

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 7th November, 2001

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Papers were laid on the Table:-

Annual Report and Accounts of National Water Conservation and Pipeline Corporation for the year ended 30th June, 1999, and the Certificate thereon by the Auditor-General (Corporations).

(By the Assistant Minister for Environment and Natural Resources (Mr. Kofa) on behalf of the Minister for Water Development)

Annual Report and Accounts of the Nyayo Tea Zones Development Corporation for the year ended 30th June, 2000, and the Certificate thereon by the Auditor-General (Corporations).

(By the Assistant Minister for Environment and Natural Resources (Mr. Kofa) on behalf of the Minister of State, Office of the President)

Annual Report and Accounts of Ewaso Nyiro South Development Authority for the year ended 30th June, 2000, and the Certificate thereon by the Auditor-General (Corporations).

(By the Assistant Minister for Environment and Natural Resources (Mr. Kofa) on behalf of the Minister for Rural Development)

ORAL ANSWERS TO QUESTIONS

Question No.514

CRITERIA FOR APPOINTMENT OF CHIEFS

Mr. Speaker: Is Mr. Wanjala not here?
Let us move on to the next Question!

Question No.531

PAYMENT OF GRATUITY TO MR. RAPHAEL NABISHWA'S FAMILY

Mr. Speaker: Is Mr. Wamunyinyi not here?
Let us move on to the next Question!

Question No.599

INVOLVEMENT OF PROVINCIAL

ADMINISTRATION IN PROJECTS

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

(a) to what extent the Provincial Administration is expected to be involved in development projects; and,

(b) what duration/period an officer can stay at one station.

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

(a) By way of resource mobilization through community-based organisations and co-ordination of Government business.

Hon. Members: Which Question is he answering?

Mr. Speaker: Mr. Moroto, the hon. Members would like to know the Question you are answering. Could I help you? You are supposed to answer Question No.599!

The Assistant Minister, Office of the President (Mr. Moroto): Mr. Speaker, Sir, that is the Question I am answering.

Mr. Speaker: It is okay. Go ahead!

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

(a) By way of resource mobilization through community-based organisations and co-ordination of Government business.

(b) An officer can stay in a station as long as his/her services are required.

Mr. Muya: Thank you, Mr. Speaker, Sir. The Question the Assistant Minister is trying to answer is:

"(a) To what extent is the Provincial Administration expected to be involved in development projects?"

(b) What is the duration period an officer can stay at one station?"

Mr. Speaker: Mr. Muya, why are you repeating the Question?

Mr. Muya: Mr. Speaker, Sir, I have repeated the Question because he did not come out clear on the Question he was answering. The Assistant Minister has said that the PCs, DCs, DOs and the like are there to mobilise the NGOs and co-ordinate Government business, and yet from that area we have had some DCs--- We feel that the Provincial Administration does not serve its purpose. In my constituency and district, I have had four DCs, six DOs and three Assistant Education Officers in the short period I have been in Parliament. What role have they played in mobilization and co-ordination of Government business?

Mr. Moroto: Mr. Speaker, Sir, the officers in the area the hon. Member has talked about are doing a lot for the Government. That is why they are required and retained there.

Mr. Muite: Mr. Speaker, Sir, could the Assistant Minister enlighten this House on why the Provincial Administration's job, including what he calls mobilization of resources at the local level, always involves the KANU leadership and Maendeleo ya Wanawake, to the exclusion of the other leaders at the grassroots level?

Mr. Moroto: Mr. Speaker, Sir, the Provincial Administration officials do not only work for KANU and Maendeleo ya Wanawake, the way the hon. Member has put it. I would like to inform the House that those officials are there to serve Kenyans, regardless of their political parties. So, they do not work for certain groups.

Mr. Muchiri: Thank you, Mr. Speaker, Sir. We are the people in the field, and we have noted that the Chairman of KANU is senior or more authoritative than the DO and the DC in every district. Could the Assistant Minister clarify here under whose authority the DOs are commanded by the Chairmen of KANU in every district within the Republic of Kenya?

Mr. Moroto: Mr. Speaker, Sir, I am not aware of that fact. If the hon. Member has a problem with KANU, let him deal with it and not Government officials!

(Laughter)

Mr. Speaker: Mr. Muya, ask the last question!

Mr. Muya: Mr. Speaker, Sir, the Assistant Minister has said that an officer can stay at a station as long as his services are required there. Who determines whether the services are required there, particularly in my area, where there is a high turnover of DCs, DOs and AEOs? Could a Member of Parliament determine whether the services of these people are required there? If so, could I request that I retain the officers on the ground in Tetu for the next two years?

Mr. Moroto: Mr. Speaker, Sir, an officer can stay in a station as long as his or her services are required. It is not an individual, but the community that will decide because the officer is there to serve these people. It is the decision of the community and the officer is there to serve the public and not an individual.

Mr. Speaker: Next Question, Mr. Obwocha!

TOTAL DEPOSITS FOR MAJOR BANKS

Mr. Obwocha asked the Minister for Finance:-

- (a) what the total bank deposits for the top ten major banks for the years 1999 and 2000 were;
- (b) what the total loans and advances for the banks in the same period were; and,
- (c) how much total interest was received on loans and advances for the same.

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

(a) The total bank deposits for the top ten major banks in Kenya for the years 1999 and 2000 were Kshs199.226 billion and Kshs220.859 billion respectively.

(b) The total loans and advances for all the banks in Kenya for the years 1999 and 2000 were Kshs263.010 billion and Kshs273.519 billion respectively.

(c) The total interest income on loans and advances for the same years were Kshs37.431 billion and Kshs32.392 billion respectively.

Mr. Obwocha: Mr. Speaker, Sir, the Central Bank of Kenya has put a liquidity ratio of 20 per cent on these deposits and a cash ratio of 10 per cent. For example, in the year 2000, there was Kshs220 billion in total deposits by depositors in banks, but 10 per cent of that is just lying idle somewhere in the Central Bank of Kenya. This is about Kshs22 billion which should be invested. Mr. Speaker, Sir, could I ask the Assistant Minister to tell this House whether the Central Bank of Kenya should not allow the banks to reinvest this money so that we can rejuvenate the economy?

Mr. Arap-Kirui: Mr. Speaker, Sir, the cash ratio requirements by the Central Bank of Kenya are usually adjusted in accordance with the requirements of the particular situation, as the Member will well know. But it is a very necessary tool of monetary policy by the Bank and the Government. If it should be deemed necessary, these ratios are moved up and down as the situation requires. I think it will only require an examination of the situation to determine whether this should be reduced or not. At the moment, we feel the current percentage is adequate.

Mr. Donde: Mr. Speaker, Sir, this issue came before the House earlier. This country is begging for money and yet, here is Kshs22 billion lying idle and the banks are not being paid interest for it. Is the Monetary Policy Committee which is supposed to deal with the going-ons in the economic environment satisfied that we do not need any money in this economy and, therefore, we can leave Kshs22 billion lying idle in the account? Is it really true because I understand they are looking for money from the World Bank? What is the contradiction?

Mr. Arap-Kirui: Mr. Speaker, Sir, as I said, these are issues that are reviewed from time to time. At the present moment, we are satisfied that it is necessary. These are issues that we look at very closely. I think there is a difference, and the Member differentiates, between monies coming into the economy and monies that are within the economy itself. We need to exercise a lot of control.

Mr. Wamae: Mr. Speaker, Sir, as we are aware, inflation rate is coming down. In view of this, could the Assistant Minister direct that this money now be released to the economy?

Mr. Arap-Kirui: Mr. Speaker, Sir, as I said, we will keep the situation under constant review, and certainly, we will look at it in those terms.

Mr. Imanyara: Why is it necessary to keep this money? He has not told us. What is it for?

Mr. Arap-Kirui: Mr. Speaker, Sir, as the Member will appreciate, it is a prudential requirement. It is also a monetary tool. Too much liquidity within the economy will not be good. So, these funds are withheld and are released as and when necessary. It is both for the management of the money supply and also a prudence for the performance of this bank.

Mr. Speaker: Very well! Next Question, Mr. Munyao!

Question No.649

PURCHASE OF WOTE COTTON GINNERY

Mr. Munyao asked the Minister for Finance:-

- (a) whether he is aware that farmers from both Machakos and Makueni Districts contributed money to purchase the cotton ginnery at Wote Market in Makueni;
- (b) whether he could table the list of the names of the farmers and inform the House how much

money was contributed in total; and,

(c) whether he could direct that this money and accrued interest be paid back to all the farmers through the District Commissioners, Machakos and Makueni.

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

(a) I am aware that farmers from both Machakos and Makueni Districts contributed money to purchase the cotton ginnery at Wote Market in Makueni.

(b) The names of the societies that contributed this money are as follows; there are 24 names.

Mr. Speaker: Lay the list on the Table.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): The total contribution was Kshs2,398,212.65

(c) The Cotton Board of Kenya is in the process of validating the list of farmers. Once this exercise is completed, the farmers will be paid through the DC's office at Makueni.

Mr. Munyao: Mr. Speaker, Sir, first, we would like the Assistant Minister to confirm that this money is safe and is somewhere in the Treasury. Although he did not read the names, out of the 24 names, Name No.4, Kilungo, does not exist in the area. Name No.9 is not found in the entire Ukambani. Names Nos.11, 12 and 22 do not exist in that area. I am sure the Assistant Minister will correct those names.

Mr. Speaker, Sir, the Question also requires the Assistant Minister to give names of people and not societies because these people are there. Even if the list is long, we would like him to lay it on the Table. They did not pay as societies, but as individuals. Will he undertake to lay the names of these individuals here sometime because it will help?

Mr. Speaker: Is it disputed that they have not paid?

Mr. Munyao: No.

Mr. Speaker: Why should we know?

Mr. Munyao: They do not know them.

Mr. Arap-Kirui: Mr. Speaker, Sir, we have given the names of the societies through which these monies were contributed. If the hon. Member has the names of individuals, because we do not, I think it is only fair for these farmers to go to the particular society and be paid once the monies are refunded. **[Mr. Arap-Kirui]** But as I said, we are in the process of carrying out a complete exercise to verify that these are the correct names, first, of the societies. As the hon. Member admitted that some may not be correct and that the names that underlie the subscriptions are the correct ones. I understand this case is from 1980s. In fact, these people are still living and if they are not, that the claimed beneficiaries are valid and can be paid this money.

Mr. Speaker: Order! Mr. Arap-Kirui, that is contradiction in terms. You said you received from societies and societies, naturally do not "die" unless they are liquidated. Why do you need the names when you have those societies?

Mr. Arap-Kirui: Mr. Speaker, Sir, thank you for that clarification. I think the intention here is not actually to pay the societies, but to pay members through the societies; the particular people who subscribed the money. From what we understand, some of the societies may no longer exist or we are going behind the names of societies to pay, if we can, the actual contributors.

Mr. Wamae: Mr. Speaker, Sir, the Question requires that the Assistant Minister to indicate the accrued interest. He has not mentioned anything about the accrued interest. How much interest is this money earning?

Mr. Arap-Kirui: Mr. Speaker, Sir, the figures, as the hon. Member correctly said, do not show accrued interest. This may not have been worked out! What the hon. Member asked under part "c" of the Question is whether the Assistant Minister could direct that this money and accrued interest be paid back. I believe this will be done when the time comes.

Mr. Munyao: Mr. Speaker, Sir, it is important for the Assistant Minister to tell us how much interest will be paid. The Assistant Minister says that this money will be paid to individuals. Could he confirm if he will lay on the Table the names of those individuals? How much money will they be paid? Is that money safe?

Mr. Arap-Kirui: Mr. Speaker, Sir, first, if I can answer the last question, we are sure the money is safe. We will need time, obviously, to do the verification. As soon as we do it, we will definitely bring forward the information.

Mr. Speaker: You are not happy, Mr. Munyao?

Mr. Munyao: Mr. Speaker, Sir, I am very happy with the Assistant Minister. I just want some clarification. This issue happened 12 years ago when the Cotton Lint and Seed Board was operational. I am happy the Assistant Minister said the Cotton Lint and Seed Board did not collapse with farmers' money. Now that the farmers' money is safe somewhere, could the Assistant Minister undertake to bring the list to this House in the next one or two months? I know it is difficult, but it can be done.

Mr. Arap-Kirui: Mr. Speaker, Sir, as I have already indicated, we will do that as soon as we put together all the information.

Mr. Speaker: Very well. The Question by Dr. Ali is deferred.

Next Question, Mr. Sifuna!

Question No.661

DISMISSAL OF MR. GUYO DIMA

(Question deferred)

Question No.513

SCHEME OF SERVICE FOR
YOUTH POLYTECHNIC INSTRUCTORS

Mr. Sifuna asked the Minister for Vocational Training:-

- (a) whether he is aware that there is no scheme of service for Youth Polytechnic Instructors;
- (b) whether he is further aware that the instructors are getting a monthly gross salary of Kshs1,780; and,
- (c) when the Ministry will establish a scheme of service for Youth Polytechnic Instructors.

The Assistant Minister for Labour and Human Resource Development (Mr. Chanzu): Mr. Speaker, Sir, I beg to reply.

- (a) Yes, I am aware.
- (b) Youth Polytechnic Instructors are not employees of the Ministry of Labour and Human Resource Development. They are employed by the management committees of the respective youth polytechnics on behalf of the local communities.
- (b) The salaries vary from one institution to another, depending on the institution's resource endowment. However, the Ministry provides a grant to support the instructors.
- (c) A committee has been constituted to address various issues pertaining to youth polytechnics. Among them is the establishment of a scheme of service for instructors that will harmonise and improve the terms and conditions of employment.

Mr. Sifuna: Mr. Speaker, Sir, arising from the reply given by the Assistant Minister, is he satisfied that the grant given to those instructors of Kshs1,780 from the Government is adequate for people who are playing a very important role to our nation?

Mr. Chanzu: Mr. Speaker, Sir, as I said, youth polytechnic instructors are employed by the management committees of the respective youth polytechnics and their payments depend on the ability of each respective youth polytechnic. What the Government gives in form of grants is just a small subsidy.

Mr. Muchiri: On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to evade to answer the Question? The Question was: Is the Assistant Minister satisfied that the salary being paid is enough?

Mr. Speaker: No, Mr. Muchiri. You have put it wrong. The Question was: "Are you satisfied that the grant given by the Government to support these instructors of Kshs1,700 per month is enough?"

Mr. Chanzu: Mr. Speaker, Sir, that is just a subsidy to add on what the management committees are supposed to pay. But as to whether that is adequate or not, there is a committee which is reviewing the salary of the instructors. As soon as the report is out, we will be able to determine what should be the best for the instructors.

Mr. Michuki: Mr. Speaker, Sir, you may recall during the Seventh Parliament, I asked more or less a similar Question as asked by hon. Sifuna, and the answer was the same. Given that the grant which is given is nowhere near the minimum wage determined by the Government, could the Assistant Minister clarify as to whether it means that this Government has no priority for technical education, which is so important at this stage of the world development?

Mr. Chanzu: Mr. Speaker, Sir, the Government values technical education. As I said---

Mr. Michuki: On a point of order, Mr. Speaker, Sir. My question was: What is the priority? It is not about "value".

Mr. Chanzu: Mr. Speaker, Sir, what I have said is more or less the same as what the hon. Member wants to hear. It is one of the highest priorities in our economy. The reason why we have set up a committee is to review and come up with the scheme of service; maybe, there could be a way to improve on the terms of service for the instructors.

Mr. Sifuna: Mr. Speaker, Sir, the Assistant Minister has not answered my question clearly. He is telling us that the committee was formed, and yet, during the same Seventh Parliament, the same answer was given that the committee was formed. Could he tell us when this committee was formed, who is the chairman of that committee, and when they are going to submit the findings?

Mr. Chanzu: Mr. Speaker, Sir, I was not here during the Seventh Parliament, so I cannot comment on that issue. Secondly, I would like to assure the Questioner that there is a committee in place and we are going to ensure that the report comes out.

Mr. Munyasia: On a point of order, Mr. Speaker, Sir. There was a legitimate question put to the Assistant Minister. Is he in order to evade answering it? Since a committee was formed, he has been asked to say who the chairman of that committee is and who are its members, so that we can also make a contribution towards it.

Mr. Chanzu: Mr. Speaker, Sir, I do not know whether it is necessary to name the chairman of the committee at the moment. I would only like to assure the House that there is a committee in place and within a reasonable time---

*(Several hon. Members
stood up in their places)*

Mr. Speaker: Order! Order! Again, Mr. Chanzu, I demand seriousness! We all must be serious. If you say there is a committee and you are the Assistant Minister and you do not know the members of that committee, then how do we make presentations? Would you like me to give you more time?

Mr. Chanzu: Mr. Speaker, Sir, given time, I will be able to produce the list of the members of the committee.

Mr. Speaker: When?

Mr. Chanzu: Next week, Mr. Speaker, Sir.

Mr. Speaker: Very well! I will defer the Question, but I make a special request to all those charged with the responsibility of responding to Questions in this House to please, take a little time to understand what you are coming to say here. That will save time, help the House, and save your face. So, maybe, it would help everybody if we are serious.

(Question deferred)

Question No.511

EXPENDITURE ON RURAL
ELECTRIFICATION PROJECTS

Mr. Murungi asked the Minister for Energy:-

- (a) how much money has been collected towards the Rural Electrification Fund to date; and,
- (b) how much money has been spent in rural electrification projects in each district in the country.

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

(a) Since the establishment of the Rural Electrification Fund in 1998, a total of [**The Minister for Energy**] Kshs2.321 billion has been collected to date.

(b) To date, a total of Kshs2,288,000,000 has been spent on rural electrification projects. This includes both the expenditure on capital costs of Kshs1,711.03 million as per the table below, and additional recurrent costs; (operation and maintenance), of Kshs577 million incurred to maintain the rural electrification network. This list is long, and I wish to table it here.

However, I would like to add that among the top ten recipient districts are Kajiado, Nyandarua, Nakuru, Uasin Gishu, Kiambu, Meru Central, Nandi, Baringo, Thika and Machakos.

(Mr. Raila laid the document on the Table)

Mr. Murungi: Mr. Speaker, Sir, everybody in Kenya, including the Minister, knows that KPLC has

become a den of thieves.

Mr. Speaker: Order, Mr. Murungi! Those words are not acceptable in Parliament. I am sure, maybe, they are not acceptable in a public baraza. Use better language.

Mr. Murungi: Mr. Speaker, Sir, as a matter of fact, this list which I have received is bogus. It shows that in Homa Bay, KPLC has implemented and completed an electricity project worth Kshs3 million. What electricity project can be started and completed with Kshs3 million?

Mr. Speaker: Very well! Give a reply, Mr. Raila?

Mr. Murungi: Mr. Speaker, Sir, my question is this: In Meru Central District, we are supposed to have spent Kshs82.57 million on completed projects. Could the Minister tell the House which those completed projects, between 1998 and the present, are? As far as I know, there is no single project which has been started and completed in Meru Central District since 1998.

Mr. Raila: Mr. Speaker, Sir, the list that I have given does not only refer to projects that were started in 1998, because the second part of the question talks about how much money has been spent in rural electrification projects in each district. This is not confined to projects completed since 1998. However, in Meru Central---

Mr. Murungi: On a point of order, Mr. Speaker, Sir. The Minister is contradicting himself because, in his list he is purporting to account on how the Ministry has spent the Kshs2 billion which has been collected since 1998. So, he cannot come here and say that the list contains projects which were completed before 1998.

Mr. Raila: Mr. Speaker, Sir, the hon. Member ought to be specific when he is asking a question. According to the second part of the Question, he wants to know how much money has been spent in rural electrification projects in each district. It does not talk about a specific date.

Mr. Keriri: On a point of order, Mr. Speaker, Sir. I have a lot of respect for the Minister's intelligence, but he is misleading the House. Part "a" of the Question is talking about a Fund which was established in 1998. It seeks to know how much money was spent from that Fund.

Mr. Speaker: Order, all of you! All this is semantics, and semantics will never take us anywhere. If you look at the Question, it has a head, but no tail. Sorry, it has a tail, but it has no head. It talks about how much money has been collected towards the Rural Electrification Fund to date. As to when it began, it was not stated. It is him volunteering. So, forget about the semantics now. What projects were completed in Meru Central District?

Mr. Raila: Mr. Speaker, Sir, in Meru Central District, there were seven projects: Kariene Market and its environs, Abothuguchi Secondary School, Diocese of Meru, Githongo Coffee Factory, Karuni Coffee Factory, Kandigi Coffee Factory, Kariaini Coffee Factory, Mwangathia Phase I, Nkando Secondary and environs, Thigaa Coffee Factory, Thura Coffee Factory, Kiangurwe Coffee Factory, Muguru Coffee Factory, Runogone Coffee Factory, Muruune Stima, Riankune Coffee Factory, Ntharene applications, Ntugi Market and environs, Mpuri applicants and Kariene Stima Projects at a total cost of Kshs82,570,000.

Mr. Munyasia: Mr. Speaker, Sir, the Minister told us of ten districts that benefitted from the Fund. Could he likewise tell us of ten districts that benefitted least from this Fund? Could he explain to us what was the consideration?

(Laughter)

Mr. Raila: Mr. Speaker, Sir, I have stated before in this House that in the past, there was no clear criteria for dispersal of the Rural Electrification Programme funds. Therefore, it was a question of first come, first served basis. There were individuals who applied, and when they met the criteria laid down, their projects were implemented. However, at the moment, we are in the process of setting up a proper criteria to ensure that there is equity in the dispersal of these funds.

Mr. Speaker, Sir, for the benefit of the hon. Member, there is Homa Bay District which got Kshs3.04 million. This is the amount of money that has been spent with respect to REP in that district. It may only be for feasibility studies. It does not necessarily have to be for actual construction. There are some other districts like Buret, which got Kshs7.4 million; Marakwet got Kshs1.77 million, and Mbeere got Kshs2.462 million. Those are some of them.

Mr. Speaker: Yes, Mr. Murungi. We should be getting out of this now.

Mr. Murungi: Mr. Speaker, Sir, all the projects which the Minister read out in this House were completed before 1997. They have nothing to do with 1998 REP Fund. Apart from this money, wananchi in this country have collected a lot of money and paid it to KPLC for implementation of self-help REP projects. Could the Minister tell this House where that money is banked and how much interest it has earned? This is because we feel that Mr. Gichuru is using that money as his pocket money for Harambees.

Mr. Raila: Mr. Speaker, Sir, I do not want to do public relations work for the KPLC, and that is the reason why I would want to be as objective as possible in answering questions here. There are two types of deposits which have been paid to the KPLC. The first is a 10 per cent which is basically meant to carry out a feasibility study and designs, so that they can cost the project. That would give an indication of the costing of the project and it is non-refundable because the KPLC has to carry out the survey.

Mr. Speaker, Sir, secondly, once they know how much it costs, they would tell you to pay a 10 per cent deposit. The Government has then to provide 90 per cent of that. This money has been collected in the past, but we have now suspended the issue of collecting money from the people after the 90 per cent was not ready. That is what I have said. I do not have those figures with me. If the hon. Member wants the figures, they are available. I can produce them, but I want to assure him that, that money has not been spent by the KPLC.

Mr. Wamae: Mr. Speaker, Sir, is it in order for the Minister to refuse to answer the question as to whether that money - the 10 per cent put down for construction - is earning interest? Would he confirm whether interest is being earned by that money?

Mr. Raila: Mr. Speaker, Sir, the deposit is earning interest, but I cannot say how much because that was not part of the Question. I have said if he wants the specific figures, he can put a Question before the House and we will answer it.

(Applause)

Mr. Speaker: Very well! For the second time, Mr. Wanjala!

Question No.514

CRITERIA FOR APPOINTMENT OF CHIEFS

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

- (a) what the criteria of appointment of chiefs is;
- (b) whether he is aware that the newly appointed Chief of Bunyala North in Budalangi Division, Busia District, has a criminal case No.1057/2000 pending in Busia court; and,
- (c) what urgent steps he is taking to revoke the appointment.

Mr. Speaker, Sir, I apologise for having come late.

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

- (a) Merit, academic background, integrity, good record on social mobilisation and development.
- (b) I am aware.
- (c) Since the alleged offence was committed before the appointment of the chief, it is prudent to await judgement before effecting action.

Mr. Wanjala: Mr. Speaker, Sir, you have clearly heard the Assistant Minister accepting that the chief was appointed when he was already a criminal with a case in court.

Mr. Speaker: Order, Mr. Wanjala! Until judgement is delivered by a competent court, you cannot say that a Kenyan is a criminal. You have to wait. After all, the judgement may be that he is innocent. So, just put your facts across. Do not make conclusions.

Mr. Wanjala: Mr. Speaker, Sir, you have heard him talking of integrity and academic background. Could he lay on the Table, a photocopy of the academic certificates of that chief?

Mr. Moroto: Mr. Speaker, Sir, I am not in a position to lay them on the Table now, but from reliable information, the chief mentioned, Mr. Omoga, has personal differences with the area Member of Parliament. The two used to be in the same political camp - in the Opposition - and when the post of chief was advertised---

(Laughter)

Mr. Wanjala: On a point of order, Mr. Speaker, Sir. I have asked a specific question about the academic standard. The Minister is telling me that I was in the same political party with the appointed chief. This is a matter that concerns the Government. He is a Government appointee. It does not have anything to do with any relationship with me.

Mr. Speaker: Order, hon. Members! Sometimes you know hon. Members put the Chair in a very

difficult situation. This is because while as a House, we must deal with matters of national importance, I think it is also most unfortunate when we have to reduce the business of this House into discussing personalities and individuals. Sometimes, this goes on in my mind: What is the motive behind asking about an individual rather than the policy? Sometimes I am at a loss. I think the best that I can ask this House is; let us not reduce this House into a Chamber of discussing individuals. I think we are bigger than that. I think we had better discuss issues.

Mr. Angwenyi: Mr. Speaker, Sir, could the Assistant Minister state the qualifications required for one to be appointed as a chief? Could he also confirm that this chief met all the requirements for that post?

Mr. Moroto: Mr. Speaker, Sir, I have clearly stated what is required when interviewing chiefs. That was not the only person who appeared before the interviewing panel. There were many of them, but this one was the best.

Mr. Kombo: Mr. Speaker, Sir, this Question is not about an individual. Part (b) of the Question touches on a policy issue. It is a fact that when people have got criminal cases pending before court, they are supposed to be interdicted. It is ironical that this Government allows Ministers to continue flying flags when they have criminal cases pending in court. I think the Question is much more serious than that.

Mr. Speaker, Sir, I would like the Assistant Minister to tell the House why a person who has a criminal case pending before a court of law should, in fact, be appointed as a chief?

Mr. Moroto: Mr. Speaker, Sir, unless one is proved guilty in a court of law, he remains innocent. So, this man remains innocent until he is proved guilty.

Mr. Speaker: Order, Mr. Assistant Minister! That is a question of policy. I know that when you advertise for a post, you state that somebody must not have a criminal record. Were you aware at the time of this appointment, that there was a criminal case pending against this individual?

Mr. Moroto: Mr. Speaker, Sir, we were not aware of this.

Mr. Munyasia: Mr. Speaker, Sir, is it not true that if the man had already been employed and it came to their attention that he had a criminal case in court, he should have been interdicted according to the code of regulations governing civil servants? Would it be proper for you to go ahead and appoint someone only to interdict him the next day, because he has a case pending in a court of law?

Mr. Moroto: Mr. Speaker, Sir, this man is innocent, and he is qualified to do the job. If you have your own problems, bring them later!

Mr. Shill: Mr. Speaker, Sir, since the Assistant Minister has already accepted that he is aware of this problem, and since it is the policy of the Government to interdict such persons, could he now interdict this chief as they have done to many Permanent Secretaries?

Mr. Moroto: Mr. Speaker, Sir, I cannot do that until the court decides that this man is guilty.

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

Mr. Speaker: Order, hon. Members! We have not even started on Questions by Private Notice and it is almost the end of Question Time. We will not deal with one Question for ever, however important it is!

Next Question, Mr. Wamunyinyi!

Mr. Munyasia: Mr. Speaker, Sir, I apologise on behalf of hon. Wamunyinyi. I have received information that he is still indisposed and he cannot come to the House. So, he has asked me to ask this Question on his behalf.

Question No.531

PAYMENT OF GRATUITY TO
MR. RAPHAEL NABISWA'S FAMILY

Mr. Munyasia, on behalf of **Mr. Wamunyinyi,** asked the Minister of State, Office of the President what plans he has to settle death gratuity payable to the beneficiaries of the late Police Constable, Raphael Nabiswa, No.58972, who was killed on 20th May, 1992, at Wangige in Kikuyu Police Station area, while on duty.

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

The requisite documents for the processing of death gratuity were received from the late policeman's next of kin recently. His file was forwarded to the Pensions Department, Ministry of Finance, on 2nd November, 2001.

Mr. Munyasia: Mr. Speaker, Sir, if this Ministry has already forwarded those documents to the Ministry of Finance, that is good enough. Why did it take so long for this Ministry to forward these documents, which they received in 1992?

Mr. Moroto: Mr. Speaker, Sir, those documents were received in July this year, when they were forwarded by the Provincial Police Officer. We received those documents recently and we are acting swiftly.

Mr. Mwenda: Mr. Speaker, Sir, this police officer died in 1992, which is nine years ago. Could the Assistant Minister tell this House what these documents which took nine years to reach his office are?

Mr. Moroto: Mr. Speaker, Sir, it is true that the officer died in 1992, but it took the next of kin a lot of time to know the procedure. They brought those documents to us recently. So, we did not have any basis to proceed with the payment, but now we are acting.

Mr. Mwenda: On a point of order, Speaker, Sir. Is the Assistant Minister in order to refuse to answer my question? I asked him to tell us what these documents that took too long to reach his office are!

Mr. Speaker: Before the Assistant Minister answers that question, I would like to say this: A month ago, I pleaded with the Front Bench that we should not spend the time of the House on matters that should be done as a matter of course. Paying death gratuity to ordinary civil servants--- Mr. Moroto, ten years is not yesterday!

Mr. Moroto: Mr. Speaker, Sir, it was not our fault. We received the documents this year and we are acting on them.

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to make what is a matter of law--- The entitlement to pensions and gratuities is a matter of law. It is not dependent on when the documents are submitted. Is he in order to insist on a false position when the law is clear on this matter?

Mr. Moroto: Mr. Speaker, Sir, we cannot pay death gratuity on the basis of nothing. There are the right people who must be paid that money. We were waiting for documents which have now been brought to us. We will act on them, and we promise to do it faster.

Mr. Sifuna: Mr. Speaker, Sir, arising from the Assistant Minister's reply that they have now received all relevant documents, could he tell this House when these dependants are going to get their dues?

Mr. Moroto: Mr. Speaker, Sir, we have played our part and it is up to the Treasury to do its part. The next of kin will be paid that money soonest possible.

Mr. Shill: Mr. Speaker, Sir, we have got many cases of a similar nature. It is unfortunate that a civil servant who has served this country for many years is subjected to that kind of injustice. Could the Assistant Minister undertake that he is going to pay the next of kin death gratuity within a week? He should not pass that responsibility to the Ministry of Finance!

Mr. Moroto: Mr. Speaker, Sir, we are now acting and those people will get their money at any time.

QUESTIONS BY PRIVATE NOTICE

DISRUPTION OF HON. RUTO'S MEETING

Mr. Kimeto: Mr. Speaker, Sir, before I ask the Question, may I make a correction. Instead of "hon. Rotich", we should put Councillor Rotich. He is a KANU youth activist in Bomet District. The other correction is "Tembiso", which is supposed to be "Tembua" in my constituency.

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

(a) Is the Minister aware that a meeting organised by hon. Minister Isaac Ruto and Paul Sang in Kapletundo Location on 17th September, 2001, was disrupted by the police?

(b) Is he further aware that Councillor Rotich and KANU youth activists meeting in Tembua was disrupted by the police?

(c) Is he also aware that all those harassments occurred within Sotik Constituency, and if so, could the Minister explain the circumstances surrounding the above disruptions?

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

(a) The police provided security on 17th September, 2001, during the meeting attended by Mr. Ruto and Mr. Sang at Kapletundo. They did not disrupt the meeting as alleged.

(b) I am not aware that there was a meeting at Tembua as alleged, since the convenors of the meeting did not inform the police as required under the Public Order Act. The police were not at the venue of the meeting and, therefore, they could not have interrupted it.

(c) Arising from my reply on parts (a) and (b) above, part (c) does not arise.

Mr. Kimeto: Mr. Speaker, Sir, the Assistant Minister is misleading this House! If Mr. Ruto was here, he---

(Loud consultations)

Mr. Speaker: Order, hon. Members!

Mr. Kimeto: Mr. Speaker, Sir, the Assistant Minister is misleading this House! If Mr. Ruto was here, he could have stood up and told us why his meeting was disrupted in my constituency. As the Assistant Minister has admitted, the KANU youth activists who had arranged a meeting at Tembua were disrupted! I would like to ask if my constituency has been turned into an in-service course area for disruptions as evidenced at Kapkelei, Kapchepkoro, Tembua and Kapletundo. If that is so, could the Assistant Minister tell us when the in-service course for police reservists will come to an end or will it still continue? That is giving a lot of problems to the children of the area who try to come to the meetings.

Mr. Moroto: Mr. Speaker, Sir, I have said that there was no meeting which was interrupted. He has mentioned one of our Members here who has not complained. So, that means that the Member is comfortable.

Mr. Ndicho: Mr. Speaker, Sir, I am surprised to hear the Assistant Minister saying that there was no disruption of the meeting that Minister Ruto attended, when it is common knowledge, and in the public domain, that Mr. Ruto's meeting was disrupted by the police. When I met Mr. Ruto here, I wondered whether a Minister's meeting could be disrupted. Mr. Ruto said that he does not understand the KANU politics on the ground! Is the Assistant Minister in order to mislead this House if the Minister himself admitted that there is a problem between him and the KANU people on the ground?

Mr. Moroto: Mr. Speaker, Sir, I have said that there was no meeting which was interrupted. The Member is forming his own opinion here! It is for Mr. Ruto to complain and not any other person!

Mr. Muniyao: On a point of order, Mr. Speaker, Sir. We need guidance from the Chair. Here is an hon. Member of Parliament for that constituency and he witnessed the interruption. Here is an Assistant Minister who is just reading a reply given by the same fellows who interrupted the Minister! How do we take that? Is it in order, while we wait for Minister Ruto, to defer this Question until he comes? That way, we will get some clarification. Who do we believe here?

Mr. Speaker: Order! I have said in the past, and I wish to repeat, that the Chair should be kept out of your controversies. Both of them are hon. Members. The Assistant Minister and Mr. Kimeto are both hon. Members. It is really up to you, as a House, to decide who to believe and who not to believe! It is not for the Chair to say: "That Member is believable or not!" That is not my role. So, please, do not get the Chair involved! Decide between the two of them, as you hear, who you believe and who you do not!

Mr. Murungi: Mr. Speaker, Sir, this House is getting too many Questions about disrupted Harambees and meetings from Sotik! Sotik is part of Kenya and we believe that there is freedom of assembly like we have where we come from. Could the Assistant Minister assure this House that the laws relating to public meetings are followed to the letter in Sotik, so that Mr. Kimeto does not have to come here every week to tell us about disrupted meetings?

Mr. Speaker: As you do that, Mr. Moroto, I wish to remind you of what happened last week. For a month, we have had a Question being flung henceforth in this House, about Mr. Kimeto's Harambees being disrupted. I think it is only yesterday that Maj. Madoka apologised to the House and to Mr. Kimeto, that the police overreacted! Are you sure they have not overreacted and chased away Minister Ruto?

Mr. Moroto: Mr. Speaker, Sir, I am not aware! It is just two weeks ago that I was in that district with Mr. Kimeto. He is a friend of mine and he was a teacher also. We had a very good Harambee where over Kshs1 million was raised! If somebody is referring to that place--

Mr. Speaker, Sir, the Question is about a meeting which was organised by Minister Ruto and Assistant Minister Sang. They have not complained and two weeks ago, we were in that place with Mr. Kimeto. So, I am not aware of anything!

Mr. Kimeto: Mr. Speaker, Sir, through you, I would like to know whether the disruptions of meetings and Harambees in Sotik will continue or not. Could the Assistant Minister assure this House that I will play my part as an hon. Member for that constituency without any problems? When I see the police coming, will they be friendly?

Mr. Speaker: Mr. Moroto, what is so harmful about Harambees in Sotik?

Mr. Moroto: Mr. Speaker, Sir, I have said that I am not aware of those incidents. I have personally gone there. Even in that meeting, nobody complained that there was a Harambee which was disrupted.

Mr. Shill: On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to take Kenyans for a ride while it is a fact that Mr. Ruto was being blamed because Ford(K) people got some councillors through Zakayo Cheruiyot?

Mr. Moroto: Mr. Speaker, Sir, I am not aware of that.

Mr. Speaker: Very well. Next Question!

POLICE INVASION OF
MR. OMBOTO'S HOUSE

(**Mr. Omingo**) to ask the Minister of State, Office of the President:-

(a) Is the Minister aware that on 15th October, 2001, a Mr. David Oirere Omboto's house was raided by armed plainclothes police officers from Suneka DO's office in Kisii Central and allegedly took Kshs88,000 from him?

(b) Is he further aware that the officers were harassing residents in the constituency in the pretext of raiding *chang'aa* dens?

(c) What steps will the Minister take to assist in the recovery of this money and immediately halt these illegal acts?

Mr. Speaker: Mr. Omingo's Question is postponed to next week.

(Question deferred)

IMPOSITION OF DUTY ON
CASTLE BREWING RAW MATERIALS

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

(a) Is the Minister aware that the Kenya Breweries Limited (KBL) pays 3 per cent import duty on raw materials while Castle Breweries of Thika pays 30 per cent for the same to brew their beers?

(b) Is he further aware that due to the punitive 30 per cent import duty on Castle's raw materials, a canning plant meant to be put up in Thika by South African Breweries (SAB) was shifted to Dar-es-Salam, hence denying Kenya both jobs and revenue?

(c) Why is the import duty on raw materials used by Castle Breweries so high?

The Minister for Finance (Mr. Okemo): Mr. Speaker, Sir, I beg to reply.

(a) The Government policy with respect to taxation on basic materials is that where they are locally produced, we charge a rate that is sufficient to afford protection to the local producer. Where the products are not locally produced, then the tariff is somewhere between zero and 3 per cent. In the case of the local beer industry, the basic raw material is barley, malt or malt extract. Ninety-five per cent of all the beer produced locally is made from either barley or malt, while about 5 per cent is made from malt extract. We know that barley is produced locally by Kenyan farmers, while malt is produced from barley by the Kenya Malting Company. Malt extract on the other hand is not locally produced and is imported.

It is in this regard that barley and malt are dutiable at the rate of 30 per cent which has been found adequate to protect local farmers and producers. Malt extract on the other hand is taxed at 3 per cent since it is the basic raw material and is not produced locally. It so happens that all beer produced by the Castle Breweries is made from either barley or malt which is dutiable at 30 per cent. However, in the case of the KBL also, 95 per cent of the beer produced is made from barley or malt, which is dutiable at 30 per cent. Therefore, I can only deduce that beer made from barley or malt, which forms over 95 per cent of the local production, is being taxed at the same rate for both KBL as well as Castle Breweries.

(b) Whereas I am aware that SAB has invested in a canning plant in Tanzania, I am not aware that the plant was initially to be put up in Kenya, but was shifted because of the 30 per cent import duty on barley and malt. The SAB made an investment based on some other criterion which we may not be aware of, but we do know that it controls a larger portion of the beer market in Tanzania than it does in Kenya, and this is a factor which could possibly have influenced the investment decision. Castle Breweries has not been able to expand in our domestic market as rapidly as they projected. That is a fact that we know, but we do not know the reasons for this. They probably know better than we do.

(c) Import duty on barley and malt is not considered high, but adequate enough to protect the local farmers and the producers.

Mr. Ndicho: Mr. Speaker, Sir, the Minister has deliberately misled this House and I am so saddened about that. In Tanzania, where this canning plant was taken, and which is taking off next month, they are charged 10 per cent duty on imported malt while Uganda charges 7 per cent. Kenya charges the KBL 3 per cent and Castle Breweries 30 per cent. The SAB shifted this plant to Tanzania because of that high percentage, thereby denying this country both revenue and jobs--

Mr. Speaker: Can you put your question now!

Mr. Ndicho: Mr. Speaker, Sir, my question is this: Now that other investors would like to invest in Kenya, could the Government, as a matter of policy and encouragement, make sure that both the KBL and Castle Breweries pay equal duty, that is 3 per cent, instead of charging one 30 per cent and the other 3 per cent?

Mr. Okemo: Mr. Speaker, Sir, I thought I answered the Question by saying that the duty rate for any barley or malt that is imported is 30 per cent irrespective of whether it is being imported by Castle Breweries or KBL. That is equal treatment. Malt extracts, whether imported by Castle Breweries or KBL, is charged at 3 per cent. The reason for the differential rate is that barley is produced locally by Kenyan farmers, therefore, we want to afford them protection to avoid barley being imported rather than being produced by the Kenyan farmer.

Mr. Wamae: Mr. Speaker, Sir, I do not think the Minister is serious on answering this Question. Is he aware that the Kenya Breweries has branded the barley produced in Kenya such that nobody else can use it? Therefore, it is not available for Castle Breweries to buy it from Kenyan farmers.

Mr. Okemo: I think Mr. Wamae knows better than that. We do know for a fact that the KBL has developed their own brand of barley and they have even financed farmers who buy that barley and produce it. This is a form of creation of employment. Castle Breweries are free to do exactly the same. They can come up with their own brand of barley, contract farmers to grow it and they will be protected by the same Intellectual Property Rights that the KBL is enjoying today.

Mr. Karume: Mr. Speaker, Sir, it is well known that the Kenya Government is trying to protect---

Mr. Okemo: On a point of order, Mr. Speaker, Sir. As a matter of interest, I would request that you ask Mr. Karume to declare his interest first.

Mr. Karume: Mr. Speaker, Sir, I have got shares in so many companies in this country, like the East African Breweries and Castle Breweries, among others. That is the only interest that I have in the matter. It is a well known fact that the Kenya Government is trying to protect the East African Breweries. The Minister has said just now that the Castle Breweries is allowed---

Dr. Ochuodho: On a point of order, Mr. Speaker, Sir. Is Mr. Karume in order to mislead the House that his only interest in the matter is in shares while we know that there are more reasons why he is interested?

Hon. Members: What interest?

Mr. Speaker: Order! Dr. Ochuodho, what do you mean?

Dr. Ochuodho: Mr. Speaker, Sir, we all know that recently, Mr. Karume was involved in a court case with one of the two parties mentioned in the Question. My understanding was that there would be more in terms of declaring the interest.

Hon. Members: What more interest would he have?

Mr. Speaker: Order, hon. Members! I think what the hon. Member has said is sufficient to discharge his responsibility of declaring interest. I think he has done that. Can you proceed?

Mr. Karume: Thank you, Mr. Speaker, Sir. If that is the case, that anyone in this House who was involved in a court case in this country should declare his interests can Dr. Ochuodho then declare his interest in the case in Kericho?

Mr. Speaker: Order! Mr. Karume, I thought I have already finished that matter. I realise you are coming to assist the Chair, but let me assure you that the Chair is capable of discharging its responsibility without assistance from any quarter.

So, now proceed since you are already cleared by me. Do not assist me anymore. Proceed!

Mr. Karume: Thank you, Mr. Speaker, Sir. I was saying that although the Minister has said that Castle Breweries of Thika can buy barley in this country, it is known that they have tried to see the Minister for Finance and his officers in that Ministry and they have not been allowed to grow or buy any barley in this country. It is a loss to the farmers because that monopoly has been given to Kenya Breweries Limited.

Mr. Speaker: Now, that is a speech! Ask your question!

Mr. Karume: Mr. Speaker, Sir, is the Minister in order to say that Castle Breweries of Thika can buy barley only from contracted farmers while he knows very well that they are ready to buy or even to borrow from the farmers so that the farmers can in turn also have a market to sell their produce?

Mr. Okemo: Mr. Speaker, Sir, I think I said that, as far as getting barley is concerned, Kenya Breweries Limited and Castle Breweries can actually import barley from wherever they want. However, Kenya Breweries Limited has invested money in a particular brand of barley which the farmers are growing in Kenya, and they are free to sell it or not. They have the right. We cannot force them to sell it to anybody. However, Castle Breweries are free and, if they wish, they can actually come up with their own brand and the Government will give them full support to develop it, just the same way as Mastermind and BAT have been handling their competition.

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

Mr. Speaker: Order! Order all of you! We will not have all these unnecessary points of orders to ask questions anymore. Look at the time! It is 4.00 o'clock because we spent a lot of time on frivolous points of order. As a matter of interest for the House and even for the Chair to understand, and I think it will help this House; Mr. Minister, does it mean that if I grow some barley I cannot sell it to Castle Breweries, but only to Kenya Breweries Limited?

Mr. Okemo: No, Mr. Speaker, Sir. We are talking about contracted farmers. The Kenya Breweries Limited buys their barley from contracted farmers, and any other farmer who grows barley is free to sell it to anybody.

Mr. Ndicho: Mr. Speaker, Sir, it is so sad that the Kenyan Government has involved itself in the beer wars in this country by siding with one of the parties. In fact, could the Minister assure this House that the barley farmers in Narok who have been so much willing to start growing another form of barley of their own and sell it to Castle Breweries--- They have always been coming to Castle Breweries of Thika and asking them to buy their barley, while in the meantime the Government has put some hurdles in their way. Could the Minister now assure this House and the barley farmers in this country that they can sell their barley to anybody they want, including Castle Breweries of Thika, and that he is going to solve these beer wars between Castle Breweries and Guinness East Africa Limited?

Mr. Speaker: Order! Minister, answer that question; and, Mr. Ndicho, I hope you are also not getting into beer wars!

(Laughter)

Mr. Ndicho: Mr. Speaker, Sir, I wish to declare my interest since I am a Christian. I even do not drink beer; I do not know how it tastes.

(Laughter)

Mr. Okemo: Mr. Speaker, Sir, I wish to assure this House and the hon. Member that any contracted barley; that is any barley that is being grown as a result of efforts by Kenya Breweries Limited to finance the farmers, I think, is their right. We cannot force them as the Government, because it is their right to develop a specific brand of barley and then contract it to farmers. However, the farmers are free to sell any other barley they grow to anybody. The Government has absolutely nothing to do with it.

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

Mr. Speaker: No more points of order! End of Question Time!

MINISTERIAL STATEMENT

ROLE OF ETHIOPIAN GOVERNMENT ON THE SOMALI PEACE INITIATIVE

The Minister for Foreign Affairs and International Co-operation (Mr. Obure): Mr. Speaker, Sir, I stand to issue a Ministerial Statement in response to a request by hon. Mohammed Shill, the Member of Parliament for Fafi, regarding the role of the Ethiopian Government on the Somali Peace Initiative currently being undertaken by President Moi and the Government of Kenya.

Mr. Speaker, Sir, I beg to brief hon. Members as follows: The role of the Government of Ethiopia on the Somali Peace Initiative is not in any way at variance with the reconciliation efforts on Somalia being undertaken by His Excellency President Daniel arap Moi. Ethiopia was mandated by the Inter-Governmental Authority on Development (IGAD) and the Organisation of African Unity (OAU) to mediate the conflict with Somalia and, of course, she is chairman of the IGAD Sub-committee on the Somali Peace Initiative.

Kenya's role in the national reconciliation efforts in Somalia is complementary to other initiatives. You will, of course, recall that the initiative by Djibouti led to the establishment of the transitional national government in Somalia following the ARTA Conference concluded in August 2001 in Djibouti. Kenya's efforts in bringing together the political leaders of Somalia is in conformity with the Eighth IGAD Summit of Heads of States and Government on Somalia held in Khartoum, Sudan, which stated among other things, that Somalia's neighbours should be encouraged to establish a mechanism that would enable them to continue to assist the Somali people to achieve peace, national reconciliation and unity.

Mr. Speaker, Sir, a number of initiatives aimed at resolving the problems in Somalia have been undertaken at both bilateral and multi-lateral levels, including the OAU, the United Nations and the League of Arab States. All these initiatives have failed. However, as neighbours, we cannot give up on Somalia.

One of the earliest attempts to reconcile Somali political leaders took place in Nairobi between 11th and 12th of March 1994, and later in October 1996, when President Moi met with all the principal faction leaders of Somalia. More recently, President Moi held talks in May 2001 with His Excellency Abdulkassim Salat Hassan, the President of the transitional national government and other faction leaders of Somalia. In July this year, still with the OAU Summit in Lusaka, the President held further talks with the other leaders from Somalia.

These efforts paved the way for the reconciliation meeting on Somalia which took place here in Nairobi last weekend between 1st and 4th November. The meeting was very successful. The leaders of Somalia agreed on an agenda which will now form the basis of future deliberations. The parties agreed to hold further consultations prior to a follow-up meeting to be held at a time to be mutually agreed by the Heads of States of the frontline states, namely, Kenya, Djibouti and Ethiopia. We consider the meeting to be an important breakthrough and intend to hold consultations with all the neighbouring countries in the region, to give impetus to the national reconciliation process in Somalia. His Excellency the President announced the reopening of the Somalia border as a goodwill gesture following the narrowing down of differences among the Somali political leaders.

Thank you, Mr. Speaker, Sir.

Mr. Speaker: Mr. Shill, do you have any clarification?

Mr. Shill: Yes, Mr. Speaker, Sir. I thank the Minister for his explanation but I am really disturbed by the issue whereby he says that Ethiopia is not at variance while we know, as a matter of fact, that Kenya was supposed to hold a reconciliation meeting in July this year, which the Ethiopians have jeopardised. Also, this time, they made sure that the SARC factions did not come and this is a clear indication that they are not for the idea of reconciling Somalis, contrary to the Seventh and Eighth IGAD Heads of State Summit meeting. While we know that it is Kenya's interest for Somalia to be

at peace, we, people at the border, especially in my constituency, have thousands of Somali refugees, not even mentioning about the drugs and proliferation of arms. Could the Kenya Government put its interests first rather than looking at the Ethiopian interests first?

Mr. Muite: Thank you, Mr. Speaker, Sir. Could I get a clarification from the Minister for Foreign Affairs and International Co-operation? My understanding of the constitutional or legal position is that the President, as the Chief Executive, it is his responsibility to execute the policies laid down by Parliament. What is the constitutional and legal basis or authority on which the President alone decides to close the border with Somalia and to reopen it alone? When it is closed, that act of closing renders hundreds of Kenyans jobless. People who had their livelihood in *miraa* and trade with other things become jobless overnight. On what legal and constitutional basis does the President alone close the borders of this nation?

The Minister for Foreign Affairs and International Co-operation (Mr. Obure): Mr. Speaker, Sir, the effort we are making at speeding up the peace process in Somalia is not in any way at variance with the position of the Government of Ethiopia. Let me assure this House that the meeting we had intended to hold in July did not take place, owing largely to the fact that there was another meeting taking place at the same time, and the leaders were not available. But I would like to assure hon. Members that consultations are taking place with the Government of Ethiopia. We are confident that it will be fully involved in this process when we meet again for further consultations.

With regard to the question raised by Mr. Muite, I would like to say that as far as I am aware, the President is the chief executive of this nation; that is provided for in the current Constitution. I am also aware that in his capacity, the Head of State is responsible for the formulation of foreign policy. One of our principal objects of foreign policy is to promote good neighbourliness. In the case of Somalia, we are all aware that we cannot have good neighbourliness with Somalia if there is no strong central government in place in that country. So, the President closed our border with Somalia, firstly, in an effort to promote this country's security and that of its people as the foremost responsibility of the Government. I believe that at the same time, the closure of the border was also intended to apply pressure on the leaders in Somalia to see the need for participating in bringing about peace in their own country. I believe that, to a very large measure, that has been achieved. There has been success; the application of that pressure has yielded results. Today, we are confident that we are now on the right path towards bringing about peace and stability in Somalia.

Mr. Speaker: Hon. Members, the time is up. Mr. Kamotho will issue his Ministerial Statement tomorrow. It is now past 4.00 p.m.

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

Mr. Speaker: Order! Order! Hon. Members, look at the Order Paper. The number of Bills pending to be debated cannot wait forever.

Mr. Kamotho, are you happy to issue your Ministerial Statement tomorrow?

The Minister for Local Government (Mr. Kamotho): Mr. Speaker, Sir, I do not mind doing so tomorrow.

Hon. Members: No! Issue the Ministerial Statement now!

Mr. Speaker: Very well; Mr. Kamotho is ready to issue the Ministerial Statement tomorrow. It is now 4.04 p.m. So, we shall proceed to the next Order.

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

Mr. Speaker: It is now past Question Time.

(Loud consultations)

Order! Order, Mr. Okemo! Hon. Members, you know that Question Time is supposed to last up to 3.30 p.m. We went well beyond 3.30 p.m. What I would like to assure you is that, tomorrow, we will finish our Questions at 3.30 p.m. The various Ministers who have lined up to issue Ministerial Statements will have their time from 3.30 p.m. tomorrow.

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

Mr. Speaker: Mr. Mwenje, I have closed that issue now.

Mr. Mwenje: Mr. Speaker, Sir, it would appear as if you are hiding something from this House. This is the right time for Ministers to issue Ministerial Statements.

Mr. Speaker: Order! Order! Hon. Members, you must grow out of this attitude. Mr. Mwenje, for you to stand up there and cast aspersions on a very innocent Mr. Speaker, is really---

Mr. Mwenje: I withdraw, Mr. Speaker, Sir.

Mr. Speaker: You must apologise!

Mr. Mwenje: I apologise, Mr. Speaker, Sir.

Mr. Speaker: Hon. Members, you must be very careful on what you say of your own Speaker. You must respect the Speaker as the symbol of the integrity and authority this House. It is my business to ensure that the business of this House proceeds. I must discharge that responsibility.

Next Order!

BILL

First Reading

THE APPROPRIATION BILL

*(Order for First Reading read - Read the First Time -
Ordered to be read the Second Time today)*

Second Reading

THE APPROPRIATION BILL

The Minister for Finance (Mr. Okemo): Mr. Speaker, Sir, I beg to move:-
THAT, the Appropriation Bill, 2001, be read the Second Time.

(Loud consultations)

Mr. Speaker: Order! Order! Hon. Members, in my view, this Bill is much better than any Ministerial Statement. So, could we listen to it?

Proceed, Mr. Minister!

The Minister for Finance (Mr. Okemo): Mr. Speaker, Sir, His Excellency the President has signified his consent to this Bill.

Mr. Speaker, Sir, the Appropriation Bill, 2001, seeks the statutory approval of Parliament of the Estimates of Recurrent and Development Expenditure of the Government of Kenya for the year ending 30th June, 2002, which were officially laid on the Table on 14th June, 2001. During the allotted time, nine Votes were debated and approved by the House. These were Vote No. 01, Office of the President; Vote 07, Ministry of Finance and Planning; Vote 10, Ministry of Agriculture and Rural Development; Vote 11, Ministry of Health; Vote 12,

Ministry of Local Government; Vote 13, Ministry of Roads and Public Works; Vote 21, Ministry of Environment and Natural Resources; Vote 30, Ministry of Energy, and Vote 31, Ministry of Education, Science and Technology. The rest of the Votes fell under the guillotine procedure in accordance with the provisions of Standing Order No.142(7).

The Appropriation Bill, 2001, contains the details of provisions for each Vote, including Appropriations-in-Aid. Clause 2 of the Appropriation Bill, 2001, seeks statutory authority for withdrawal of a sum of Kshs151,492,540,150 from the Consolidated Fund and to appropriate the same to various services and purposes during the year ending 30th June, 2002, as detailed in the Bill in respect of each Vote. This sum includes the amount authorised by Parliament on 21st June, 2001, by a Vote on Account under Section 101 of the Constitution of Kenya. Clause 3 of the Bill makes provision for Appropriations-in-Aid in respect of those services and purposes. The total sum to be applied as Appropriations-in-Aid is Kshs47,597,428,147.

Mr. Speaker, Sir, having appraised the hon. Members of the objects and reasons of this Bill, I now urge them to pass it to enable me release from the Consolidated Fund these funds which are necessary to meet expenditure as contained in the Estimates of the Recurrent and Development Expenditures for the Financial Year 2001/2002.

With these few remarks, I beg to move.

The Minister for Transport and Communications (Mr. Mudavadi): Mr. Speaker, Sir, I stand to second the Appropriation Bill (Bill No.28), and basically to urge hon. Members that we need to dispose of it because it is really a procedural issue. It is a procedural issue in the sense that we have had an opportunity to discuss the various Votes when we were looking at the various Ministerial Votes, and, indeed, even when we went through the *guillotine* procedure. I would really urge them that as they deliberate on this Bill, they should be brief and terse, so that we can dispose of it since there is nothing new that we would be adding; we have dealt with most of the issues that would arise out of this Bill. I would also urge them to support it.

With these few remarks, I beg to second.

(Question proposed)

Mr. Keriri: Thank you, Mr. Speaker, Sir. I am as anxious as the Minister in that this Bill should go through as fast as possible. In any case, we have already approved the provisions contained in it.

I merely want to raise one point. Once we have passed this Bill, the Minister should make sure that the money approved by this Parliament is disbursed to the respective institutions. I am saying this because in several cases, we have voted money in this Parliament and it has not been disbursed. At a later stage, we were told that the Government ran short of money for one reason or another. A case in point is that, last year we voted money for roads. Part of that money was to go to constituencies, but up to now constituencies have not received the Kshs5 million they were supposed to receive. This year, the Vote on Account included some of that money but it has not gone to the respective constituencies. This has not only happened to money meant for roads, but similar cases have arisen in agriculture and other very important services of this Government, which, in fact, are key to economic recovery in this country.

Mr. Speaker, Sir, if we hold money just because we are waiting for something else to happen, we will be making a mistake. It is unfair to those who are expected to benefit from the money that we approve in this Parliament. So, I would like to urge the Minister to make sure that his colleagues get Exchequer Issues and that once they have got them, they spend the money properly.

I am happy to note that a new procedure has been established where money will not go just to District Commissioners (DCs) through the District Treasuries, but Authority to Incur Expenditure (AIE) will be given to particular heads of Ministries in the districts. That is an improvement. I would like to say that, that should be done as fast as possible.

Mr. Speaker, Sir, as I said earlier, we are as anxious as the Minister is, to have this Bill passed. So I will not take any more time.

With those few remarks, I support.

Mr. Muite: Mr. Speaker, Sir, let me first of all register some dissension from the views of the Deputy Leader of Government Business, Mr. Mudavadi, especially his view that this Bill is purely procedural. This is parliamentary authority which will give the Minister for Finance the constitutional power to access the Consolidated Fund. If we are giving that authority, that is not a matter of procedure. It is a matter of law! Hon. Members are entitled to look very carefully to see whether there are any issues that they wish to raise. It is not a question of rubber stamping the Bill. It is true that we have gone through the Votes, but now we are debating the Bill which will form the legal basis for the withdrawal of the money.

Mr. Speaker, Sir, first, I would like to recommend that the Minister works very closely with the Departmental Committee on Finance, Planning and Trade. In past years, we have authorised expenditure of money here and then the Public Accounts Committee (PAC) and the Public Investments Committee (PIC) have, through their Reports, come here three or four years later and told us that the money we voted for particular purposes was not, in fact, spent for those particular purposes. We have got to put an end to that practice. We have got to make this Parliament effective. We do not want to be pathologists who dissect dead bodies to tell you why the patient died. We want to be physicians and prevent the patient from dying. We can only do that if the Minister for Finance agrees to work in close collaboration with the Departmental Committee on Finance, Planning and Trade.

It is my recommendation that the Finance, Planning and Trade Committee should monitor the expenditure of this money. It should monitor the use of each shilling in each Vote. The Committee should follow the Ministry and monitor expenditure of this money on a quarterly basis to ensure that it will be spent only for the purposes for which we have passed it. If there is a quarterly period in respect of which a particular Ministry did not spend the money for the purposes for which Parliament voted it, then that matter should be brought to Parliament in time, so that we can block the release of money for the next quarter. That is how we will be effective.

Secondly, I would like to make a request to the Minister for Finance.

Mr. Michuki: On a point of order, Mr. Speaker, Sir. I am seeking your guidance on a point of order, which I will base on Standing Order No.97. It provides that every Bill shall be accompanied by a memorandum of objects and reasons.

Mr. Speaker: What are you saying?

Mr. Michuki: Mr. Speaker, Sir, I am saying that Standing Order No.97 provides that---

Mr. Speaker: I have not got what you have said. I have just asked you to repeat it so that I can get it.

Mr. Michuki: Mr. Speaker, Sir, I am seeking your guidance because this Bill that we are debating now contravenes provisions of Standing Order No.97. The Bill has not included, as required under Standing Order No.97, the cost of its implementation when it becomes law.

We know that the Minister for Finance has budgeted for deficit financing, which will heavily depend on his raising monies through the Treasury Bills. The interest paid on that money, in order to meet the amounts stated within this Bill, will cost as much as will be charged. The Minister ought to have shown under this Bill how much money this Republic will pay in order to raise the money appropriated here.

Mr. Speaker: What do you mean?

Mr. Michuki: Mr Speaker, Sir, what I mean here is that the sums which we are going to vote will be accessed through the purchase of Treasury Bills at a cost. That is the cost which this Republic will shoulder to implement this Bill and this is not stated in the Bill. So, it is against the provisions of Standing Order 97.

Mr. Speaker: Order! Order, Mr. Michuki! As far as I understand it, I do not pretend at any time, to have the wealth of experience Mr. Michuki has on money matters, but I do understand a little about money. The little I understand about money is that the Appropriation Bill covers expenditure of money from page one to the last page--- All the Appropriation Bill does is to give authority for use of that money. Appropriation means "authority" to appropriate certain sums of money collected! All those are set out in the various stages of the Appropriation Bill.

I know of the provisions of Standing Order 97, which requires the Minister or indeed, an ordinary Member to state the amount of money that would be used as a result of the enactment of a Bill. In my understanding, that does not include the Appropriation Bill. The Appropriation Bill, by its very nature, contains from page one to the last page, all the monies the Minister seeks to use, but not as result of this Bill. The Bill is an authority by Parliament for the Minister to use the money. A **[Mr. Speaker]**

resolution which he has already obtained from this House through a resolution to use half of the money; that is the Vote on Account and through the guillotine. As Mr. Muite said, this Bill puts the legal seal on the two resolutions by this House.

In my view, it is not necessary to state on this page that the Government would have spent, maybe, Kshs10 to publish a copy of this Bill. This Bill is an authority to give Government departments and Ministries authority of Parliament to use the money they have already resolved to use. So, the Bill is properly before the House. In any case, I have not seen it done before. I would be very much delighted if, Mr. Michuki, who I think was once a Permanent Secretary in the Treasury, shows me one such Bill that contains such statement.

Proceed, Mr. Muite!

Mr. Michuki: Mr. Speaker, Sir, with your permission, could I say something?

Mr. Speaker: Yes!

Mr. Michuki: Maybe, my case is not being understood. I am saying that, if you take the totality of this Bill, which, as you have quite correctly stated authorizes the Government to appropriate money from the Consolidated Fund, the total amount equals to the total sum in this Bill. In order for the process of appropriating money through this Bill from the Consolidate Fund to be completed and to comply with the provisions of this Act, the Minister for Finance will have to go to the Kenyan money market to raise a proportion of this money equivalent to the deficit declared in this Budget, at a cost. He will not raise it if he is not authorised to appropriate to the extent of this totality. Therefore, whatever he pays by way of interest, on Treasury Bills, to cover his deficit is the cost of implementing this Bill.

Mr. Speaker: Order! Order, now! Mr. Michuki, you will put that question to the Minister during the Committee stage. As far as I am concerned, the Bill is legally before the House.

Proceed, Mr. Muite!

Mr. Muite: Mr. Speaker, Sir, the second point that I was making was to request the Minister for Finance, through the Chair, to direct the Kenya Revenue Authority (KRA)--- If you look at Vote R07, you will see that part of the money which the Minister for Finance is asking for will go towards funding the KRA. In fact, the last word on page 1601 talks about the KRA. The KRA comes under the Minister for Finance. You will remember that the Minister for Finance very magnanimously agreed to remove or to delete VAT on commercial properties. He gave us an undertaking and I think he is going to do it during Committee stage. But two days after the Minister for Finance had given that undertaking to this House, his employee, the Chairman of the KRA, issued a Press Release and said that people must continue to pay the VAT on commercial properties. I sympathize with the position taken by the KRA because, until we amend the law, they will be entitled to continue collecting VAT. But surely, instead of going through this long process of people paying VAT, then we amend the law during Committee stage, and it then takes tenants long to get a refund of their money. Why do we not do away with VAT on commercial premises?

Actually, it is not the tenants who are going to be refunded the money because landlords are supposed to pass over these refunds to tenants, but the landlords. Tenants will not even get to know when the landlords were refunded money by the KRA so that they can go for their refunded. So, this is penalising the tenant and, therefore, slowing down business. I would ask the Minister for Finance, somehow administratively, to request the KRA not to impose VAT on commercial premises. That will go a very long way towards assisting the business community in this times of economic slow down.

Mr. Speaker, Sir, I also wish to take this opportunity to express displeasure with the amount of money we are giving in Vote R21, on page 1602, to the Ministry of Environment and Natural Resources. We are giving this Ministry nearly Kshs2.5 billion. First of all, when you read the Vote, it talks about development of forests and reforestation. You can also see there is the Secretariat and something else called Permanent Presidential Commission on Afforestation and Soil Conservation. First of all, this Ministry is in the lead in destroying our forests. For Parliament to continue giving this Ministry money in order for them to continue destroying our forests, it is very insulting to the intellect. Why do you have these two overlapping organisations? You have got a secretariat dealing with afforestation, then you have a Permanent Presidential Commission on Afforestation and Soil Conservation! Where is the demarcating line for the details between the two units? What do they do? They are talking about afforestation and reforestation at a time when we are on the verge of destroying 10 per cent of the forest cover in this country!

Mr. Speaker, Sir, forests are very important. The floods we are getting in dams is as a result of us destroying the forest cover. When the rains come, they first fall on the forest cover and the foliage slows down the rain so that it percolates down to the soil gently and then the water can be released gently to the rivers. So, for us to give money to the Ministry of Environment and Natural Resources, which covers the forests is certainly very insulting. I appreciate that I should have moved an amendment earlier on when we were voting this money in order to reduce it. I do wish to express regret that I am unable to move that amendment to require a reduction of this particular Vote to the Ministry of Environment and Natural Resources. That also applies to Vote D36, which is the Ministry of Lands and Settlement, where the Department of Survey falls under. This is because, again, we are voting money to the Department of Survey in order to enable them to survey forest lands that are being grabbed. We are allocating the Ministry money to enable these surveyors to go and facilitate grabbing of forests. That is a matter of very great regret. I do hope that when the Minister discusses this issue with his Cabinet colleagues, he will advise them to withdraw the threat to take away 170,000 acres of our forest land.

Mr. Speaker, Sir, finally, the Minister for Finance is aware of the much publicised comments which were made on his behalf by his Assistant Minister with regard to the donors. I would like to say that I have got very considerable sympathy with the position that was taken by the Minister. Now that the Minister is here, I would

like to tell him that when he does his Budget, he should find out how the economy of the country can be revived rather than coming up with a Budget that Mr. Michuki describes as "Budget deficit." This means that he will go and borrow money from the domestic market simply because the aid that he expected to be forthcoming will not be forthcoming. When he formulates Budgets from now onwards, the Minister for Finance and his Cabinet colleagues should get a formula of getting the economy of this country on track again instead of getting us increasingly addicted to aid. We have totally become addicted to aid. I would like to repeat for the benefit of the Minister, now that he is here, that the purpose of donor money is to help the Kenyan car start. A car can only be pushed to start if it has got a functioning engine and the only thing that is wrong with it is the low battery. So, if the car is pushed, it can start and will be able to propel itself from Mombasa to Nairobi. What the Minister for Finance has done is to become totally dependent on donor aid. This is like asking people to push your car from Mombasa to Nairobi. When the engine of your car is not functioning in Mombasa, you cannot ask people to push the car to Nairobi. It will not happen because those people will get tired by the time they reach Mariakani.

[Mr. Speaker left the Chair]

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

So, check whether the battery of the Kenyan car is down or the engine has knocked. If the engine has knocked, no matter how much donor money you will be given, the economy will not pick. It will not be a spark that will start the engine.

Mr. Temporary Deputy Speaker, Sir, I am saying that as a country, we are to blame for the destruction of the economy in this nation. We cannot blame the donors for that; it is us who have destroyed the economy of this nation. Therefore, it is upon us to fix it. The reason why I say that I sympathise with what the Minister for Finance said is that these donors are absolutely narrow-minded. They keep focusing on the economy as if it is the only thing that needs fixing. Our problems in Kenya revolve around leadership. The economy is in the state in which it is because of failure of leaders. It is a question of the current constitutional and political order that has been abused and has resulted in the destruction of the economy.

From 1990, and this is the reason why many of us do not have any sympathy for the donors, we have been telling them that they cannot fix the Kenyan economy or have proper or effective economic reforms in Kenya without simultaneously fixing the constitutional and political order. We have always told them to focus, first, on resolving the political and constitutional order in this country so that we can do it simultaneously with economic reforms. They tried to separate the two which are inextricably inter-twined. You cannot resolve one without resolving the other. We have told the donors this from 1990, but they have not listened. When you see how narrow-minded they can be--- For example, they make the enactment of the Anti-Corruption and Economic Crimes Bill a condition, and tell the Minister for Finance that they will not give him money unless Parliament enacts it. Can you conceptualise the effect the implementation of this Bill would have on the country? How can it contain corruption in this country? How do you establish the Kenya Anti-Corruption Authority (KACA) and give the Director, his prosecutors and his officers salaries of Kshs300,000 and Kshs500,000? This is the case and yet the prosecutors of KACA are "fished" from the Attorney-General's Chambers, while others are "fished" from the police force. You pay these prosecutors this kind of money, and yet they went to the university with the magistrates who man the magistrate courts. You start to pay a prosecutor of KACA a salary of Kshs200,000 a month, while his or her colleague, a magistrate, who was his classmate at the university reading law together, still earns a salary of Kshs30,000. This is the case and yet you expect the magistrate to convict the person who is being prosecuted.

After all, the person who is being prosecuted is a multi-millionaire because of corruption. Why can he not buy his freedom from that magistrate who only earns Kshs30,000? So, these are some of the lopsided attitudes of the donor community.

The Assistant Minister for Education, Science and Technology (Mr. Poghiso): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to impute impropriety on the Judiciary; that people can buy their freedom?

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, I am expressing my opinion. I am demonstrating the conceptual deficiencies of the implementation of the donor-driven KACA. Even when we increase the salaries of judges, you may hear that the donors are also chipping in their support, but again, 99 per cent of the criminal cases, including corruption cases are not heard by judges whose salaries have been increased. These cases are heard by the magistrates. So, you need to increase the salaries of these magistrates, who have got clerks and

judicial staff. So, the bottomline is that, although we can have some short-term strategies of increasing the salaries of judges or even magistrates and the officials of KACA, in the long run the real effective cure for the many problems we have, including corruption, is to get the economy of this country on track again. We will not do that unless we approach the twin issues of economic reforms with constitutional and political reforms.

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

Mr. Michuki: Thank you, Mr. Temporary Deputy Speaker, Sir, for granting me the opportunity to contribute to this Bill. As it has been stated here, the Bill is procedural in the sense that other than the monies that will arise from the Finance Bill in terms of new taxes and adjustment, the bulk of this money is already destined to go into the Consolidated Fund. Two, half of the monies which we are going to appropriate have already been appropriated under another law that gives the Minister for Finance the authority to issue a provisional collection order on new taxes. Also, the Vote on Account has taken most of the money already. The first point I want to make is that this Bill is procedural. I also would like to ask the Minister to address that issue because I have been privately asked by quite a number of Members of this Parliament whether there would be monies at all to finance operations of the Government if the Finance Bill did not go through. Of course, there would be money arising from the existing law which the Minister is asking this House to amend in the Finance Bill.

But having said all that, Mr. Temporary Deputy Speaker, Sir, I must join my colleagues who have spoken and emphasize the need for this money to be used for the benefit of Kenyans as a whole and in particular the Development funds which are going to be appropriated by this Bill. It is the responsibility of the Minister for Finance to ensure that, that is done. It is not even the responsibility of his colleagues, but his. He has the responsibility on behalf of this House to ensure that this money is spent for the purpose for which it has been voted. After all, he is the one who has asked this House to appropriate the money. If we have to go by tradition and in particular the period some of us served in the Treasury, we ensured that the money was actually spent for the purpose for which it was voted. I do not know why even within the Civil Service and other areas, the code of regulations, the financial orders and all the other Treasury instructions have all been ignored. That appears to me to be the case where this House votes money and it is then taken to other projects even without the authority of this House. We find ourselves rubber-stamping the decisions of the Executive. The taxpayers, on whose behalf we speak in this House, have the right to expect that they will get value for the money they have paid through taxation. I am sorry to say that in the last 15 years, this has not been the case. The taxpayers have not obtained the services for which they have accepted to pay taxes. Maybe, the citizens of this country should rise and demand services and say there is no taxation without services. If you look at some of the roads, like the one in Eastleigh, where hundreds of millions of shillings have been spent and it has not even lasted for three years, it is impassable.

I still have to check on a very important research which is being done which tends to conclude that out of every Kshs100 of taxpayers' money, Kshs65 go into the pockets of individuals. This research is being carried out and it is pointing towards that end. Therefore, "woe unto you..." if I may borrow from the Bible.

Mr. Kamolleh: On a point of order, Mr. Temporary Deputy Speaker, Sir. Mr. Michuki has just imputed ill motives that all the money that is disbursed goes into the pockets of individuals. I think this is a very serious accusation. Could he, please, give us a list of those people who receive this money, or at least, withdraw and apologise?

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, I do not need to substantiate anything. I said that research is being carried out and it tends to point to that end. That is what I said and I hope Mr. Kamolleh heard it.

But to go back to the subject, I was emphasizing the fact that there is need for value for money, and the need for services to be given to those who have paid taxes. This morning at about Seven O'clock, I heard over the BBC that the Federal Reserve Bank of America has reduced interest rates from 2.5 per cent to 2 per cent. They also said that the Stock Market which was not reacting to previous reductions had started brightening up and had a few gains in terms of percentage points. This brings me to the suggestion to the Minister that he must, in my view, begin to think very seriously what monetary measures he is going to put in place to get this economy looking up instead of looking down. This economy is moving towards huge decays and I do not know whether he has enough shovels to dig it out and throw it wherever it ought to be. Whether it is financial institutions or banks, they must be guided in accordance with the monetary policy that will help this economy grow. They must be guided to follow a policy which will bring employment, prosperity and create what the British today are calling the "feel good factor" or what the Mswahili will call *raha*. This is part of the whole system of creating confidence in the economy and the Minister knows about it. But I happen to know that, unfortunately, he is not getting the full support of his colleagues. Some of his colleagues are busy elsewhere amassing wealth.

If the Minister for Finance wants full support of this House, he has to take the initiative and we shall be

fully behind him to get this economy back to what it used to be. We highly regret that in the late 1960s and early 1970s, we were in the same league with the so-called "South East Asian Tigers", that is Taiwan, Singapore, Malaysia and South Korea. We were at the same sort of pace of growth. But those countries invested more in education. Therefore, they have greatly benefited from the modern technology. This afternoon we had a Question on vocational training; institutions that should be producing our young technicians. We came to know how that area has been neglected. That the Government gives a grant of Kshs1,700 per month to employ a teacher in those institutions when, in fact, the minimum wage in this country is much more than that. At least, what one could have expected is that they would cover just the salaries and nothing else.

Mr. Temporary Deputy Speaker, Sir, the investment in education must be stepped up; and in particular, the technical education, if we have to benefit from a very fast moving industry where it has become the order of the day to use electronics to carry out our businesses. Indeed, it has become an excuse in some Ministries that their performance is below par because they do not have computers. They may have computers, but I do not know where they will get the technicians to operate them, if that is the attitude towards technical education.

Mr. Temporary Deputy Speaker, Sir, let us appropriate this money. Let us not accept that this will be a ritual; an annual event which we must do without caring about what effect that money has had within the economy. Agriculture has been neglected. It is the major industry in this country. Without agriculture, we will even continue importing food. We have neglected coffee and other crops like cotton which would have earned us foreign exchange. It is a shame that a country which can feed other parts of Africa has had to buy food, because we have neglected agriculture. So, I would like the Minister for Finance to be an advocate for agricultural sector and perhaps support the Minister for Agriculture because, without food, no wonder many people are living below the poverty line; poverty about which so much has been said, but so little has been done.

Therefore, in conclusion, I would like to say that we support the Minister in this Bill. I hope, next time when he brings this Bill, he will show as part of the cost, what he was going to pay in the market, to be able to meet this amount which he shows here, by way of borrowing, because that is a cost without which this Bill, cannot be implemented.

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

Mr. Sungu: Mr. Temporary Deputy Speaker, Sir, allow me to associate myself with hon. Members who have spoken before me on the issue of Appropriation Bill.

The question of late disbursement of funds to the district is of concern and more particular so, because late disbursement results often that the money is sent so late to the district that some of it is returned unutilized. In my opinion, money that has been allocated through Parliament for the development of the infrastructure in this country should be utilised for the same purpose rather than being returned to the Treasury. This is a crime we must avoid under all circumstances.

Mr. Temporary Deputy Speaker, Sir, I would like also the Minister to address the issue of shortfalls in the Budget. I note that a major proportion of the Budget we are talking about today will be obtained from the Appropriations-in-Aid from a donor community. On this note, I would like to appeal to the Government to pull all strings to make sure that we obtain these funds from the donor community. On the same basis, I would like also to appeal to hon. Members of this honourable House, particularly those in the Opposition, to support those measures that the Government decides to put in place, so that the donors can resume funding for these badly needed projects.

It would be a sad day, indeed, to sit here in this House to criticise for the sake of criticism that the economy is in the doldrums and that it is, in fact, dead. One day, it could be dead without donor funding. It would be a shame for those who hope to inherit the structures of this Government. They had better note that it is better to inherit something that is working than something that is dead. I hope the Minister for Finance is listening to me although his back is turned to me being on the Government Bench.

The question of transparency and accountability must be taken seriously. It should never be part of the lip-service that is so often applied in this country. It is common knowledge that most of these funds that we allocate for Recurrent and Development Expenditure are never utilised for the purposes for which they are intended. It is a shame that some of this money is never spent on the intended purposes. In fact, we are talking about Kshs150 billion and over. If we roughly looked at each constituency and said, at least, half a billion should go to a constituency, we will see a lot of difference in this country. But what is happening is that most of this money goes into people's pockets; most of this money goes to line various pockets of various individuals. It is a shame because we are poor. There are countries in this world which are richer than Kenya. People in those countries, even those on the streets, industries and Government offices consider their nations to be poor yet, they are rich. For example, Japan, its citizens are prepared to work to the bone; almost 18 hours a day and beyond. They are workaholics because they want their nation to prosper. The sad situation is that in a poor nation like

Kenya, people do not work. We are only willing and looking for various ways and means, going out of our way, to try to get the little funds we have from our taxpayers, without developing this nation. As I said, that is a great shame. It is a shame in our society; it is a shame on us all.

Mr. Temporary Deputy Speaker, Sir, we want the Minister to get these funds as soon as possible so that they can get into the constituencies.

With those few remarks, Sir, I beg to support.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I would like to make very brief comments on the Appropriations Bill, 2001. This Parliament has got the power to allocate these funds to the various Ministries, but not to reallocate. I can see the Minister for Finance smiling. What are we doing here if we cannot reallocate these funds from one Ministry to another? For example, when the Department of Defence is allocated a whopping Kshs14 billion, the National Security Intelligence Service, Kshs2.8 billion versus the backbone of this country, the Ministry of Agriculture which is allocated Kshs5.8 billion, what is Parliament talking about? We should be able to reallocate some of the Kshs16.8 billion from the defence forces and the intelligence. We should be able to reallocate Kshs1 billion out of that or Kshs2 billion and give to farmers as seasonal credit so that they can produce food for this country. This Parliament must address that issue of reallocation; whether we should not reallocate funds given to certain Ministries when Parliament feels it is fair to do so.

Mr. Temporary Deputy Speaker, Sir, I would like to say something with regard to Vote R5 - Office of the Vice-President and Minister for Home Affairs, Heritage and Sports specifically, on prisons. That Ministry has been allocated Kshs3.8 billion. When I was the Chairman of the Public Accounts Committee, I had a chance to visit Kamiti Maximum Prison and the Nairobi Remand Home. If you go to the Nairobi Remand Home, you will be shocked to see what is happening there. You will not believe the state of the prison and the kind of food those inmates are being fed on. You will think you are not in Kenya. While in Kamiti, the then Commissioner of Prisons, Mr. Lopokoyit said that they had been given little money and therefore, they could not be able to feed the prisoners any better. The only food they could be able to buy was maize and beans. You can imagine human beings being fed on maize and beans from January to December. It is true some of them are criminals and some have not been convicted; they are just inmates. This is not fair. In some prisons, meals are appalling.

Mr. Temporary Deputy Speaker, Sir, the reason why we went there as the Public Accounts Committee was that, the Prisons Department had ordered 19 boilers to try and use them in various penal institutions. Six of them were supposed to be in Kamiti Maximum Prison and it was unbelievable that none had been installed. They had been imported second-hand and paid for as new. This was under the then Permanent Secretary, Mr. L. Sagwe, who was honoured to make a speech before the President opened an institution recently. He is scandal-ridden. I wish the Minister for Finance could be taken to Kamiti Maximum Prison to sleep there for a week, then he would be able to allocate more money to the Prisons Department.

Mr. Shidiye: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for Mr. Obwocha to impute improper motives on the Minister, that he should go to Kamiti Maximum Prison to eat that food, yet we know the Minister is not a criminal? He is somebody who does his job diligently.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I did not mean that Mr. Okemo is a criminal. In fact, we belong to the same church. What I simply said is, if he had some little experience in prison like the late Mr. Oloitiptip had at one time, asking whether there was a mattress, that is when he would know the importance of allocating more money to the Prisons Department, so that other people can survive. I am talking about the survival of the prisoners. I am not talking about the **[Mr. Obwocha]** prisoners living in prisons luxuriously. Those hon. Members who have had a chance to be in prison know what I am talking about. Most of these politicians appear to have come from heaven.

Mr. Muite: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for Mr. Obwocha to talk about those of us who have had the misfortune of being imprisoned at the Kamiti Maximum Prison? I spent three weeks there and I can appraise Mr. Okemo about the conditions there. He does not have to go there. It is a misfortune, it is not a chance to go there.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, yesterday I said, when Gladstone the then Prime Minister of England beat Disraeli in 1894, he told him that if he were to fall into River Thames, that would be a misfortune for the United Kingdom, but if somebody went to fetch him out of the River Thames, that would be a calamity.

Mr. Temporary Deputy Speaker, Sir, I would like to tell the Minister for Finance to stop deficit budgeting. All this noise we are making about the World Bank and the IMF is because the Minister has done what we call deficit budgeting. He budgeted for money which he did not have, he was simply expecting it from the IMF and World Bank. This money is given under certain conditions which Mr. Okemo normally signs near the dotted

line without thinking. We know the amount of money we collect in this country through the Kenya Revenue Authority. We should therefore, call a spade a spade and budget on the revenue we are able to collect. In any case, we have suffered so much. There is nothing working in this country. There is no infrastructure. The other time the Government appointed a Commission to look into the education system. They came up with a report and the Government dumped it. With regard to the agricultural sector, had farmers in this country not persevered, we would not be talking of anything. At the moment maize production, particularly in the North Rift is plenty. But the farmers are only being offered Kshs400 per bag when the input cost is Kshs800. Next year, or the year after there could be drought and people will run everywhere looking for maize, and yet now, they cannot set aside Kshs1 billion or Kshs2 billion to purchase maize and have our strategic reserves intact. We should stop deficit budgeting. We should only budget with what we have, since that is what we can afford or that is what God has given us. Let us not talk of deficit budgeting. Let us use what God has given us. If we get more, it would be fine! In any case, regarding the debt that we have right now, how is Mr. Okemo going to pay it? How will he pay the Kshs640 billion?

Mr. Temporary Deputy Speaker, Sir, last year, the statistics of Central Bank of Kenya showed that the Government had Kshs540 billion debt last year and in September this year, it was published and it showed that the Government had Kshs640 billion debt. The Government has used Kshs100 billion in one year. How did the Government use that money? Where has it gone to?

I would now like to talk about the amount of money that he has allocated to the Controller and Auditor-General. You and me know that we have given the Controller and Auditor-General statutory limits when he should produce these reports. He does not have enough staff to produce his reports. You have allocated him Kshs294,902,300. Mr. Okemo, I can tell you that you cannot hire a Chartered Accountant, a Certified Public accountant or a qualified accountant, with this kind of money. You need more money to get qualified staff who can man those offices, and whom the Controller and Auditor-General can use in order to get his work done so that the reports are in this House within the statutory limits.

Finally, the amount of money that has been allocated to the Ministry of Foreign Affairs and International Co-operation is Kshs3.08 billion. At the end of the year, you will find that these people have spent Kshs5 billion. Why? This is because of exchange rate fluctuations. You will find that one US Dollar was going at Kshs70 and two months later, it was one US Dollar to Kshs82. They spend more. We made recommendations that certain things happen. That is why we are saying that there is something wrong with this country and Parliament. If we make recommendations, nobody looks at them and sees them implemented, and whether they are good for the country or not.

We said that when this money is being allocated, the Ministry should also have certain money set aside to cater for exchange rate fluctuations so that expenditure is not exceeded. We know that there are pluses and minuses, and if we have that kind of account, it will take care of this. But nobody has ever bothered to look at these recommendations from the Committees of this House. The problem that I have with the Appropriation Bill is that we are not able to sieve those figures from one Ministry to another and from one department to another, so that this Parliament is satisfied the money has been properly appropriated.

With those very many remarks, I beg to support.

Mr. Kibicho: Mr. Temporary Deputy Speaker, Sir---

Mr. Murungi: On a point of order, Mr. Temporary Deputy Speaker, Sir. After hearing several contributors, it appears as if this matter has been exhaustively discussed and I know that at the end of the day, we are going to pass this Bill anyway.

An hon. Member: Not necessarily!

Mr. Murungi: Mr. Temporary Deputy Speaker, Sir, would I be in order to ask the Mover to reply?

The Temporary Deputy Speaker (Mr. Imanyara): Since Mr. Kibicho does appear to have something to say---

Mr. Kibicho: Mr. Temporary Deputy Speaker, Sir, I do not know why my learned friend thinks that I have nothing to say. We will pass this Bill and there is no doubt about that.

Money which has been appropriated can be a source of a lot of economic activities in the rural areas and Kenya in general. But the problem that we have, and which I think the Minister must take into account immediately, is that you will find a department getting Authority to Incur Expenditure, but at the District Treasury, there is no equivalent amount of money. The piece of paper is there, but the money is not there. The Ministry must source enough money so that when the AIE reaches the District Treasury, the money is available

Mr. Temporary Deputy Speaker, Sir, because of laxity on the part of the Ministry of Finance and Planning, the money which has been appropriated by this Parliament has not been a source of economical

activities. It has not activated any growth. When the Minister moved the Finance Bill, he did not accept that we have found ourselves in the situation that we are in today because of unfair international trade. It is up to this Government, Kenya and developing countries to own it up and analyse this situation.

In 1963, Kshs20 - in the form of East African Currency - was equal to One Sterling Pound. Somebody called Mwalimu Nyerere, when he was ruling Tanzania, said one time that he required one tonne of sisal to buy one tractor. After spending 10 to 15 years, he required 200 tonnes of sisal to buy the same tractor. Because we now know that it is the international trade which is unfair to us in developed countries, this Government must take up that challenge and join others, so that when they go to the World Trade Organisation, they should negotiate and come up with another international world order, so that we do not continue being condemned to poverty the way we are now.

When we look at this country, the money which we are appropriating now is not appropriated to parts of the economy which can support growth. I want to be associated with what other hon. Members have said. The agricultural sector has not been given its due regard as far as allocation of funds is concerned. This country will only grow if we recognise that agriculture is the mainstay of this economy. I want to be on record for the third time in this House that unless our country has one crop or commodity which is the mainstay of our economy, then, we are doomed to continue the way we are.

Mr. Temporary Deputy Speaker, Sir, coffee is the only commodity which we can rely on and the economy of this country has been based on coffee. In that case, we would have no debts. For ten years, the Government had money, but it refused to release it to the farmers. Unless we change this attitude, we will be appropriating very little money and all along, going to the World Bank and issuing the kind of embarrassing statements that were issued recently by the Minister for Finance. We do not want those kind of statements anymore. We want to put our house in order so that we do not ashame ourselves. We are a sovereign state.

With those few remarks, I want to associate myself with others and support the Bill.

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Minister, I do not see many people wanting to speak.

The Minister for Finance (Mr. Okemo): Thank you very much, Mr. Temporary Deputy Speaker, Sir. I wish to take the opportunity to---

QUORUM

Mr. Muite: On a point of order, Mr. Temporary Deputy Speaker, Sir. Are you satisfied that we have got a quorum? It is not fair to ask the Minister for Finance to respond to an important Bill like this one, without there being a quorum.

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

(The Division Bell was rung)

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

The Minister for Finance (Mr. Okemo): Mr. Temporary Deputy Speaker, Sir, I wish to take this opportunity to appreciate the comments made by the various hon. Members on the Appropriation Bill.

I just want to comment very briefly on some of the observations. I am amazed because Members of Parliament talk as if they are not involved in the budget-making process. I can recollect that I have appealed severally to hon. Members to participate actively in the Poverty Reduction Strategy Programme (PRSP). That is where our budget-making process started from. Some hon. Members did not take it seriously, but others did. All these priorities are put together by sectors, prioritised and then costed. Hon. Obwocha, for instance, said we should only spend what we have and that we should be dealing with balanced budgets. But he goes on to contradict himself by saying that we should give more money to the Controller and Auditor-General. That is the problem I have in my hands. If you cost all the priorities as presented by the various stakeholders, and compare them with the resources we have, the gap is so huge. In fact, if we were to adopt everything that was discussed and agreed upon by the stakeholders, the budget deficit would be about four times what it is today. So, it is a matter of allocating the little resources we have against competing ends. One fact which we should appreciate is that we have got non-discretionary expenditures. In other words, we cannot have 200,000 employees in the Public Service and not pay them salaries. That is not discretionary! We have to pay! If you have debts, you must service them. That is non-discretionary! When you add all these non-discretionary expenditures, you will find that there is very

little room for manoeuvre. Against that background, if you consider the fact that you actually want to resuscitate the economy like everybody says, you must spend a certain percentage of your Gross Domestic Product (GDP) on investments. In our case, if we want to bring about economic growth that will deal with poverty adequately, then 25 per cent of our GDP must go towards investments. If you look at our budget structure, you will realise that Recurrent Expenditure takes about 70 per cent of the total expenditure. So, the little that is left is for maintenance and operations. The small portion which is left for development cannot bring about growth in the economy. These are facts you need to understand before we make popular statements like: "We must be independent or we must grow." You cannot be independent of the international community!

Mr. Temporary Deputy Speaker, Sir, one hon. Member said I embarrassed the Government by complaining about the International Monetary Fund (IMF). I complained about the IMF because I recognised one fact; without a clean bill of health from the IMF you cannot access any external capital. I am not just talking about official development assistance! I am also talking about direct foreign investment. Confidence building is the clean bill of health which the IMF must give. They give us very little money, if any at all. It is not anything to talk about! But that seal of confidence is what triggers external financial flows. So, it is important that we make it possible to have a programme with the IMF. Without that - it does not matter what miracles you want to play - we cannot generate sufficient money to invest and create growth in the economy.

Mr. Temporary Deputy Speaker, Sir, I would like to inform Members of Parliament that we are now monitoring Government expenditures fairly and closely. There are quarterly expenditure out-turns, which we publish and are made available to the Finance Committee of Parliament. From those quarterly expenditure out-turn reports, we should be able to tell whether people are spending the money that was voted. We follow that aspect very closely. In terms of expenditure monitoring, I think we are doing a fairly good job by making sure that people keep to the amounts that have been budgeted.

Mr. Temporary Deputy Speaker, Sir, in concluding, I wish to assure hon. Members that the allocation of money to the Ministries is not done by the Ministry of Finance. We are mere referees. Ministries come to allocate money to themselves, depending on what is available. The Ministry of Finance has absolutely no role! Having sat together and agreed on what is to be allocated to the various Ministries, we look at what is available in terms of resources and cut down where necessary. This exercise is done by the Ministries themselves! Hon. Members ought to know that. I do not need to go to Kamiti Maximum Prison to be able to give more money to the Prisons Department, because I do not allocate. If I were to do that, it would mean I have to take all the Ministers to Kamiti Maximum Prison, because they are the ones who decide for their own Ministries.

With those remarks, I beg to move.

(Question put and agreed to)

COMMITTEE OF THE WHOLE HOUSE

(Order for Committee read)

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

IN THE COMMITTEE

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

THE APPROPRIATION BILL

(Clauses 2 and 3 agreed to)

(Schedule agreed to)

(Title agreed to)

(Clause 1 agreed to)

The Minister for Finance (Mr. Okemo): Mr. Temporary Deputy Chairman, Sir, I beg to move that the Committee doth report to the House its consideration of The Appropriation Bill and its approval, thereof, without amendment.

(Question proposed)
(Question put and agreed to)

(The House resumed)

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

REPORT AND THIRD READING

THE APPROPRIATION BILL

Mr. Muturi: Mr. Temporary Deputy Speaker, Sir, I beg to report that the Committee of the whole House has considered The Appropriation Bill and approved the same without amendment.

The Minister for Finance (Mr. Okemo): Mr. Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Report.

The Minister for Roads and Public Works (Mr. W.C. Morogo) seconded.

(Question proposed)
(Question put and agreed to)

The Minister for Finance (Mr. Okemo): Mr. Temporary Deputy Speaker, Sir, I beg to move that The Appropriation Bill be now read the Third Time.

The Minister for Roads and Public Works (Mr. W.C. Morogo) seconded.

(Question proposed)

Mr. Achola: Mr. Temporary Deputy Speaker, Sir, I just want to make one comment on account of this Appropriation Bill. I would like to appeal to the Minister, now that he has been given the authority to remove money from the Consolidated Fund, not to, at a later stage, remove certain amounts from the Fund without authority, as has been evidenced by the various Public Accounts Committee (PAC) reports.

Secondly, I would like to appeal to the Minister to ensure that the various internal audit sections do actually work, so that misappropriation of funds is caused to cease. In other words, misappropriation of funds should be discovered as and when it occurs, instead of the current practice where we realise huge sums of money have been misappropriated through historical records.

Thank you.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I would like to make the last comment. If you look at the Appropriation Bill, the total amount that we have approved on both Development and Recurrent Expenditure is Kshs151 billion. The Appropriations-in-Aid (A-in-A) that the Minister expects to collect amount to Kshs47 billion. That sounds to me that he is very much within our revenue collection. I trust that the Minister will not come here in March to say that he wants us to add him more money through the Supplementary Estimates, unless, I am reading those figures upside down.

Thank you.

Mr. Kajwang: Mr. Temporary Deputy Speaker, Sir, I also would like to add that although the Office of the Controller and Auditor-General is a constitutional office and is supposed to be independent and up to now, there is no limitation as to the age at which he may retire; still, his officers are officers of the Government. They are subject to transfers and sometimes removal from his office. Although he does a tireless job at his age, the reports are late. Next time, when the Minister considers where to put his money, he should put more money in making the Controller and Auditor-General really independent, by giving him his own officers whom he can hire, fire and promote, so that the work could be done within time. That way, our money will not be lost in illegal and

corrupt deals.

(Question put and agreed to)

*(The Bill was accordingly read the
Third Time and passed)*

MOTION

ESTABLISHMENT OF PARLIAMENTARY SERVICE MORTGAGE SCHEME FUND

Mr. Khamasi: Mr. Temporary Deputy Speaker, Sir, I beg to move the following Motion:-
THAT, pursuant to Section 18(4) of the Parliamentary Service Act, this House resolves to
establish a Parliamentary Service Mortgage Scheme Fund.

Mr. Temporary Deputy Speaker, Sir, I think this is historic in the sense that, since the Parliamentary Service Commission was established, we are coming to this House to seek its mandate and resolution on establishing a Parliamentary Service Mortgage Scheme Fund. Members have been opposed to secure loans from commercial banks and building societies which charge very high interest rates. It has not been very easy for Members and the staff of the Commission to come by this facility. Many Members have not ventured into purchasing houses, sometimes forcing them to live in very substandard conditions.

Mr. Temporary Deputy Speaker, Sir, there is evidence that some hon. Members are living in places that are not commensurate with their status. Since we took over the employment of our members of staff from the Civil Service, and according to a recent circular from the Office of the President, we found out that many of them have had difficulties paying the high rents for the houses they live in. It is, therefore, necessary to make sure that we establish a fund from which serving Members of Parliament and the staff of the Commission can access money to purchase houses. There is now a tendency to have very young Members of Parliament coming to this House. Many of them are under the age of 45 years and some of them have just started working. It is upon the Commission to inculcate a culture of home-owning to these hon. Members so that when they leave Parliament, either through being voted out or retirement, they will at least have a home to go to. By so doing, we will remedy the situation where some former Members of Parliament come here to ask friends for some money to pay for a place to sleep. It is important that the culture of owning a house is encouraged.

The Fund is established under Section 18(4) of the Parliamentary Service Act No.10 of 2000. This is our own law which we passed in this House. This law gives the Commission that power. We, as the Parliamentary Service Commission, are acting in accordance with that law that was passed by this august House. The Members of Parliament and the staff of the Commission will be required to repay these loans. Hon. Members will be required to do so within the life of each Parliament. This means that loans will be payable within five years for hon. Members and the staff will be required to pay within 15 years or such period that is available before the retirement of the officer who has borrowed from the Fund.

Mr. Temporary Deputy Speaker, Sir, the Fund will be operated by the Parliamentary Service Commission. A loans management committee under the chairmanship of the Vice-Chairman of the Commission will be established. The committee will oversee the day-to-day operations of the Fund. This Fund will be operated under regulations which will be gazetted and made known to hon. Members. Let me give an idea of what these regulations will contain.

For example, we have a management Fund which will comprise of what is now being popularly referred to as "all stakeholders". The management fund will consist of the Vice-Chairman of the Commission who shall be the Chairman; the Chairman of the Members Welfare Sub-Committee of the National Assembly; the Government Chief Whip; the Opposition Chief Whip; the Chairman of Staff Welfare Sub-Committee and the Clerk to the National Assembly. That committee will be represented by all sections of the House and the staff of the Commission.

The regulations of the fund will be gazetted by the Commission as soon as the House approves this Motion. The mortgage will be paid through the check-off system to make sure that the recovery of this money is guaranteed. So, whether it is a member of staff or a hon. Member of this House who has borrowed the money, it will be paid through the check-off system. I would like to be very brief in this matter so that we can give enough time to what is necessary to be done before this particular Fund is established.

In conclusion, the loans will not be "free" as the hon. Members will be expected to pay with interest. The

scheme will be similar to other mortgages in this country. We have similar schemes being operated by the Central Bank of Kenya and other organisations. We are not doing this in isolation of what other people in the world are doing. We have learnt, through our investigations, that similar schemes have been established by other parliamentary commissions elsewhere within the commonwealth countries, for example, Ghana, Zambia and South Africa. We are following the same footsteps. I think, hon. Members should be able to debate this issue and pass a resolution, so that we can establish a fund that will be for the benefit of the hon. Members and the staff of the Commission.

Mr. Temporary Deputy Speaker, Sir, I beg to move and I request Mr. Ngure to second the Motion.

Mr. Ngure: Thank you, Mr. Temporary Deputy Speaker, Sir. I rise to second this very important Motion coming as a duty of the Parliamentary Service Commission. We do realise that at the moment, Members of Parliament and the staff, now belong to one wing of Government. We do recognise that in this country we have three wings of the Government; the Executive, Judiciary and the Legislature. Hitherto before the formation of the Parliamentary Service Commission, Parliament, being a very important organ in this country, was a mere department of the Office of the President.

Now that we have established the Parliamentary Service Commission, we have a responsibility to Members of Parliament and the staff. As I stand here, I am proud to say that we have the duty to look after the welfare of Members of Parliament and the staff.

Mr. Temporary Deputy Speaker, Sir, it is needless to say that hitherto, Members of Parliament were always shy to look after their welfare. They were always shy to debate issues that would go towards enhancing their dignity as lawmakers in this country. We do realise that there was hue and cry when Members of Parliament decided that they would be appropriately remunerated for the services that they provide, particularly for what they spend in coming to Parliament and going back to their constituencies. It has been misinterpreted that Members of Parliament increased their pay. No! Members of Parliament pay is still guided by the Parliamentary Service Act. So, Members of Parliament only appropriately decided that they be paid the market rates for running their cars.

Now, we do realise that as Members of Parliament, we must have dignity to project the image of the House. There is no need Members of Parliament to debate in an air-conditioned Chamber then go out and stay in houses which even lack toilets. That is why we have recognised that it is the duty of the Commission to establish a fund that will provide Members of Parliament and members of staff with housing and, ensure that after serving the public so well as hon. Members, they are still seen as hon. Members thereafter.

Mr. Temporary Deputy Speaker, Sir, it is needless to say that in this august House, previous Members of Parliament are not the best example of what you would wish to be when you leave Parliament. We have a duty to the members of the public and we should not be reduced to beggars after serving the members of the public so well. I mean the fate of a Member of Parliament is known after five years. However, what is wrong if within those five years, he can be guaranteed a proper house not only in Nairobi but this Act provides the provision of a house for a Member of Parliament even in his constituency as long as the title deed can be obtained. If it is in the hon. Member's hometown, there is a percentage of the mortgage that he can be given for the house that he wants to build because Members of Parliament are always expected to project a good image.

Mr. Temporary Deputy Speaker, Sir, now we even tell the Executive to recognise Parliament as another wing of Government. It has always been that at functions, members of the Commission, Members of Parliament and the Speaker in particular has been given the slot on national days that he deserves next to the Chief Justice and heads of other wings of Government. These are the things that we want to see done if we have to be seen that we set up a commission that will even look into the welfare of the President himself. This is because you never know, one day might be a President who, after leaving State House, might not have anywhere to live.

Mr. Temporary Deputy Speaker, Sir, this is the scheme that will guarantee that a young President who had not acquired wealth and his party is voted out and he is out of State House, can still comfortably live within Nairobi.

An hon. Member: Like the late Julius Kabarage Nyerere!

Mr. Ngure: I am being reminded that when Julius Kabarage Nyerere ceased being a President, he had nowhere to stay but then the patriotic people of Tanzania ensured that he would have a place to live in. However, that goes with your character and how you have retired. However, if you have been kicked out you might find yourself in the streets. We have so many young men coming into Parliament and some of them are professionals. However, these young Members of Parliament who are professionals find out that after being voted out from Parliament, nobody wants to consult them, be they lawyers, architects or engineers. This is because people think that having been a politician you might not go into some funny deals and you might not be willing to serve in that junior capacity as a consultant of a client.

Mr. Temporary Deputy Speaker, Sir, needless to go on and on about a Parliamentary Act and the provision of housing for Members of Parliament, I think this is a cause that all the Members who have been asking what the Commission has been doing since its formation will back. We will ensure that Members of Parliament get decent shelter, places and dwellings where they can even invite their colleagues after they have been voted out. With those few remarks, I beg to second.

(Question proposed)

Mr. Murungi: Thank you, Mr. Temporary Deputy Speaker, Sir. I rise to support this Motion. We, as Members of Parliament, appreciate the efforts being made by the Parliamentary Service Commission to improve the welfare of Members of Parliament and parliamentary staff.

Mr. Temporary Deputy Speaker, Sir, most of the Kenyans are saying that the Eighth Parliament is the most selfish Parliament since Parliament was established in 1907. We would like to see Parliament and this Eighth Parliament, in particular, as the most effective Parliament since Parliament was established in 1907.

Mr. Temporary Deputy Speaker, Sir, I do not think that this Motion is just for us the sitting Members of Parliament. It is more for Members of Parliament who will come to serve Kenyans in this Parliament in the years to come. The people to benefit from the mortgage scheme being established through this Motion are not us but the Members of Parliament who will come here from 2003 onwards because we will be on our way out. The casualty rate for Members of Parliament in any election in Kenya is about 66 per cent. Some two-thirds of the Members of Parliament who will be voting for this

Motion will not be here to benefit from it. It will be other Members of Parliament who the wananchi will vote in to come and fight for their rights and welfare in this House that will benefit from it.

So, we should not feel guilty or embarrassed to make the job of a Member of Parliament an interesting one. We should not feel embarrassed to make the job of a Member of Parliament competitive and attractive to the leaders of this country. In the past, professionals were shy to come here because, first, the allowances were very low and they knew the Members of Parliament used to sleep in funny hotels down River Road, Dandora and such places where lawyers and engineers normally do not visit. It will now be possible for any professional calibre to feel that a parliamentary job is worth a try. They will feel that the allowances are good and that even after one leaves Parliament, one will not be a pauper. We have read stories in the *Daily Nation* about the rise and fall of certain leaders of this country. The newspaper highlighted the plight of former Ministers who now walk on foot after being thrown out of Parliament by wananchi. That will not happen in future. Parliamentary job is truly going to be a job for the leaders of this country. They are 200, so, Kenyans should not feel that Members of Parliament are a burden. We should be considered an arm of the Government just like the Executive and the Judiciary, even if we are only 200.

Mr. Temporary Deputy Speaker, Sir, there was a huge public outcry against us when we increased our allowances. Even tomorrow, after the passage of this Motion is reported in the electronic media tonight, there will be a lot of letters to the editors of the *Daily Nation*, *East African Standard* and *The People Daily* newspapers about these "selfish" Members of Parliament who do not consider the plight of Kenyans, and that even when the economy is at its lowest ebb, they are busy establishing for themselves a housing scheme. This afternoon, we approved billions of shillings to assist this Government and the people of this country in agriculture, roads and other sectors. So, it will not be fair for people to say that Members of Parliament only think about themselves. They should consider the Appropriation Bill that we have just passed, which deals with various sectors of this economy.

We have especially been criticised for the way in which we have handled the issue of the teachers' salaries and scheme of service. We in the Opposition, especially, are unhappy with the way the Government has handled the issue of the teachers; it is embarrassing. Having entered into an agreement to pay teachers increased salaries, it is not enough for the Government to come to the House and tell the teachers: We cannot pay you because the Government has no money. It is important for the Government to show the teachers the effort it has made to improve their welfare.

If your child is sick, you do not look him in the eyes and tell him: Sorry, you are going to die because your dad has no money. If your child is sick you will have to run to your neighbours and try to raise some money to take him to hospital; you will plead with doctors in hospitals to ensure that your child is cured. So, I do not think that we are showing enough sensitivity to the teachers' welfare. Whereas the passage of this Motion is going to improve the welfare of Members of Parliament and that of the parliamentary staff as far as housing is concerned, I think we should equally look at the housing conditions of the teachers and those of police officers.

The housing scheme in the Police Force is colonial. Four policemen share one room even when their

wives come to visit them from upcountry; that is really inhuman. So, I think Parliament should take housing scheme for police officers in this country seriously. The same should be done for prison warders. The housing conditions for prison warders in this country are not different from those of the prisoners they guard. We need not have very expensive houses for prison warders. Prisons have labour, which they can use to make bricks. All that the Government needs to do is supply some iron sheets and ask the prison warders to organise themselves and construct brick houses for themselves and the prisoners. With very little investment, we can transform the entire housing conditions for prison warders in this country.

So, Parliament should not consider a housing scheme just for Members of Parliament and parliamentary staff. We should also look at other sectors of the Government, especially the teachers, the police and prison warders and see what can be done in an imaginative way in those areas.

With those few remarks, I beg to support.

Mr. Kajwang: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity. I will be brief.

First of all, the job of a Parliamentarian is a creature of the Constitution of the Republic of Kenya. So is the job of a judge, that of the President of the Republic of Kenya and that of the Public Service Commission. But I must say that we have not looked at Parliament as an institution that is worth being around. You cannot have an institution which you do not look after and hope that it can be effective in carrying out the mandate it has been given by the Constitution. Just take an example of the Judiciary. If you become a judge, it is the responsibility of the Government to give you a house on the other side of Uhuru Highway.

Mr. Temporary Deputy Speaker, Sir, a judge is not supposed to stay in Eastlands because somebody is likely to target him because he judged a certain case against the interests of that person.

So, a judge, a magistrate or the Attorney-General cannot live anywhere near Buru Buru Estate because he occupies a constitutional office. We expect the Attorney-General to live on the other side of Uhuru Highway. But we do not care about Parliamentarians; they can as well live in Grogan and come here to attend to their duties. Because he may not have slept very well in Grogan due to the noise in that area, he sometimes falls asleep while in the Chamber. Mr. Speaker is not usually very happy with hon. Members who fall asleep in the Chamber. So, time has come when we must look at our own welfare and say: This is the Parliament that this country deserves. If the people feel that Members of Parliament should not be looked after properly, they should tell us that they do not want a Parliament, so that we can fold up and leave only the President, the Civil Service and the Judiciary.

I am sure that this country wants Parliament. First of all, they vote for it. This is the only job for which the whole country is mobilised to ensure that people in every constituency choose one of their best sons to represent them here. If they meet their best sons somewhere in Grogan, they will not like it. We now want to empower them so that they can also live on the other side of Uhuru Highway, where the Attorney-General, judges and the President live. I am sure that the editorials of the daily newspapers tomorrow will say that we are greedy, irresponsible and that we only look after our selfish interests. But let me say that we do not care what the newspapers are going to say in their editorials. We shall pass this Motion because we want a strong and effective Parliament.

(Applause)

To repeat Mr. Murungi's words, we are not going to be embarrassed of approving this Motion. We are going to stand to be counted for making this Parliament effective. If I wake up well, drive well, come into this House and do my job well, I should be paid for my job.

Mr. Temporary Deputy Speaker, Sir, you cannot establish a mortgage fund here so that I can be assisted to buy a house when you know very well that my house allowance cannot afford to pay for the house. Hon. Members now earn a house allowance of Kshs30,000. If I am supposed to buy a house where I want to buy one, Kshs30,000 cannot pay for that house in five years. We will pass this Motion now, but after we pass it, we want the Commission to come back here with another Motion seeking an approval for an enhanced house allowance, which can afford to buy a decent house for an hon. Member of Parliament within five years. If it will be Kshs100,000 or Kshs200,000, that is not a lot of money.

The Judiciary, which got its Chief Justice who is a bit brave recently, came up and said that a judge should now earn a house allowance of Kshs100,000 and some little disturbance allowance of another Kshs100,000. I want us to come with serious recommendations on how we will make use of this scheme. Otherwise, we will establish a fund which will not take off because our house allowance cannot afford to repay a loan.

With those few remarks, I support.

Mr. N. Nyagah: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to say one or two things in reference to this Motion.

Let me begin off by addressing my good friends of the Fourth Estate. We need to address this issue now. I want to address editors of our Kenyan newspapers. Time has come for this Parliament and the newspapers to be people-friendly and portray a positive image. The image of this House has been dented for far too long. People who write from this Parliament have no quarrel with it. If we had a quarrel with them, they would not be writing from here. But we have a problem with the editors. Those are the enemies of this Parliament. The position of an hon. Member of Parliament is privileged and dignified and should be respected by all, as long as we also, on our part, respect ourselves. That is essentially what we are saying.

Let me also support two hon. Members who have spoken before me. First, I want to support the hon. Member who said that newspapers should highlight what has been passed in this Parliament today. We had the Appropriations Bill, Questions and answers, and so we should not be portrayed as people who are only interested in what we approve for ourselves. If I may ask myself: How much longer do we have to go in this House? It is a very short period. In other words, we are coming up with legislation that will help those people out there, including editors of newspapers, who will be interested in coming to this House. What is wrong in doing that? We are not being selfish.

As Mr. Murungi said, 66 per cent of sitting Members of Parliament in any general election are not re-elected, except for people like Mr. Norman Nyagah, who will be re-elected. So, I can say, on my part, that I am passing legislation for myself. But I am not being selfish because---

Mr. Sungu: On a point of information, Mr. Temporary Deputy Speaker, Sir. This mortgage scheme loans will be deductible from our salaries, which we are already earning, and will not be given to us free by the Government. Further, in our neighbouring countries, for example, Uganda, Members of Parliament have been given Kshs1.24 million salary per month.

Mr. N. Nyagah: Mr. Temporary Deputy Speaker, Sir, I thank hon. Sungu for that information.

Let me also add that whatever we are about to pass today, which eventually will be made an Act, will not be given to hon. Members of Parliament for free. They will have to pay for it. Let me also hasten to add that the interest that will be charged on the principal amount will go towards enhancing the national kitty. In other words, we will also use this scheme's money to improve the otherwise dwindling economy of this country.

Mr. Temporary Deputy Speaker, Sir, why do we aspire to become Members of Parliament? We aspire to become Members of Parliament and then we are elected by the people whom we represent. In other words, the people whom we represent have full faith in the hon. Members who sit in this House.

Let me lastly say the following: When I came to Parliament almost ten years ago, salaries of hon. Members were extremely low. I am reminded that it was Kshs19,000 together with allowances. Before Parliament is dissolved, the Commission should come up with legislation that will help future Members of Parliament by upgrading their salaries. What is Kshs5,000 for an hon. Member of Parliament? It is peanuts.

With those few words, I support the Motion.

The Minister for Lands and Settlement (Mr. J. Nyagah): Mr. Temporary Deputy Speaker, Sir, I stand to support this Motion on behalf of the Government. As you have heard, it is clear that hon. Members of Parliament live under very difficult conditions. They live as paupers in Nairobi, yet the expectations of our people are that an hon. Member of Parliament should live in a certain style.

As it has been clearly stated, many people have in the past refused to join politics because they did not want to live under the circumstances that most hon. Members of Parliament in the past have lived. It is for that reason that the Fund has been established. We have no problem in supporting this Motion as a Government. We think it will be good for future Members of Parliament and the present Parliamentarians. We do not wish to see hon. Members live the way they have lived in the past.

With those few remarks, I support the Motion.

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, I want to add my voice to this important Motion.

First, we are all professionals who have been in positions where we had housing schemes which were much better than what is being proposed today. I would ask the Commission to hire a public relations person who should portray the proper image of this Parliament.

We have been bashed by the newspapers, especially the *Daily Nation* newspaper, yet, some of its chief executives who earn several times what we earn and have better houses than what we can expect to get through this scheme, are not as qualified as some of us. As it has been said, the casualty rate of hon. Members of Parliament in any general election is two-thirds. So, we are establishing this scheme for the future hon. Members of Parliament. Even civil servants do not earn Kshs33,000 per month as house allowance. As you know, recently

house allowances for civil servants was increased. Currently a civil servant in job group J is the one who earns Kshs40,000 per month as house allowance, which is much higher than what we earn. Yet some of us have got 30 to 40 years of experience. We can compare ourselves with other countries. In Uganda, for example, Parliamentarians take home monthly Ushs1.65 billion, which is equivalent to Kshs1.24 Million.

For example, Members of Parliament in Botswana are offered housing mortgages at 2 per cent interest rate, or live in a Parliamentary village. Tanzania is another example. Although Tanzania is a poor country, Members of Parliament get the equivalent of Kshs760,000 per month to take home, and yet they do not contribute Harambee money! All these countries do not have Harambees because everything is being done by the Government! So, let us give ourselves a proper and adequate housing scheme. Let us get adequate house allowances so that we can be able to repay the loans which we will take. If we do that, we will then be proud people and we will pursue, for example, matters of the teachers, the Police Force, the judges, *et cetera*, so that they can get a better remuneration. As we know, these days, instead of remunerating our people better, we are retrenching them. So, as I support this Motion, let us pass it---

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): On a point of order, Mr. Temporary Deputy Speaker, Sir. This is a very straightforward Motion. I believe we have covered sufficient grounds about it. Would I be in order now to call upon the Mover to reply?

The Temporary Deputy Speaker (Mr. Imanyara): I do agree with the hon. Member and I will put the Question straight away.

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

Mr. Khamasi: Thank you very much, Mr. Temporary Deputy Speaker, Sir.

In responding to this Motion, I would like to take this opportunity to thank all hon. Members who have contributed to this Motion. Indeed, I am grateful that the Responder from the Government side, supported the Motion without any amendment.

Mr. Temporary Deputy Speaker, Sir, I have noted with interest what hon. Members have said about this Motion. I am particularly moved by the fact that the sitting Members of Parliament are not looking at what they are likely to take home, but at a future Parliaments.

We, in the Parliamentary Service Commission, do appreciate that the current house allowance that Members of Parliament take home is too low. It is very little compared to what the civil servants and the Judiciary staff are getting. The Parliamentary Service Commission has its hands tied because all that is locked up in the Parliamentary Remuneration Act, which has to come to this House for amendment.

I am pleased to advise that, indeed, in its wisdom, the Parliamentary Service Commission has now come up with names of persons to form a Tribunal comprising five people who will be looking at that Act in detail, collect views and ask Kenyans what house allowance they would expect their Parliamentarians to get. For example, is it sensible for a Member of Parliament to earn a sitting allowance of Kshs5,000 per month, when the Commissioners of the Constitutional Review Commission are earning Kshs10,000 per sitting day?

I would like hon. Members to appreciate that the Tribunal will soon be in place and I will call upon them to present their views to it. The Tribunal is comprised of very learned and experienced people, who have gone through the Civil Service; Judiciary and so forth. We would like hon. Members to avail their submissions to that particular Tribunal.

Mr. Temporary Deputy Speaker, Sir, I am happy with what Mr. Angwenyi said about the Parliamentary Service Commission engaging the services of a public relations officer. Indeed, time and again, we have been barked at by the Press and sometimes unfairly. It is high time we created the public relations office. I very much buy Mr. Angwenyi's suggestion. We will in due course, as we go by, get somebody who will be responding on behalf of the Parliamentary Service Commission to put our case straight.

In view of what we have demonstrated in this House, both sides of the House included, I will state that we want this Motion to be adopted unanimously. I am very grateful to all hon. Members.

With those few remarks, I beg to move.

(Applause)

(Question put and agreed to)

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Imanyara): Hon. Members, for the convenience of the House, it now time for the interruption of business. This House, therefore, stands adjourned until tomorrow, Thursday, the 8th of November, at 2.30 p.m.

The House rose at 6.25 p.m.