduit for some people who use it to obtain money to line their pockets. Right now, as we speak here, the KSA is trying to construct a two-kilometre road in Nairobi for the sum of Kshs50 million. Imagine Kshs50 million when Miwani and Muhoroni sugar-cane farmers have not been paid and yet that money could have been used to pay the farmers! This is unthinkable and unacceptable to people like me from Kisumu.

(Applause)

Mr. Temporary Deputy Chairman, Sir, I want to agree with the Minister, to an extent, by encouraging the textile industry to come up by reducing taxes. However, I think he should have gone a step further. The American Government, through Congress, passed the African Growth and Opportunity Act (AGOA). This was to encourage the textile industry in developing countries, including Kenya, to export to America. As it is now, we are not able to export because the cotton industry has not taken off. We cannot grow cotton because the necessary procedures have not been put in place. I think the Minister for Finance should have looked at this. Cotton is grown also in Busia where he comes from, Kisumu and elsewhere in this country. He should have put in place some financial arrangements in place to make sure that even farmers can do some irrigation projects so that we can produce cotton. Factories like Kicomi can do the rest and then we can produce our own textiles in this country to export to America. Instead, we have a case where non-indigenous businessmen are the ones taking advantage of this. This is also unacceptable.

Mr. Temporary Deputy Chairman, Sir, may I also say one thing. The Minister allowed some Export Processing Zones duty-free fuel. My appeal there is that he should make sure that there are enough procedures and measures to prevent misuse of the facility. This is because there is no way, knowing Kenya as it is, where you will allow a person that facility and then he will use it the way it is supposed to be without misusing it. We do not want any loopholes.

Talking on that, if we want to create employment in this country, we should have looked at the issue of establishing more Export Processing Zones; something like an industrial purple estate just for the purposes of export so that we can create employment in this country. This is a failure that we should address immediately. This is because we have some industries which are now laying off people, and the same case applies to the Government. There is no place where, even if you are educated to university level, you would get employment. But if industrialists are allowed to come to this country and the Government gives them a tax-haven they would employ our people. I would like to say that we have free and educated labour, whom we can export and earn some money for this country.

*[The Temporary Deputy Chairman
(Mr. Imanyara) left the Chair]*

*[The Temporary Deputy Chairman
(Dr. Anangwe) took the Chair]*

Mr. Temporary Deputy Chairman, Sir, the Minister also addressed the issue of the small and medium-size banks. He lowered the minimum deposit required to establish these banks. I would like him to address the issue of the banks that have collapsed with people's money. I would like him to talk about the banks which have been misused by crooks to fleece the common man, like Trust Bank. Now, even Delphis Bank is facing liquidity problems.

(Mr. Okemo consulted with Mr. Raila)

I wish the Minister was not consulting with his colleague, because this is an issue which is very sensitive to Kenyans! He is not listening to what I am saying. This is the most unkind and unfair thing! The banking

industry needs a lot of supervision because banks have collapsed with people's money and they have gone scot-free. I would like to say that rich people have fleeced Kenyans, have run away and we have been unable to recover the money. I would like to point out that Deposit Protection Fund is not even sufficient to cater for this.

Finally, I would like to touch on domestic borrowing because it also has a negative effect on the economy. I think it is high time the Minister took domestic borrowing seriously. He should not go for free money without looking at the consequences. I would like to say that too much borrowing could be dangerous to the economy.

Mr. Temporary Deputy Chairman, Sir, I support this Motion.

Mr. Maore: Thank you, Mr. Temporary Deputy Chairman, Sir. I would also like to contribute to this Motion in Committee. I would also like to say a few things regarding the Customs Tariff, Excise Duties, Value Added Tax, Income Tax and Miscellaneous Fees and Taxes. I would like to say that this is where the Minister puts his proposal to collect revenue from us so that the Government can run. Below the Motion, the sentence "His Excellency the President has signified his consent to this Motion" is in bracket. We wish we could have had the same sentence below the Donde Bill, when it was before this House. You will find that this Government is run by people with different or variant interests with those of the country.

In 1992, there was a catalogue of houses and plots which were allocated to the political elite as a reward, because during that year, there was some "smell" in the air that the Government would be voted out. Therefore, they were in a hurry to dish out or exercise something called the "scorched-earth policy", in that they would dish out and share among themselves whatever was available. I would like to inform this House that the same "virus" is in the air again. This time round, there are no houses or plots, but whatever Government services are there they are being allocated or privatised under very mysterious and cheap circumstances.

Mr. Temporary Deputy Chairman, Sir, I have an example of the Kenya Airports Authority (KAA) parking services. We have never had any problem with gate collections. So, we do not know [**Mr. Maore**] what motivated the KAA to privatise these services. There is a possibility that the staff, or the top management at the KAA or their godfathers, were interested in allocating themselves that lucrative business of erecting barriers and collecting money that they have not worked for or invested. They just have a whole airport, individuals sit there, collect money and then give the Government a certain percentage, and yet, they talk about a collapsing economy.

We are undergoing the obvious symptoms. Because the Chair is a political scientist, you can see all the symptoms of a collapsing empire. Just like a human being, if you have a tumour in the brain, prostate cancer, diabetes, heart attack, kidney failure and liver cirrhosis, your chances of survival are nil.

When it comes to tax, why would councillors in the Nairobi City Council (NCC) be in a hurry to privatise parking 18 months before elections are held? The only obvious reason is that somebody somewhere wants to raise funds using public property. We are near where the late President Mobutu was in the last 12 years or the last nine years. I would like to point out that this President had a problem to differentiate between state coffers and personal property. When these taxes are collected, they should be used for the benefit of everybody and posterity.

The Minister for Finance has allocated a huge amount of money - nearly Kshs2 billion - to the Local Authority Transfer Fund (LATF). At the time this money was being allocated, there was no mechanism put in place to train appropriate personnel in the county councils, or even appraise and upgrade the quality of the councillors who would handle this money. This is with an exception of county clerks and town clerks, who are in control of this money and, maybe, two or three individuals in those county councils who happen to know that there is some money. These individuals do not care about providing services; they just share the money. The Minister for Finance and the Minister for Local Government have not put in place a mechanism to arrest those people who misappropriate the LATF.

Another issue I would like to raise is that the Minister has continued to charge Kshs7 for our road maintenance levy fund. Almost a year ago, this House passed the Kenya Roads Board Bill. But you will find that those people who desire to be awarded huge contracts do not want the Kenya Roads Board to be operational. This is so because it will be very difficult to have the money being allocated in 60 districts--- If you have 60 districts awarding contracts, it becomes very difficult to make a telephone call and direct that they award this contract to that contractor. That is why the same Government will wake up at night, pretend that it is a constitutional issue, when it is an issue crowned and conceived in corruption. We should be very clear on whether we are running a country or we are running a small shop by some mafia-like organisations like that of Alcapone in Chicago in the 1920s.

Mr. Temporary Deputy Chairman, Sir, the last point I would like to raise is on the banking industry, whereby "who is who" in the political elite have an interest in this industry. So, even if we say that the Minister for Finance should wake up tomorrow, go to every bank charge and levy 50 per cent, it will be resisted. This is because it will be discouraging for the bank to charge and collect money only to pass over the same to the

Government. That is why we cannot understand why the Government is not worried when we complain about a collapsing economy, and do something about the interest rates.

We were told that, if we passed the Bill, we would know who runs the Government, whether it is Parliament or the Executive. By now, Kenyans know that directions are given from the Office of the President. When we are paying very high interest rates and being exploited by shylocks, it is the pleasure of the President. What will make him have mercy on his own country and assent to the Donde Bill, so that we can rescue our economy for the benefit of all and for a happy nation? Nobody wishes to lead a poor, deprived and hungry nation. That is why I will also echo the sentiments expressed by very many Members who have said that the Cabinet should take the lead. If they do not take charge and guide the country out of the mess they have put it in, because we have not been partners in putting the country into the mess--- When it is in a mess, it is the duty of the Government to get it out, just like when there is prosperity, it wants to take credit. Now that it is in a mess, the Government should squarely shoulder the blame and show the way rather than involving itself in politics and not moving forward.

Mr. Temporary Deputy Chairman, Sir, I wish to make those remarks.

Mr. Mugalla: Thank you, Mr. Temporary Deputy Chairman, Sir. It should be appreciated that over 50 per cent of our population live below the poverty line. When we are considering taxes, who is the greatest sufferer? It is the consumer. The greatest consumer is the person who lives below the poverty line. When goods and services are taxed, they are passed to the low income earners. Taxes appear to be directed to workers who earn a salary leaving a greater number out of the taxable bracket. If the Government would create an environment for the informal sector, it would collect a lot of taxes. They should just provide basic healthcare and infrastructure in the informal sector so that taxes can be collected. But for now, the Government cannot collect taxes from these people because there are no services provided to them. Therefore, they have a right to refuse to pay any tax. A worker who earns Kshs10,000 is followed day and night by taxmen, but a trader at Gikomba who earns Kshs40,000 per month is not taxed. It is rightly so because the Government is not providing any services to these people. Therefore, the Minister should consider ways and means of bringing more people into the tax bracket.

*[The Temporary Deputy Chairman
(Dr. Anangwe) left the Chair]*

*[The Temporary Deputy Chairman
(Mr. Imanyara) took the Chair]*

Let me touch on the issue of corruption, Mr. Temporary Deputy Chairman, Sir. Corruption is a creation of our own system. I say so because when you pay a tax collector poorly, who handles thousands and millions of shillings and he sleeps hungry, he is tempted to be corrupt. Therefore, we create fertile ground for corruption. Recently, the Government announced that it was increasing house allowance for civil servants but that hike cannot provide quality houses like those ones the civil servants are being asked to vacate. Civil servants are being driven to situations where they will remain corrupt. If we want to fight corruption, we have to pay workers properly so that they are not tempted to be corrupt. This is a serious situation where a person is denied services and moved to inferior housing. Where does a senior civil servant get a house for Kshs5,000? Would anyone who worked out these figures tell us where a senior civil servant moved away from a three-bedroomed Government quarter with water and electricity, would get a house for Kshs5,000? So, we create fertile ground for corruption in our country. If we do not pay workers well, they are tempted to be corrupt. Therefore, the Minister for Finance should look for ways and means of rewarding workers, particularly those concerned with the responsibility of collecting taxes. The question of houses for civil servants is serious and their morale has been killed. They are sacked on the one hand without being paid, and on the other hand, they are moved from their houses without corresponding proper house allowance. For this reason, I think, if taxes are not properly collected, half of it is pocketed, it is our mistake.

With those few remarks, I beg to support.

Mr. Mbitiru: Thank you, Mr. Temporary Deputy Chairman. This Motion is very important because the basis on which the Government operates to provide services to Kenyans is by collecting revenue from its people. Customs, Excise, VAT, Income Tax and all other Miscellaneous Taxes go into one account called the Consolidated Fund. We have other accounts in the Ministry of Finance and Planning, like the Civil Contingencies Fund (CCF). The CCF is mainly supposed to supply finances on issues of emergency. But of late, you find that most of the monies that are withdrawn through the Treasury from the Central Bank of Kenya, from this account, mainly go to areas that have not been budgeted for. For example, we have a case involving the President and Mr.

Ali, which touches on the duty-free shops at the Airport. A few months ago, about Kshs20 million was withdrawn in order to support an individual. If the case in the International Court is involving one individual, namely; Daniel Toroitich arap Moi and another one, Mr. Ali, that is not a charge to the Government. The money should be paid by the persons named in that suit and not from the Civil Contingencies Fund (CCF), which is supposed to cater for emergencies, should they arise. Also, from the same account, some money has been used to pay lawyers arbitrating in certain cases involving one M/s Kirinyaga Construction. About Kshs15 million was used to pay a court award to M/s Kirinyaga Construction due to failure by the Treasury. Why is CCF money being used for unspecified reasons? The CCF is supposed to cater for emergencies such as drought or when the country is at war, among others. However, all the monies that have been drawn from the CCF have gone into individuals' pockets.

Mr. Temporary Deputy Speaker, Sir, recently, I talked about security equipment. This country has been fleeced of its financial resources. Monies have been drawn from public coffers and contracts signed illegally so that some people could line their pockets. No wonder, today, if you ask the Minister for Finance---

Mr. Achola: On a point of order, Mr. Temporary Deputy Chairman, Sir. I know that the hon. Member is making his maiden speech but, for the purpose of this debate, could he remember to address you as the "Mr. Temporary Deputy Chairman" and not as "Mr. Speaker?"

The Temporary Deputy Chairman (Mr. Imanyara): Mr. Mbitiru, could you address the Chair by its correct title?

Mr. Mbitiru: Mr. Temporary Deputy Chairman, Sir, I did so previously, but we are used to referring to the Chair as "Mr. Speaker" most of the time.

As I said, money has been stolen from public coffers. This country has been fleeced of its money through dubious and mafia-like companies, which only exist in this country through certain individuals.

Mr. Temporary Deputy Chairman, Sir, security equipment was supposed to be the subject of the matter. The Ministers who have served at the Treasury since 1992, namely, the Leader of Government Business and his Deputy, and the current Minister for Finance, at one time or the other, did validate those contracts. In actual fact, they amended the original contract and increased the value of the security equipment, which was never delivered to the country. I do not know what the Minister intends to do to ensure that these things do not recur in future. Is he going to black-list all the companies that have been mentioned here? If he does not do that, we will table documents in this House and prove that theft of public resources took place.

The money being collected from taxpayers on a daily basis should be used to build childrens' homes for street children, orphans and the aged instead of it being used to line individuals' pockets. Some hon. Members on the Government side can be called upon to, urgently, meet the cartels that give them kickbacks for supplying our security agencies with "air", in the name of security equipment. How are we going to continue paying these taxes? We are reaching a point where we will ask Kenyans to stop paying tax to the Government. There will be no more taxation if services will not be provided to our people.

We should see the work done by the Government in terms of good services in public hospitals. Today, there is no public hospital in this country which has drugs. If you walk into any of the hospitals at 9.00 a.m., you will not find a doctor because they are grossly demoralised. If you report any incident to a police station, you will be told that there is no vehicle to transport police officers to the scene of incident, despite the fact that the Police Department drew a Kshs2.8 billion contract with a certain company for the supply of Mahindra vehicles.

Mr. Temporary Deputy Chairman, Sir, currently, an ordinary Land-Rover vehicle costs about Kshs2 million. Even if we assume that the country has 70 districts, political districts with single constituencies and divisions included, it will have about 700 police stations. At a price of Kshs2 million per brand new Land-Rover, we can comfortably spend Kshs1 billion to furnish each police station with such a vehicle. However, in the contract I am talking about, the Government spent Kshs2.8 billion to purchase Mahindra vehicles. Today, every police station and some Government Departments have "grave yards" for Mahindra vehicles, which are unserviceable although Kenyans have paid for them.

If the Government is unwilling to rehabilitate roads and enable Kenyans make money, we must ask Kenyans to stop paying taxes. We cannot create jobs or wealth in this country because the Government, which is supposed to facilitate that, has failed. The Government has no effective managers of public resources. It does not even encourage human resource development. Why should we continue paying taxes? So, I would like to call upon the taxpayers to stop paying taxes until the Government provides services.

Mr. Temporary Deputy Speaker, Sir, I would now like to talk about issues concerning the World Bank and the International Monetary Fund (IMF). If the Minister for Finance gives a breakdown of loans received by this country from those institutions *vis-a-vis* the amounts of money we have paid back to them, you will be shocked. We have paid billions of shillings to those institutions. In fact, the Bretton Woods institutions are an incumbrance to this country's development. It is time the Minister stopped relying on foreign aid.

I would to call upon the Government to wake up from its slumber and hire managers who understand the needs of its people. Let us have some good financial managers so that Kenyans can, once again, enjoy quality medical, educational and security services, among others. As much as I would like to support the Motion, I believe that fleecing this country of its resources every year, in the name of purchasing security equipment, is illegal. The company in question should be black-listed.

Thank you, Mr. Temporary Deputy Chairman, Sir.

Mrs. Mugo: Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me an opportunity to contribute to the Motion.

Mr. Temporary Deputy Chairman, Sir, year in, year out, we have this kind of debate in this House. The major problem is that, after debating and approving these revenue measures, we have nothing to show how the taxes have been used. As we speak, Kenya is rated among the top-most corrupt countries in the world, yet it is very poor. The Kenyan population is highly taxed. Looking at the revenue collection proposals by the Minister, I fail to see any measures that have been put in place to ensure that tax money is not stolen any more. We are going to tax Kenyans, as we have always done. However, their cry has always been about where their tax money goes.

Mr. Temporary Deputy Chairman, Sir, as far as security is concerned in this country, our police have no vehicles or even fuel to go to the sites of crime. Children are suffering in schools because we cannot maintain our schools. There are no textbooks or exercise books for our children. The infrastructure has almost collapsed. Therefore, it is morally wrong for the Minister to justify his taxation of Kenyans, just for a few people to line up their pockets.

Mr. Temporary Deputy Chairman, Sir, according to these taxation measures, the Minister [**Mrs. Mugo**] says some taxes will be increased in line with the inflation rate. This will not help our economy to grow. It will continue to record a negative growth. It is sad for this Government to raise prices of fuel. The Minister assumes that this increment will not be passed over to the consumers. He knows very well that *matatu* owners and other transporters will have to pass this increment to their customers. Therefore, the Minister is not being honest in that statement. I oppose this increment because it will further retard the growth of our economy. This increment will have far-reaching effects on the economy. For example, prices of most commodities and services will shoot up. At the moment, Kenyans are so highly taxed that they cannot afford to pay more taxes. I find this proposal most unacceptable because it will retard the growth of our economy.

Mr. Temporary Deputy Chairman, Sir, the Minister proposes stringent measures to increase punitive penalties for non-payment of Customs and Excise Duty. These measures will only increase bribery and the Government will collect very little money. People will be forced to bribe officers so that they do not pay taxes. Since the officers in charge of collecting taxes are not well paid, they will be easily corrupted by those people who do not want to pay the punitive penalty. So, they would rather do it under the table. To me, this is a wrong approach. The Minister should find concrete ways of sealing loopholes in tax collection. For our economy to grow, this Government must collect all taxes. It should seal all the loopholes that a few people use to evade paying taxes. The Government should not allow corruption to thrive. They must make good use of all the money they collect from us.

Mr. Temporary Deputy Chairman, Sir, the reduction of duty on raw materials is a good move by this Government. However, I feel it is not enough because it will not help our economy to grow. This is because every day industries are closing down and declaring their workers redundant. Therefore, there will be few industries to use those raw materials. Our industries are collapsing because our neighbours are dumping their cheap commodities in this country. Why can Kenyan industries not produce the cheap commodities? They cannot because of high costs of production. For example, the cost of electricity, water and raw materials is high. Unless the Government puts its house in order and brings down the cost of electricity, water and improve infrastructure, our locally-produced goods will continue to be expensive even if we reduce duty on raw materials. I feel the Government is being unrealistic with these measures. The economic growth projected in the Budget will not be realised. We have to safeguard the jobs of our people. We should not retrench them. It is a pity that even the Government is retrenching civil servants. I would like to hear from the Minister for Labour the measures they have put in place to make sure that no more Kenyans will be declared redundant. It is quite clear that this Government has no proper policy in place to sustain our industries. We are completely at the mercy of our neighbours, and we seem not to understand how they manage to produce sugar that is cheaper than ours. Our major problem is corruption in high places. A few individuals line up their pockets with our tax money instead of spending it to create wealth.

Mr. Temporary Deputy Chairman, Sir, on the infrastructure, the Minister says the local communities will assist in the maintenance of roads. Our people are highly taxed. In this Budget, there are more taxes levied by the Minister. How do you expect our people to maintain roads, build schools and police stations after paying all

the taxes levied by the Minister? This amounts to double taxation. I assisted in building a DO's office because the DO was a lady. Otherwise, I would not have any business building a DO's office for the Government officer. Where does the Government take our taxes? Kenyans are overtaxed and yet, there are no services. The Minister should be honest and scrap all taxes and let Kenyans take care of themselves. They should spend that money to build roads, provide security and water. Why should this Government levy more taxes on our people and yet, it does not care at all about the welfare of its citizens? I wish Kenyans could refuse to pay taxes to this Government.

Mr. Temporary Deputy Chairman, Sir, there is the proposed rent tax in the Budget which is targeting the small businessman. The Minister says this proposal will promote micro-businesses. But on the other hand, he is overtaxing them. What a contradiction! How will these people grow?

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

Mr. Achola: Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me this opportunity to contribute to this Motion.

I have a few things that I would like to raise. First of all, I would like to congratulate the Minister for having considered the manufacturing sector, by reducing taxes on most inputs that assist that sector. But, we know that both the manufacturing and the agricultural sectors form a third of our economy. Since the Minister did not give much attention to agriculture, I do not think his intention to eradicate poverty is going to bear fruit. For instance, the Minister talked about reducing taxes on all inputs so that the rates could be in line with what is being done in the COMESA region. If we do this, we are going to kill our sugar industry. From the experience we had last year, it is evident that the sugar industry is almost collapsing because of cheap imported sugar flooding the Kenyan market and, therefore, knocking out many of our people from business. We would have expected the Minister to say something about duty on fertilizers. He did not mention anything to do with fertilizers, yet agriculture forms 24 per cent of our Gross Domestic Product (GDP). So, I think at the Committee Stage, we will try to introduce certain changes to reduce the rates on fertilizers.

Mr. Temporary Deputy Chairman, Sir, there is also a contradiction in the tariff for agricultural equipment. For example, tractors meant for agriculture in this country are imported duty-free, but the spares for the same tractors are actually charged tax at the rate of 40 per cent. This is a big contradiction and it does not help farming in this country. So, I think at the Committee Stage, we will need to amend that, so that spares for tractors would be imported to this country duty-free, just as the main agricultural equipment.

Mr. Temporary Deputy Chairman, Sir, the Minister also talked about tax relief in the agricultural sector. That was commendable, but it was not good enough because we remember, the African Growth and Opportunity Act (AGOA), which is supposed to assist this country to improve on its trade with the United States, is not going to be of any use if the textile industry is overtaxed. So, I think the Minister should look at that particular aspect and reduce further, importation tariff, from 25 per cent to 15 per cent, instead of 20 per cent. So, I am proposing that this should be done at the Committee Stage. Unfortunately, the Minister went ahead and gave himself a lot of powers in deciding when to give a waiver to charitable organisations. I think, if it is left to the Minister alone to give up to 100 per cent duty waiver, we will insist that, before that is done, some transparency be displayed by the Minister himself. This gives way to what could lead to a corrupt system. We will insist that, before this is implemented, there is some guarantee that the Minister will review this particular facility with us at the Committee Stage.

Mr. Temporary Deputy Chairman, Sir, I have looked at the duty on paraffin. The whole theme of the Budget was to try and address the problem of poverty. But paraffin is a very vital commodity for the ordinary mwananchi in this country. The same way that the Minister reduced duty on fuel wood, it would have been better if he had actually reduced duty on paraffin. I am aware that the Minister is afraid that some corrupt and unscrupulous traders try to mix paraffin with petrol to produce low quality fuel. Ideally, it would be better to have both of them at the same tariff rate. That is a problem of management rather than a problem of implementation of what would be very useful to most Kenyans. So, I would recommend that the Minister reduces tax on paraffin.

Mr. Temporary Deputy Chairman, Sir, it is very difficult to understand how Kenyans work. The Minister is one person who should know that the oil companies are never serious with what they are doing in this country. They are just out to make profits. When the Minister was making his Budget Speech here, he increased the price of petrol by Kshs2 per litre, and said that this was only going to affect super and regular brands of petrol. Immediately he left this House, everywhere else, the prices oil went up. So, what the Minister gave with his left hand, he actually took it away with his right hand. The inflation which he was hoping to contain is not going to be contained because, once you interfere with energy, everything goes up. I think, when we come to the Committee Stage, we will ask the Minister to do something about the increase that was imposed on fuel.

Mr. Temporary Deputy Chairman, Sir, we have had two Bills in this House meant to address the problem of regulation of fuel prices. Originally, the Minister was unwilling to address this issue. But, I think, this time

round he will be convinced that it is very necessary for prices of oil products to be controlled because if it is left to the oil companies alone, they will never listen to what Kenyans want.

Mr. Temporary Deputy Chairman, Sir, with regard to Income Tax, we read in the newspapers today that Kenya is the fourth most corrupt country in the world. It would appear that corruption is such a big industry in this country. The Minister should try to devise means and ways of tackling this issue of receiving money through corruption. I do not know how it can be done, but just imagine if we are spending billions and billions of shillings, there are certain Kenyans who are actually gaining from this industry and yet they have not been sacked! We have heard of these cases in the High Court, for instance, the money which Kamlesh Pattni took. Imagine those billions of shillings! If the person really got that amount of money and never paid a single cent of tax on it, it is extremely unfair. Here is a small-scale farmer who is doing his honest business and he is being taxed for everything through VAT and other various methods of taxation. They are being taxed to the last penny, yet the fat cats are not paying their fair share of what they have looted from the same taxpayers. So, I would suggest that, if the KACA is being revived, it should find a way of catching the corrupt people, so that, apart from just returning what they have looted, they should also be made to pay tax on the same.

Mrs. Mugo: On a point of information, Mr. Temporary Deputy Chairman, Sir.

The Temporary Deputy Chairman (Mr. Imanyara): Order! Mr. Achola, would you like to take that point of information?

Mr. Achola: Yes, I would take it, Mr. Temporary Deputy Chairman, Sir.

Mrs. Mugo: Mr. Temporary Deputy Chairman, Sir, how could they do that and---?

The Temporary Deputy Chairman (Mr. Imanyara): You are asking a question instead of giving information!

Mrs. Mugo: Mr. Temporary Deputy Chairman, Sir, I am giving information. I would like to inform the hon. Member that, Mr. Ng'eny goes to court to answer charges after stealing taxpayers' money and he uses taxpayers money to go to court with a Government of Kenya (GK) car and with a flag! So, that is how we are fighting corruption in Kenya!

Mr. Achola: Thank you very, Mrs. Mugo, for that information. Again, there is something very, very serious in this country. We are perpetuating corruption and we are using the same taxpayers' money to continue supporting the same system. I think it is unfair, corruption is a big industry that ought to be taxed.

Mrs. Ngilu: What are you doing there? Come to this side!

Mr. Achola: All the same, I am in Parliament and I think I should be allowed to talk from wherever I am talking from.

The other bit that was not addressed in the Budget Speech is about ownership of houses in the City. We have had this owner-occupier house allowance which has been static at a given figure for a very long time. In order to assist many town dwellers to buy houses, I would suggest the Minister increases interest rates on mortgage because the interest rates in this country are very high. That particular charge has remained stationary for the last 12 years, and I would suggest that, in order to assist Kenyans, that particular bit should be increased.

Mr. Temporary Deputy Chairman, Sir, once again, I want to talk slightly more on the agricultural inputs. I earlier mentioned something to do with the sugar industry. It is going to completely collapse because of the high taxation on fertilizers. I was going to suggest that Kenya starts a fertilizer manufacturing plant in this country, so that we can produce food for our own people and also increase our GDP through agricultural production.

With those few remarks, I would like to support the Motion.

Mrs. Ngilu: Thank you, Mr. Temporary Deputy Chairman, Sir. I would like to oppose this Motion simply because Kenyans, as many others have said, are heavily taxed. Over the years, Kenyans of all ranks have been paying heavily, the taxes that we authorised the Minister to levy on them, but services are never delivered to them as it should be the case. I believe that one of the reasons why the Government should levy taxes on Kenyans, is to enable it deliver services. However, over the years, Kenyans have gone without services, and I have in mind some of the services that are basic. It is the duty of the Government to provide basic services. In this case, basic services are all what the Government should provide to Kenyans. Here, I have in mind, something like the provision of clean water, food, good health care and education to every Kenyan but not in form of handouts, as it has been the case in the past.

We authorise the Minister to collect up to Kshs218 billion, but where this money goes to, nobody can tell. Time and again, Kenyans have been double-taxed. Kenyans pay taxes and after hon. Members authorise the Minister to collect the funds, they still have had to go out and develop their own constituencies. In actual fact, every constituency in this country is developed by the respective Member of Parliament, by way of Harambee

through collection of funds from the very same people who have paid their taxes. In this Parliament, we, hon. Members, have abdicated our responsibility of following up to see to it that the Government does what it is supposed to do with the funds; the taxes that they collect. As a result, we have turned out to be agents for Harambees.

Look now at the Chamber, and you will notice that we hardly have 15 hon. Members. Where are they, if you ask me? I will tell you that they are following up one person or another in order to collect Kshs2,000 or Kshs1,000 from him or her for a Harambee this weekend. What is the reason behind that? This is because hon. Members have to do what the Government should do. There are one or two hon. Members who have, obviously, become the "Chamber Bank," and I have in mind one person whom every other hon. Member here follows, in the name of Mr. Biwott. I call him "Chamber Bank."

I think time has come for us to be more serious. If we are talking about funds that are collected from people in order to go and help the same people, and you levy taxes on the same people at their own level, or at the grassroots level, so that they can develop their own programmes, that makes me oppose this Motion. The Government has also taken it upon itself to conduct Harambees by using their own agents in the name of the Provincial Administration. Everywhere you go, you will find a chief and an assistant chief, after they wake up every morning, going out to collect money from the very same poor people.

Education in this country is not cheap. It has become a very costly exercise. Only the rich can afford education, while the poor are unable to take their children to school, and yet 40 per cent of our Budget is going to the education sector. About 40 per cent of the Budget is almost strictly used in paying teachers. The cost of building classrooms for primary and secondary schools, as well as other institutions, has got to be borne by parents, and yet they had paid taxes. If that is so, why should I come here, authorise and support the collection of taxes that are supposed to go to the poor, but are channelled elsewhere?

We have countrywide exploitation; the rich exploiting the poor. Yesterday, I visited one place in Machakos, where the rich have decided that they are going to put up a multimillion project and they have had to displace kiosks owners. They had sent a tractor to demolish some kiosks which have been put up by the very poor people. Right here in this Chamber, we also have Ministers who have done the same in my own constituency. I would not have to mention their names because they are sitting right in front of me, but, obviously, the women have taken care of that. I want to caution the Minister concerned: Please, leave the women alone in Kitui. They will not allow you to touch that project and plot.

Bad governance in this country is to blame for the problems that we are going through. We are aware of the many offices that have been misused by officers serving in those offices, who instead of delivering services and doing what they are supposed to do, would day in, day out, go out to collect money from the people. I have in mind a case that I witnessed. As I walked down River Road and Kirinyaga Road in Nairobi, business people have had to come out and explain to me what they go through every morning. Every morning, before they open, somebody is at the door to collect money and they do not have receipts. They have not been sent by the Income Tax Department, but they are collecting money because somebody has sent them there. This is something we have got to oppose, and we shall not allow that. As much as we are talking about investors coming into this country, nobody wants to come and be harassed day in, day out. We are aware of many Kenyans who, due to the economic problems that we are experiencing now, have had to leave their places of work, and go home. If today we are talking about over 50 per cent of Kenyans who are travelling and living below poverty line, and these are the people who are being so heavily taxed, and we continue to imagine that the amount of money that the Government expects to collect from the same people would really be realised, I think we are cheating ourselves.

This is the time that I would suggest that the Government of Kenya - our Government today - goes back and finds out ways of collecting funds and helping people come up with certain programmes where we can help in the economic growth of this country. This is because, as we speak today, we do not expect any meaningful economic growth to be realised in this country, as long as things remain the same, and the people we are talking about are as poor as they are.

Mr. Temporary Deputy Chairman, Sir, we have in this country around ten million millionaires and millions of paupers. It is these paupers who are expected to service the Government. The rich, as somebody else has said, do not pay taxes. They are able to talk their way out of paying taxes. As I speak today, the Income Tax Department has actually frozen many accounts of business people. Professional people are closing their businesses and leaving the country to do business elsewhere. This is not helping this country. I believe that if we mean to help this economy grow, we have got to attend to the issues before us.

We have had retrenchment in this country. All these able-bodied men and women have had to leave offices. They obviously are not serving Kenyans any more simply because, for many years, we have not taken into account the needs of Kenyans and how we should support them. As they left, the amount of money they had been

promised was not even given to them. If taxes are to be paid, a certain amount of money has to be set aside and the retrenchees paid so that they can settle with their families and start their own businesses.

The final thing I would like to say is about the suffering that is about to happen because we have not got enough rain in the country. This is the time that the Government should put funds aside, not for food relief, but for water so that people can grow their own food.

Thank you, Mr. Temporary Deputy Chairman, Sir.

The Minister for Heritage and Sports (Mr. Nyenze): Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me a chance to contribute to this Motion. Taxation is necessary in a country for the economy to develop. There would be no roads or services without money which comes in terms of taxation. We should understand that, without taxation, we would not make any progress. Taxation rates are very high in the Scandinavian countries and because of that, they get good services. The taxes imposed here are low, but we still give services as a Government. We cannot compare Kenya with the United States of America or the United Kingdom because Kenya got Independence just the other day. Look at what we have achieved so far. Surely, wherever you go you will find many schools, universities and roads.

We should commend the Government for the efforts it has made to put this infrastructure in place for that short span of time, instead of criticising it all the time and inciting people not to pay taxes. If some people wish to incite Kenyans not to pay taxes so that this Government does not have money to run its affairs, they are dreaming because Kenyans know that this money is for their own good. Even in the most successful economy you cannot satisfy everybody at all times. There are areas where you cannot provide services though you would wish to do so, because of budgetary constraints or lack of money. There are also ghettos like Mathare in those most developed countries like the United States of America. Why are we being told that things are so bad when they are not that bad? I think some hon. Members are pretending not to know.

It is also not fair for an hon. Member to incite people to occupy other people's land. Just because someone buys a plot in a constituency, where he does not come from, does not mean that you should incite your people to prevent him from developing his plot. This is because by developing his plot, he will bring you wealth and investment. As long as he has the right documents, the truth shall come to the surface. It is not a contest match, but with all due respect, Mrs. Ngilu who comes from the same area as I, has incited people to invade a plot that I paid for. I know that of all the people in Parliament, she understands me better.

Mrs. Ngilu: On a point of order, Mr. Temporary Deputy Chairman, Sir. Since I did not mention Mr. Nyenze's name, I did not wish to say anything. I want to inform the Minister that, that plot was there before he became a Member of Parliament and a Minister. Those women have been living there for the last 20 years. You cannot pay Kshs600,000 for a plot of 50 feet by 80 feet. Mr. Minister, you should come out of that cocoon and stop stealing from Kitui Central women!

Mr. Maore: On a point of order, Mr. Temporary Deputy Chairman, Sir. Could we be saved by the Chair from the personal issues regarding the two Members on the Floor?

The Minister for Heritage and Sports (Mr. Nyenze): Thank you, Mr. Temporary Deputy Chairman, Sir. I will address the Chair. Even if someone launches a party, she will not get support by incitement. The reason why Mrs. Ngilu is bitter about me is because the National Party of Kenya (NPK) has no support from my people.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Chairman, Sir. Are we discussing the Motion on the Floor or are we discussing the Akamba politics?

The Temporary Deputy Chairman (Mr. Imanyara): You are quite right Mr. Angwenyi. The rules of relevance do apply and, Mr. Minister and Mrs. Ngilu, you have got to be relevant!

Mrs. Ngilu: He is not relevant!

The Minister for Heritage and Sports (Mr. Nyenze): Mr. Temporary Deputy Chairman, Sir, I think you should protect me from Mrs. Ngilu because we should not discuss Kitui matters here. I do not want to have my time wasted because, if the NPK is a moribund party that will not grow---

Mrs. Ngilu: On a point of order, Mr. Temporary Deputy Chairman, Sir.

The Temporary Deputy Chairman (Mr. Imanyara): Overruled on the grounds that you are not being relevant by bringing matters of political parties here! We are discussing proposals for taxation in the Motion.

The Minister for Heritage and Sports (Mr. Nyenze): Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me protection---

The Temporary Deputy Chairman (Mr. Imanyara): Order, both of you!

Mrs. Ngilu: On a point of order, Mr. Temporary Deputy Chairman, Sir. Is the Minister in order to say that the NPK is a moribund party? The NPK is hardly two months old and I am the prospective chairperson of the party. I invite you to join the NPK!

The Temporary Deputy Chairman (Mr. Imanyara): Order, Mrs. Ngilu! I caution you that I will not tolerate that! Sit down!

The Minister for Heritage and Sports (Mr. Nyenze): Thank you, Mr. Temporary Deputy Chairman, Sir, for your wisdom. I will not talk about something that does not exist. I will go straight to whatever I was talking about. Kenya's development record---

Mrs. Ngilu: On a point of order, Mr. Temporary Deputy Chairman, Sir.

The Temporary Deputy Chairman (Mr. Imanyara): Overruled, Mrs. Ngilu!

Mrs Ngilu: But the NPK exists! It is registered!

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Chairman, Sir. Could you ask the Clerk to define what the word "existence" means for the benefit of the two Members?

The Temporary Deputy Chairman (Mr. Imanyara): Mr. Nyenze, are you continuing?

The Minister for Heritage and Sports (Mr. Nyenze): Thank you, Mr. Temporary Deputy Chairman, Sir, for giving a proper ruling. Could you protect me from the hon. Member because she is shouting at me?

Through the KANU Government, this country has developed quite a lot. Within a short span of time we have had so many public universities. We may be having problems because economies do rise and come down. Economies are like a vicious cycle; they move up and down, even those which are successful. If it is possible, I would wish that most of the money that we collect through taxes could be used with a bias towards construction of roads. There is one road from Mombasa which passes through the whole of Ukambani up to Eastern and Central Kenya. It also proceeds to Garissa and Ethiopia. If this road is tarmacked, most of the traffic from the Mombasa/Nairobi Highway will be diverted to it. This it will ease congestion along Mombasa/Nairobi Highway. This is a road that can be developed very easily. That is my recommendation to the Minister, so that some of that money can be used to develop that road. It is not sloppy but is on plain land. It should be tarmacked and that will reduce poverty in areas along that road.

Mr. Temporary Deputy Chairman, Sir, when hospitals lack drugs, we cannot blame the Government, but we can blame the small man down there in the clinic. We can blame the Medical Officer of Health (MOH), the nurses or the clinical officers. Everybody read today in the newspapers that some clinics in Kitui District were raided and drugs and other Government materials were found there. This is where Mrs. Ngilu comes from and I do not know whether some of those clinics belong to her, but what I am saying is that---

The Temporary Deputy Chairman (Mr. Imanyara): Order! Mr. Nyenze, I also caution you that you must not drag Mrs. Ngilu's name into issues that are not well founded.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Chairman, Sir.

Mrs. Ngilu: On a point of order, Mr. Temporary Deputy Chairman, Sir. What is wrong with this Minister?

The Temporary Deputy Chairman (Mr. Imanyara): His time is up!

Mr. Murathe: Thank you, Mr. Temporary Deputy Chairman, Sir, for allowing me to say one or two things tax proposals as contained in the Financial Statement.

Before I start, you have probably read the report by Transparency International, about the huge amounts of money that certain Kenyan individuals have been contributing in form of Harambee. It is high time that this Government taxed these people. It is high time that an investigation was carried out into the incomes of these people who are contributing to the tune of Kshs150 million a year in Harambees. We need to know their source of the money and how much they earn in order that they can contribute up to Kshs30 million in Harambees a year. What step will the Minister take to tax these incomes? This must be proxy. This must be money which somebody has earned in excess of his requirements, or money he has stolen and he is able to then go out and donate it. The Minister for Finance should take this very seriously and consider carrying out an in-depth investigation into the source of this money, with a view to taxing it as part of the Income Tax proposals for this country.

It is not possible for an average Kenyan earning an average salary to be contributing Kshs200,000 to Kshs400,000 every Saturday and Sunday. This is part of the problem in this country. When we introduce the Economic Crimes Bill, part of the code of ethics will require that if Kenyan taxpayers pay taxes, the Government must provide services. There is no way that we will allow the culture of Kenyans paying taxes and then the "thugs" who corruptly receive money, go and then tell them to subsidise the Government in carrying out the functions of providing health services, building schools, roads and bridges. Why are you taxing Kenyans and then saying that development of a constituency, district or division will be done on another form of contribution? This is another form of taxation that cannot be allowed to continue. The only Harambees that we must allow in this country are those that relate to social-personal issues. We cannot allow Harambees for development programmes. This provides an avenue for this Government to misappropriate revenue because it is now no longer accountable.

We want to look critically at some of the areas that the Minister proposes to deal with in terms of generating revenue for this country. To begin with---

The Assistant Minister for Transport and Communications (Mr. Keah): On a point of information, Mr. Temporary Deputy Chairman, Sir. I want to just inform my good friend, Mr. Murathe, on the issue of Harambee. I am very fond of Harambees and I usually give Kshs30,000 to Kshs100,000 in those Harambees, but my personal contribution, honestly, is usually about Ksh5,000 in that contribution. The rest of the money comes from my 200 friends.

Mr. Murathe: You are an honest person. Just sit down!

The Assistant Minister for Transport and Communications (Mr. Keah): Mr. Temporary Deputy Chairman, Sir, I just want to inform my friend that if my friends give me Kshs2,000 or Kshs500 each, other people are given Kshs10,000 to Kshs30,000 and that adds up to the Kshs140 million!

Mr. Murathe: Mr. Temporary Deputy Chairman, Sir, we have no problem with the spirit of Harambee *per se*, but we are saying that it encourages corruption. Those people who give the Assistant Minister Kshs5,000 or Kshs10,000, if they are civil servants, they have raised that money corruptly. Mr. Keah could be an honest man. He will be with me on Sunday in Gatanga Constituency for a Harambee. I am not telling him not to bring money, but he should bring clean money. He should not bring corruptly-acquired money, particularly blood money. This is a very serious issue.

In order to move towards harmonising tariff structures with those of COMESA and the East African Community state partners, the statutory band should be lowered from 40 per cent to 35 per cent. When this Government engaged in the COMESA trading block, it hurriedly ignored certain competitive advantage requirements of economics. Our industries are all collapsing because of our own inefficiencies in production, and because there is no certification that the source of some of these products, which are enjoying zero-tariff, are manufactured in the COMESA region. Some of the countries that we are trading with, such as Egypt, are very advanced and their proximity to Europe and the Mediterranean Sea makes it possible for them to import goods from Europe and the Middle East, pack them and claim to value add, and then send them into this region on very low tariffs. It is high time that the Ministers concerned with the COMESA Trade Agreement decided what needs to be done about the harmonisation of these tariffs, so that it is only those people who have the competitive advantage in production who will be allowed to export. There is no justification, for example, for a country to be given subsidised wheat from the United States of America (USA) and then bring it to Kenya claiming that it has been produced locally. For instance, Egypt grows a little wheat along the River Nile, through irrigation, and yet claims to now have enough locally-grown wheat which can be sent to Kenya. The same thing is happening in the sugar sector. All our factories are going to collapse. Why? Because Sudan can produce sugar at US\$100 to US\$200 a tonne, while our own factories produce at US\$400 a tonne! How can we ever compete with the Sudanese? Since they are part of the block, our market must be opened to them. It is only a very few private sugar factories that will remain functioning. The small-holder factories will all collapse with great loss of income and jobs.

Mr. Gatabaki: On a point of information, Mr. Temporary Deputy Chairman, Sir. The affected sugar-cane growing areas are NDP-controlled, while the wheat growing areas in the Rift Valley are KANU-dominated! So, the KANU Government is killing its own, and the new-found baby called the NDP!

Mr. Murathe: I must thank you for that information!

Number four, the Minister read in his Speech:-

"To assist the textile sector, which has undergone significant difficulties in the recent past, the tariffs structure for the industry will be rationalised. Duties on fibre will be reduced to zero per cent, duties on yarns will be reduced from 25 per cent to 20 per cent and duties on fabrics will be increased from 25 per cent to 30/35 per cent."

The Government knows very well that the reason why the textile industry in this country collapsed was due to the open-door policy of allowing imported textiles - in most cases smuggled! Some of them came under the guise of mitumba and others came in through the back door. We are now talking about the African Growth and Opportunity Act (AGOA), which will allow our products to access the markets in the United States of America (USA), tax-free. It is possible for our own cotton industry, which is a vertically integrated industry, to encourage our cotton farmers to process the cotton, take out the seed cake, groove on to the yarn, make the garment itself and export. There is no reason why the Government should try to bring in prohibitive barriers. By the way, most of the successful trade barriers are non-tariff barriers because the higher the taxation, the higher the incentive for people to avoid tax! If the tax imposed on a commodity is high, you will give me an incentive to bribe, so that it can end up costing me less.

With those few remarks, I beg to oppose.

Mr. Ndilinge: Thank you, Mr. Temporary Deputy Chairman, Sir. Mine will be very brief because much has already been said. The time has come for both sides of the House to unite and work together for the voters. The reason why the Government taxes people is to serve them. There are areas which we should talk about, like hospitals. When we talk about hospitals, the people at home are not served. The time has come for us to vote money here, and follow it up back home to see whether it does what it was voted for. In some hospitals, patients sleep on the floor without drugs and staff to care for them. Time will come when I will not vote money for some of the Ministries here. That is because they do nothing to my people in Kilome. I will select which ones I will vote money for and which ones I will not vote money for.

With regard to land, we have a big parcel of land in Ukambani which serves wildlife, while the people adjacent to it are dying of hunger! If Kambas were given the idle land and provided with water--- When I say providing Kambas with water, I mean the Government providing dams and boreholes. If that is done, there will never be a single day a Kamba will go to the Government to seek famine relief. It appears as if there has been a strategy which has been set up by somebody somewhere, to keep on punishing the Kambas. I think it is high time for us as Members of Parliament, to unite and work for our voters, because time is not on our side. Some of my colleagues here keep on insulting others, but I am sure time will come when you will be asked by your voters back home: "What did you get for us from Parliament?"

Mr. Temporary Deputy Chairman, Sir, Mr. Murathe talked about agriculture. What he told this House is true. In Makueni, there is a ginnery which does nothing for those people. They took their cotton there but they were not paid. They forgot about planting cotton. Now, this time round, you are telling them to plant cotton. They should first be assured whether they shall be paid. That is the same case with coffee and tea in Central and Rift Valley Provinces.

Some of my colleagues in this House always talk about grabbers and thieves. It is only the other day that I talked about pin-pointing the grabbers and thieves. But we keep on going round in circles and talking about some people. Why do you not pin-point somebody, and say that so-and-so did that, and then he is pursued and taken to court? The reason why the grabbers and thieves do not shy off is because we never name them. That is why they keep on going round because they have discovered that we do not know them. That is why we keep on saying: "Hii Serikali ya Moi!" Why do we not name the person?

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Chairman, Sir. Is the hon. Member for Kilome in order to say that corrupt people have not been pin-pointed, when we had a "list of shame" which was expunged by this House? He should be able to take note of that!

*[The Temporary Deputy Chairman
(Mr. Imanyara) left the Chair]*

*[The Temporary Deputy Chairman
(Mr. Maore) took the Chair]*

Mr. Ndilinge: Mr. Temporary Deputy Chairman, Sir, what Mr. Angwenyi is trying to inform me is what I am trying to tell the House! Whoever was named should have been taken to court! If Mr. Ndilinge's name was there, I should have been taken to court. But nobody was taken to court.

Mr. Temporary Deputy Chairman, Sir, with regard to the retrenchment exercise, I do not know how it was done! The retrenchment exercise aimed at the youngsters, and left the old guard in the offices. We do not understand how the exercise was conducted. Nobody has ever told us the criteria that was used. For example, in an office, you find that a 32-year old man is retrenched and a mzee who has got only two years to retire is left! I do not understand how that exercise was conducted. After the retrenchment exercise, the same organisations or departments announced for recruitment of new employees, whom they called trainees! I do not know whether they were supposed to train them or what! How can you retrench someone who has not attained retirement age and retain someone in the office who is at the doorstep of the retirement age? We must sometimes consider humanitarian grounds. Immediately after the retrenchment, the same young people were evicted from Government houses. Were they given their dues before they were removed from their Government houses? If they were not, why were they treated in such a crude manner?

Mr. Temporary Deputy Chairman, Sir, as concerns water, there are 16 rivers which bypass Ukambani region and I will keep on repeating about them. They empty their water into the Indian Ocean. If this Government wants to be re-elected, those rivers should be tamed for irrigation. The Government should dig boreholes for the Kambas and there will be no more hue and cry about famine relief in Ukambani.

Mr. Temporary Deputy Chairman, Sir, on the issue of land, what some of my colleagues have said here is true. For example, the Kiboko Scheme which was set aside for the landless people, instead went to rich people who own Mercedes Benz cars and Pajeros. This issue should be solved speedily. This is because this issue of saying we have set aside this land for the poor and then the rich men go for the land, at one time, the poor people might think of evicting those rich men from their land.

Mr. Temporary Deputy Chairman, Sir, on this question of provision of seedlings and fertilisers in Ukambani, the reason why we do not harvest is because we are given bad seedlings and fertilisers by people who know very well that they are bad. However, because they have some intentions of punishing the Kambas, that is why we get those bad seedlings.

Mr. Temporary Deputy Chairman, Sir, I do not want to take so much of your time but I want to talk about Harambee. Harambee, as my friend says, in one way or another, makes people to go astray somehow by looting money through shoddy deals. However, by saying so, I do not mean that some of the Members whom I have invited for my Harambee on 14th July should not turn up. The Harambee will be there and I am expecting to get a lot of money that is more than Kshs1 million.

Mr. Gatabaki: On a point of order, Mr. Temporary Deputy Chairman, Sir. Considering that God has been very kind to the people of the area where the hon. Member of Parliament comes from--- In fact, hon. Mrs. Ngilu has formed a party for all Kenyans. Is it in order for the Member to continue narrating saga after saga of Government hatred against the Kamba people instead of joining the party of Mrs. Ngilu?

(Laughter)

The Temporary Deputy Chairman (Mr. Maore): That is a personal opinion! Proceed!

Mr. Ndilinge: Mr. Temporary Deputy Chairman, Sir, if you can remember what I said at the beginning, we should forget about parties. This is because we are all hon. Members of Parliament and unless we unite---

Mrs. Ngilu: On a point of order, Mr. Temporary Deputy Chairman, Sir. We cannot forget about parties because, as long as you are not nominated and not sponsored by a party, you cannot come to this House. In fact, I now want to invite you to join the National Party of Kenya (NPK).

(Laughter)

Mr. Ndilinge: Mr. Temporary Deputy Chairman, Sir, I am a life member of KANU and my number is 11084 and I will still remain in KANU!

The Temporary Deputy Chairman (Mr. Maore): Your time is up!

Mr. Ndilinge: I beg to support.

(Question put and agreed to)

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Temporary Deputy Chairman, Sir, I beg to move that the Committee of Ways and Means doth report progress to the House and seek leave to sit again tomorrow.

(Question proposed)

(Question put and agreed to)

(The House resumed)

*[The Temporary Deputy Speaker
(Mr. Imanyara) in the Chair]*

PROGRESS REPORT

APPROVAL OF TAXATION MEASURES

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I am directed to report that the Committee of Ways

and Means has considered the taxation proposals and reported progress and sought leave to sit again on Tuesday.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Resolution.

The Assistant Minister for Transport and Communications (Mr. Keah) seconded.

(Question proposed)

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, I now understand. We can continue. I am quite happy to proceed tomorrow with the Committee of Ways and Means.

(Question put and agreed to)

MEMBERS-HALF-HOUR STATEMENT

APPOINTMENT OF *MIRAA* EXPORT AGENT

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I rise on a point of order to seek a Ministerial Statement from the Minister for Transport and Communications in regard to a letter written by a subsidiary of the national air carrier; the Kenya Airways. The subsidiary is the Ken-Cargo Airlines International. On 21st June, the Managing Director wrote a letter appointing Ren-Akan Limited, as sole agents for *miraa* export. In brief, the Ministerial Statement I would like to seek is about the propriety of this letter appointing a shipper. I would like to point out that a carrier usually appoints the ground air handling agent, and it is upon whoever is shipping whatever he or she is shipping, to appoint his or her clearing and forwarding agent. I would like the Minister to inform this House whether this is a scheme by the national airline to create a job for an individual, whom we do not know. We would like the Minister to tell this House whether they have consulted any of the stakeholders in the industry, who have been doing that business for many years.

Thank you, Mr. Temporary Deputy Speaker, Sir.

MINISTERIAL STATEMENT

APPOINTMENT OF *MIRAA* EXPORT AGENT

The Assistant Minister for Transport and Communications (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, I would like to thank the hon. Member, because he had shared that information with me earlier in the afternoon. I acted immediately to try and get some information, which I am happy to deliver to the House. This is in connection with the issue he has raised.

The said letter is signed by Mr. Peter Scholten, Managing Director of Ken-Cargo Limited, and was written on 21st June, 2001. It is correct that M/S Ren-Akan Limited was appointed as the sole agent for *miraa* export to be airlifted on board the Kenya Airways flight from Nairobi to destinations in London and Amsterdam. It was necessary to appoint one person in comparison with the 25 exporters who prepare, on a weekly basis, 25 airways bills. With the appointment of Ren-Akan Limited, these airway bills have been reduced to six, which is manageable. I would go further to explain that Ren-Akan Limited was incorporated in 1996. The shareholders were Messrs. Shitol Khana and Mwaniki Gichohi. Later on, Mwaniki Gichohi formed his own company called Pusim Limited with Mwaniki Gichohi, Njeru Nyaga and Bundi Mugambi who then took over the business of Ren-Akan Limited in 1996. Now, Pusim Limited have a big debt which has yet to be paid to Kenya Airways and in which now Shitol Khana and Ben Mutweta have joined and this is the new Ren-Akan Limited who have been given this contract as sole agents. I would just like to clarify that this is a normal commercial deal and I cannot see anything sinister in it. **Mr. Maore:** Mr. Temporary Deputy Speaker, Sir, I would like to make a further clarification. It is the Pusim Air Trade Limited who swindled Kenya Airways of Kshs68 million out of *miraa* export. Now, the same characters have gone ahead to form another company, in consultation with the officials of the Kenya Airways, so that they can share this money. Why can the Assistant Minister not just say that he needs to discuss with the stakeholders---

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Maore, since this is not Question Time, is the Assistant Minister prepared to clarify that issue?

The Assistant Minister for Transport and Communications (Mr. Keah): I am prepared to clarify the

matter. I want to say that Pusim Limited are not the same people, as he alleges, who own Ren-Akan Limited. They are totally different people. Pusim Limited is Mwaniki Gichohi, Njeru Nyaga and Bundi Mugambi. That has nothing to do with Shitol Khana and Ben Mutweta who are the shareholders of Ren-Akan Limited.

An hon. Member: What is their business in *miraa*?

The Assistant Minister for Transport and Communications (Mr. Keah): Business is business. I do not grow wheat but I can sell it. Thank you.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Imanyara): Debate on the taxation proposals continues next week. Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until Tuesday, 3rd July, 2001, at 2.30 p.m.

The House rose at 6.35 p.m.