

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 29th June, 2000

The House met at 2.30 p.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Papers were laid on the Table:-

The Annual Report and accounts of Moi University for the year ended 30th June, 1997, and the Certificate thereon by the Auditor-General (Corporations).

The Annual Report and accounts of Teachers Service Commission for the year ended 30th June, 1998, and the Certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister for Education,
Science and Technology (Mr. Awori), on
behalf of the Minister for Education)*

The Annual Report and accounts of Kenya Bureau of Standards for the year ended 30th June, 1994, and the Certificate thereon by the Auditor-General (Corporations).

The Annual Report and accounts of Kenya Bureau of Standards for the year ended 30th June, 1995, and the Certificate thereon by the Auditor-General (Corporations).

The Annual Report and accounts of Bomas of Kenya for the year ended 30th June, 1998, and the Certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister for Education,
Science and Technology (Mr. Awori), on
behalf of the Minister for Tourism,
Trade and Industry)*

ORAL ANSWERS TO QUESTIONS

Question No.080

MEASURES TO CURB THUGGERY IN MUHOTETU VILLAGE

Mr. Kiunjuri asked the Minister of State, Office of the President what urgent measures he is taking to contain the current wave of thuggery in Muhotetu Village in Laikipia West.

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

To the best of my knowledge, there is no wave of thuggery in Muhotetu Village in Laikipia West Constituency, Laikipia District.

Mr. Kiunjuri: Deputy Speaker, Sir, it is pathetic to hear this from the hon. Assistant Minister. We know, and even read in the Press, what is going on daily in Laikipia West. Is he in order to mislead the House when we know that eight rape cases took place last month? Could he deny that there were no eight rape cases last month?

Mr. Samoei: Mr. Deputy Speaker, Sir, the only major incident reported to the Police Force was in April last year. As a result of the report of that incident, we have since relocated the General Service Unit (GSU) personnel and posted them at Muhotetu, which I believe the Member of Parliament is very much aware of. We have also posted the Anti-Stock Theft Unit personnel at Kinamba, which is around the area we are talking about. That has brought the security situation in Muhotetu and its environs under control.

Mr. Muchiri: Mr. Deputy Speaker, Sir, normally, the GSU is not taken to a place where there is no

insecurity. Is the Assistant Minister in order to tell this House that there is no thuggery in Laikipia West when the Government has already dispatched a contingent of GSU men to contain the security situation in that place?

Mr. Samoei: Mr. Deputy Speaker, Sir, if the hon. Member had bothered to listen to me, I did say that last year, around April, we had incidents of insecurity in that area. As a result, we took security steps to restore order. Since then, we have brought the security situation in that part of the country under control. It is not as the hon. Questioner had earlier alleged, that there is a wave of thuggery in that area.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, the Assistant Minister knows very well that recently we had incidents of insecurity in Laikipia District, and yet, he is saying that the security situation in that area was brought under control over a year ago. Could he confirm to this House today, that there will be no more incidents of insecurity in Laikipia District?

Mr. Samoei: Mr. Deputy Speaker, Sir, as you may have realized, the question is a bit in excess of what I can say and commit myself to. However, to put what he said in perspective, the hon. Member agrees with me that by and large, the security situation in Muhotetu Village is under control.

Mr. Mbituru: Mr. Deputy Speaker, Sir, sometime back, I did seek a Ministerial Statement from the Office of the President in relation to the thuggery that has been going on in Laikipia West for a very long time. I wanted the Minister to outline the specific security measures which the Government had taken to contain the thuggery taking place in Laikipia West almost on a daily basis. In fact, two people were killed last week in Laikipia West. Can the Assistant Minister vouch for what he is saying, or he is just telling us what he has been told by the officers on the ground?

Mr. Samoei: Mr. Deputy Speaker, Sir, as far as I am concerned the security situation in Laikipia West, and more specifically in Muhotetu Village, is under control.

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, the Assistant Minister is talking about a year ago, when we know that the President visited Laikipia West in February this year because of the thuggery prevalent in that area. I was arrested as a result of that visit. The Assistant Minister is now contradicting the President who was there because of the incidents of insecurity. Could the Assistant Minister confirm or deny that the Government is using Laikipia West as a testing ground for clashes, and that whenever there is a crisis in this country, the Government captures the attention of Kenyans by instigating clashes in Laikipia West?

Mr. Samoei: Mr. Deputy Speaker, Sir, the hon. Member from the Opposition should know that he can only refer to the President as an authority of what he is talking about if he is on this side of the House. However, I would like to state that my earlier statement still stands. While I appreciate that there have been cases of insecurity in some parts of Laikipia District - and we are taking measures to address that particular problem - the issue of Muhotetu, Kinamba and its environs is under control.

Question No.331

LETTERS FROM KENYA MOVEMENT
FOR DEMOCRACY

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

(a) whether the Office of the President received letters from the London-based Kenya Movement for Democracy regarding pertinent issues such as constitutional reforms, corruption, human rights, *et cetera*; and,

(b) whether he responded to the letters.

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

(a) No, the Office of the President has not received any letters from the Kenya Movement of Democracy based in London.

(b) Given the above, part "b" does not arise.

Mr. Muite: Mr. Deputy Speaker, Sir, there is a lot of wisdom in the saying that "perhaps it is better to have somebody inside the tent so that he can pee outside, rather than having him outside." When he is outside, you do not know what he is going to do. I have a petition here from those patriotic Kenyans who are in exile in London, dated 9th September, 1999---

Mr. Deputy Speaker: What are you doing, Mr. Muite?

Mr. Muite: I am trying to make the Minister aware since he is not aware!

Mr. Deputy Speaker: Are you tabling documents?

Mr. Muite: Mr. Deputy Speaker, Sir, through you, I would like to table some documents to make the Minister aware.

Mr. Deputy Speaker: But you have not even made your ground for doing that.

Mr. Muite: Mr. Deputy Speaker, Sir, the Minister has said he is not aware. I would like to lay on the Table of the House---

Mr. Sunkuli: Mr. Deputy Speaker, Sir, I did not say I am not aware. What I said is that I have not received the letters. Those are two different things.

Mr. Muite: Mr. Deputy Speaker, Sir, I have got a petition here which is addressed to the President of the Republic of Kenya, dated 9th September, 1999. I also have another one dated 12th May, 2000. This is a group that should not be taken lightly. They are in correspondence with Mr. Peter Hain and Claire Short. Now that he is aware, could he undertake to read these correspondences and reply to the pertinent issues which have been raised by these patriotic Kenyans?

(Mr. Muite laid the documents on the Table)

Mr. Sunkuli: Mr. Deputy Speaker, Sir, as [soon as the letters arrive in the Office of the President, I will read them and give an appropriate reply.

Mr. Deputy Speaker: Realistically, the Minister cannot be expected to respond to those letters now. So, I am deferring this Question to Thursday next week.

(Question deferred)

Question No.284

ARREST OF COUNCILLOR KATHAE WAMBUA

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

- (a) whether he is aware that Councillor Christopher Kathae Wambua and others were assaulted and then arrested by security personnel at Muangini Trading Centre on 27th April, 2000; and,
- (b) what action he has taken against the officers concerned.

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

(a) I am aware that on 27th April, 2000, a crowd of about 1,000 people, which included four councillors, gathered at Muangini Trading Centre for a public meeting which was convened by hon. Ndilinge. However, hon. Ndilinge did not notify the police as required by the law so that they could provide the necessary security for the hon. Member and members of the public.

The meeting was subsequently dispersed peacefully and no arrests were---

Mr. Ndicho: On a point of order, Mr. Deputy Speaker, Sir. We are wondering as to which Question the Assistant Minister is answering because he has been asked about a councillor who was assaulted and arrested, but he is talking about a meeting convened by hon. Ndilinge. Where is the relevance of all that he is saying?

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Deputy Speaker, Sir, I am answering the Question. I would only pray that hon. Ndicho gives me time.

Mr. Deputy Speaker: By the way, Mr. Samoei, when another hon. Member rises on a point of order, you leave him the Floor and resume your seat. Your seat is not at the Dispatch Box.

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Deputy Speaker, Sir, no arrests took place and no one was assaulted.

Mr. Shill: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Assistant Minister to be on his feet when you are addressing him?

Mr. Deputy Speaker: Hon. Members, I have just told the Assistant Minister that when another hon. Member rises on a point of order, he must resume his seat. I think that is sufficient admonition for him to survive on. But when you stand to ask me a question, you are not rising on a point of order.

Mr. Anyona: Mr. Deputy Speaker, Sir, the issue being raised by hon. Shill is relevant and important. He is asking whether the hon. Member can, indeed, remain standing when you are addressing him while you are seated. As far as I know, the rules of the House only require that if the Speaker is on his feet, then no Member may be on his feet at the same time.

Mr. Deputy Speaker: I think it is about time I spoke about this. Members are in the habit of coming to consult the Chair inside the Chamber even on purely administrative matters. I think this must now stop because the Chair must also listen to what is going on in the House. When the Speaker is on his bottom as opposed to his feet Members can of course, continue to stand. But when I am on my feet like I am now, then Members must all be seated.

Proceed!

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Deputy Speaker, Sir, no arrests took

place, nor was anyone assaulted.

(b) Arising from my answer to part "a", no action is necessary against any of the police officers.

Mr. Ndilinge: Mr. Deputy Speaker, Sir, most of the hon. Members are footballers and they know very well that on 27th April, this year, I was with Bunge Football Club at Mumias where we were playing our counterparts from Uganda. I called the Sultan Hamud OCS to inform him that I was not going to attend the rally.

Mr. Deputy Speaker: Ask your question.

Mr. Ndilinge: Mr. Deputy Speaker, Sir, I would like to inform the Assistant Minister because some people lost their teeth and broke their legs, and now he is before the House---

Mr. Deputy Speaker: Order! Ask your question.

Mr. Ndilinge: Mr. Deputy Speaker, Sir, I would like to seek the indulgence of the Chair to give the Assistant Minister enough time to investigate this matter. Some people broke their legs and teeth. Could the Assistant Minister go and investigate this incident further?

Mr. Samoei: Mr. Deputy Speaker, Sir, while I will consider looking into this matter further, I think the reply I have given is satisfactory.

Mr. Angwenyi: On a point of order, Mr.

Deputy Speaker, Sir. In his reply, the Assistant Minister told the House that hon. Ndilinge---

Mr. Deputy Speaker: Order, hon. Angwenyi! I have not identified you. I have not even seen you.

Mr. Maundu: Mr. Deputy Speaker, Sir, the Assistant Minister is asking hon. Members to make notifications to the police when they are within their constituencies, when he knows that meet-the-people tours do not require any notification. Could he clarify what sort of notification is required when an hon. Member is within his constituency?

Mr. Samoei: Mr. Deputy Speaker, Sir, as hon. Members are aware, the law is very explicit on the holding of public meetings. No Member of Parliament or any other leader is required to give notice for meet-the-people tours, and that is very clear. This was not a meet-the-people tour; it was a public meeting and the hon. Member knows that very well. He even went ahead and called the OCS, informing him that he was not going to show up for the public meeting. As per the requirements, and in the interest of security of the convenors of the meeting and the attenders, it is necessary for the local police to know, so that they can provide the necessary security for the meeting.

Mr. Munyao: Mr. Deputy Speaker, Sir, it is very clear that the Assistant Minister has read an answer written by the same person who assaulted this councillor and all the others. He has even confused the Assistant Minister because the hon. Member was not there. Is the Chair satisfied that the Assistant Minister is answering the right Question, and what can we do so that he gives the right answer to this House?

Mr. Deputy Speaker: The Chair can only compel a Minister to answer a Question, but it cannot compel a Minister to answer in a particular way. If hon. Members are not satisfied with his answer, they should exploit the provisions of Standing Order No.18.

Dr. Ochuodho: Mr. Deputy Speaker, Sir, I would like to confirm that hon. Ndilinge was in Mumias and even scored a goal for Bunge Football Club. Could the Assistant Minister explain to us the difference between a meeting, a rally, a public meeting and a meet-the-people tour, and why KANU Members of Parliament never notify the police in any circumstance - I could give Homa Bay District as an example - except the "progressive" ones?

Mr. Samoei: Mr. Deputy Speaker, Sir, hon. Members, being lawmakers, know what they are obligated to do under the law. It is not for me to explain to them.

Mr. Muchiri: Mr. Deputy Speaker, Sir, is the Assistant Minister aware that even the local chiefs and DOs do not understand the difference between a meeting *per se* and a meet-the-people tour?

Mr. Samoei: Mr. Deputy Speaker, Sir, I am not aware.

Mr. Ndilinge: Mr. Deputy Speaker, Sir, arising from what the Assistant Minister has said, could the Chair order that the Question be referred to the relevant Departmental Committee of the House?

Mr. Deputy Speaker: No!

Mr. Ndilinge: Mr. Deputy Speaker, Sir, here are people who have been injured by police officers and the answer the Assistant Minister is giving to the House came from the same officers who injured those people. It is a pity for those people because it appears there is nobody to care for their lives. Is the Assistant Minister aware that I was the convenor of the meeting, and I was playing football in Mumias? Why were they beaten up?

Mr. Deputy Speaker: Maybe, that is why they were beaten!

Mr. Samoei: Mr. Deputy Speaker, Sir, owing to the seriousness of the allegations made by the hon. Member; if, indeed, there were members of the public who lost their arms, teeth or any other body parts; and in the interest of fairness, I will not object to this Question being referred to the relevant Departmental Committee, if that would help.

Mr. Deputy Speaker: It is so decided!

Question No.292

PAYMENT OF BENEFITS TO MR. ORUNGI AGOK

Mr. Deputy Speaker: Mr. Orita is not present due to unavoidable circumstances. So, his Question is deferred to Thursday next week.

(Question deferred)

Mr. Anyona: On a point of order, Mr. Deputy Speaker, Sir. In reference to the former Question, many issues have been referred to Departmental Committees of this House and we have never heard a response from those Committees. What mechanism is there for processing businesses that are referred to various Committees of the House?

Mr. Deputy Speaker: The Clerks have been instructed to go through the HANSARD and pick up any promises made to this House by Ministers or Chairmen of Committees and bring that record to the House, so that those who have not fulfilled their undertakings will be taken to task.

Question No.213

PAYMENT OF DUES TO KPA RETIREES

Mr. Maitha asked the Minister for Information, Transport and Communications:-

- (a) whether he is aware that the Kenya Ports Authority has not paid retirement benefits to Messrs. Joseph Kaingu (CN No.68489), and Rashid Abdulla (CN No.14-20961), who retired in August, 1994, and October, 1997, respectively; and,
- (b) when they will be paid their dues.

The Assistant Minister for Information, Transport and Communications (Mr. Lengees): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am not aware that the Kenya Ports Authority has not paid retirement benefits to Mr. Joseph Kaingu and Rashid Abdulla. The Kenya Ports Authority has paid retirement benefits to Joseph Kaingu and service gratuity final payments to Mr. Rashid Abdulla.

Mr. Maitha: Mr. Deputy Speaker, Sir, I would like to thank the hon. Assistant Minister for the contradicting answer he has given. He accepts that these people were paid, and on the other hand he says that he does not know. Now, how much were they paid and when were they paid?

Mr. Lengees: Mr. Deputy Speaker, Sir, in the case of Joseph Kaingu, he was paid Kshs133,623. He took a co-operative loan in July 1994, of Kshs105,000, which was a normal loan which is supposed to have been paid up to 1998. In June 1998 he took a school fees loan of Kshs15,000---

Mr. Deputy Speaker: The question was: When and how much was he paid?

Mr. Lengees: Mr. Deputy Speaker, Sir, after loan deductions, in August 1994, he was paid Kshs133,623.

Mr. Maitha: Mr. Deputy Speaker, Sir, as you can see, the Assistant Minister is confused. These people were retired between 1994 and 1997 and, the Assistant Minister is saying in his answer that, they were all paid in 1994. In fact, I brought this Question about the final retirement benefits, which these two people are supposed to be getting every month, but not the final emoluments, which the Assistant Minister is discussing here. Could he now confirm whether these people have really been paid or not because, as I know, they are not being paid their annual retirement benefits.

Mr. Lengees: Mr. Deputy Speaker, Sir, in the case of Rashid Abdulla, he was retired in 1997 and was paid his monthly benefits up to 31st December, 1997. Mr. Joseph Kaingu who was retired in 1994 was paid his dues minus the loan he had taken from the bank in August, 1994.

Mr. Maitha: Mr. Deputy Speaker, Sir, as I know, benefits are paid every month; one goes to his employer and gets a cheque. These people are still alive and they are supposed to be paid their pensions until they die, but they are not getting their pensions. I would like to know from the Assistant Minister why they are not getting their monthly pensions.

Mr. Lengees: Mr. Deputy Speaker, Sir, Mr. Kaingu was the only gentleman who qualified for the monthly pension, and he was still collecting his monthly pension from January up to June. Mr. Abdulla is not qualified for pension and he was paid all his total amount when he retired.

Mr. Kihoro: Mr. Deputy Speaker, Sir, the Assistant Minister has clarified that Mr. Kaingu is getting a

monthly pension. Unfortunately, he has not indicated the amount Mr. Kaingu is getting every month. Could he indicate to this House what amount is paid to Mr. Kaingu and why Mr. Abdulla is not getting a monthly pension?

Mr. Lengees: Mr. Deputy Speaker, Sir, I said earlier that Mr. Abdulla did not qualify, and Mr. Kaingu was getting his pension on a monthly basis at Kshs6,000 a month.

Mr. Ndwigwa: Thank you, Mr. Deputy Speaker, Sir, I think the Assistant Minister is going round in his answer to the Question. Could he now tell this House, for avoidance of doubt, how a person qualifies for a pension?

Mr. Lengees: Mr. Deputy Speaker, Sir, that is a different question. All the same, the hon. Member knows that---

Mr. Gitonga: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to say that he has answered that Question? The hon. Member wanted to know the qualification required for one to be pensionable. He should also know that, this is not a different Question because he said that Mr. Abdulla was not qualified. What is the qualification for getting a pension? Mr. Abdulla worked for 30 years! How many years does it take for one to qualify for pension?

Mr. Lengees: Mr. Deputy Speaker, Sir, you should rescue me here. But then, as a Parliamentarian, you should qualify when you have served two terms in Parliament. As an ordinary Kenyan working in the Civil Service, the mandatory age is 55 years.

Mr. Deputy Speaker: Order! Lastly, let us hear from Mr. Maitha.

Mr. Maitha: Mr. Deputy Speaker, Sir, Messrs Kaingu and Abdulla worked for the Port for 30 years each and they were retired when they were 56 years each, and they have not been getting their monthly pensions. Could the Chair help this House by urging the Assistant Minister to go and do something, if possible, so that these people, who are really suffering at their homes, can start getting their monthly benefits?

Mr. Deputy Speaker: Mr. Assistant Minister, I think, if these people are entitled to a pension, it is fair and right that you ensure that they get it from KPA. So, will you undertake to do that?

Mr. Lengees: Thank you, Mr. Deputy Speaker, Sir. In the case of Rashid Abdulla, he was appointed in 1974--

Mr. Deputy Speaker: Mr. Assistant Minister, could you undertake to make sure that these people get their rights?

Mr. Lengees: Mr. Deputy Speaker, Sir, I think I have some information available here for one of them. Mr. Rashid Abdulla was appointed in 1974 and he retired in 1997. That is 23 years, not 30 years! That is the man who did not qualify for pension.

(Several hon. Members stood up in their places)

Mr. Deputy Speaker: Order! Order! Mr. Assistant Minister, I was trying to be helpful to you. Hon. Members have asked you the qualification for a pension. How many years do people have to serve to qualify for pension? You did not have that information! Now, I have asked you to undertake to make sure that these people receive their rightful dues. All I wanted from you was a yes or a no! I am now going to let them continue asking questions, which is not in our best interest. Could you address that now?

Mr. Lengees: Mr. Deputy Speaker, Sir, I think in this case then, I would undertake to investigate and report back to the House immediately.

Mr. Deputy Speaker: Thank you.

Next Question!

Question No.042

SHOOTING OF MR. RICHARD ODOYO

Mr. Deputy Speaker: Order! Order! The Hon. Attorney-General had to go and perform a function in connection with the United Nations Human Rights Day. Therefore, he was not going to be in the Chamber to answer hon. Dr. Shem Ochuodho's and hon. Mwangi Githiomi's Questions because he will be here after Question Time. So, I have agreed that these Questions be listed for answer on Tuesday afternoon. So, Dr. Ochuodho's Question is deferred to Tuesday Afternoon.

(Question deferred)

Dr. Ochuodho: On a point of order, Mr. Deputy Speaker, Sir.

Mr. Githiomi: Mr. Deputy Speaker, Sir, on the Cashewnuts Company---

Mr. Deputy Speaker: Order! We have not reached your Question yet. I am dealing with Dr. Ochuodho's Question.

Dr. Ochuodho: Mr. Deputy Speaker, Sir, I appreciate the information you have made available, although I thought I should have been allowed to ask the Question first. But that notwithstanding, could this Government consider making one of the many Ministers an assistant to the Attorney-General, since they love to create posts for Ministers?

Mr. Deputy Speaker: Order! I need not have given any reason for deferring that Question, but I thought, in all fairness to the House, I should give you the information I have, and why I agreed for that Question to be deferred. Once the Chair has done that, it should be the end of the story. So, Dr. Ochuodho, when the President of the Republic of Kenya, who appoints Ministers, wishes to seek your advice, I guess he knows where to find you!

(Laughter)

All right! We will now move on to Questions by Private Notice.

QUESTIONS BY PRIVATE NOTICE

BREAKDOWN OF LAW AND ORDER IN ISIOLO

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

(a) What was the genesis of the breakdown of law and order in Isiolo in April and May, 2000?

(b) What steps has the Government taken to ensure that violence does not recur?

(c) How many people were arrested and prosecuted for direct and indirect involvement in the violence?

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

(a) The genesis of the breakdown in law and order in Isiolo District in April and May, 2000 was due to inter-ethnic animosity occasioned by competition for pasture, water and business opportunities.

(b) The Government has taken measures to restore law and order in Isiolo District by deploying an additional 100 police officers. We have beefed up security in Isiolo District and also encouraged various ethnic groups to hold regular meetings to promote peaceful co-existence.

(c) As a result of the flare-up, a total of 42 persons were arrested and taken to court, and 38 of them were bonded to keep the peace. Two were charged for murder and the other two were charged for robbery with violence. The cases that I have mentioned are pending in court.

Mr. Maore: Mr. Deputy Speaker, Sir, I can read the mischief in the Assistant Minister's decline to even provide a written answer. Can he tell this House and this nation under what law in the Penal Code, a Government would explain the breakdown in law and order as inter-ethnic conflict over pasture and water when there are no wells or cattle being grazed in Isiolo Town?

Mr. Samoei: Mr. Deputy Speaker, Sir, the four people I have said were charged in court were not charged as a result of inter-ethnic animosity and the flare-ups that ensued. I have said that of those four people who were charged in court, two persons were charged with outright murder, and the other two with robbery with violence. The 38 persons that in one way or another, were involved in the ethnic animosity have agreed, and, indeed, we have bonded them to keep the peace.

Mr. Mwiraria: Mr. Deputy Speaker, Sir, putting the question differently, some Meru people were killed in and around Isiolo Town. Meru elders, led by *Njuri Ncheke* and other leaders, went to Isiolo to talk to the wazee from the other side to see whether they could bring peace. On the day we went, we were attacked by armed bandits who were on top of a building. Even the police who were escorting us ran away. Were the Merus and the other tribes fighting for pasture?

Mr. Samoei: Mr. Deputy Speaker, Sir, I do very well understand the incident the hon. Member is referring to. As for the case of bandits and the people who were involved in acts of violence, and as to the inability of the police to deal with that situation, I did take action and dismissed the OCPD who was in charge of the security personnel in that district. To the best of my knowledge, while we regret that this situation went to the extent it did, by and large, we have brought it under control.

Mr. P. Kihara: Thank you, Mr. Deputy Speaker, Sir. The situation in Isiolo is very similar to the one in Naivasha and Laikipia, where there is competition for pasture. I would like to find out from the Assistant Minister - and, maybe, he can get the assistance of the Minister for Lands and Settlement - whether there are some titles which are holier than others? When we raised the issue of the invasion of farms in Naivasha, no action was taken. In fact, I

was threatened. But when white farms in Laikipia were invaded, including farms of big people on the Front Bench, action was taken and alternative grazing found for the pastoralists. Are there some titles which are holier than others?

Mr. Samoei: Mr. Deputy Speaker, Sir, I am not aware of one set of titles being holier than the other. I am not even aware that a title deed is holy.

(Laughter)

Mr. Anyona: Mr. Deputy Speaker, Sir, this question is talking about the genesis of the breakdown of law and order in that area. Unless we address the genesis, or the root cause of this problem, it does not matter how many policemen we send there. Even if there appears to be temporary peace, it is not guaranteed. Can the Assistant Minister tell us what are the causes, and how he is dealing with them to eradicate this problem?

Mr. Samoei: Mr. Deputy Speaker, Sir, since last year, there has been rising tension in Isiolo District, particularly between the Boran and Somali tribesmen. The tension has been exacerbated by the movement of herdsmen from the Murille and Degodia clans of the Somali tribe into Isiolo in search of pasture and water. Pastoralists have been experiencing scarcity of pasture in the traditional grazing areas due to the prolonged drought which has persisted since 1998. As the rivalry between the communities led into clashes sometime in April/May, 2000, the Meru Community got involved in the fighting, principally as a result of rivalry involving business opportunities in Isiolo Town---

Mr. Gatabaki: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister not deliberately misleading the House, when he knows very well that the issue of ethnic rivalry is a deliberate device the KANU Government is using to remain in power?

Mr. Deputy Speaker: Order! Order! More to the point, Mr. Assistant Minister, hon. Anyona asked you how you are treating the causes of those tensions and clashes. I think you had better focus on that question.

Mr. Samoei: Mr. Deputy Speaker, Sir, he had also asked me to give the genesis, and that is what I was doing. I have now finished with the genesis, and I would now address the point he has raised. Against that background, understanding that, that is the situation we are facing, of people with their cattle looking for pasture and water, we have since held meetings, as Mr. Mwiraria had earlier referred to, between the leaders of the communities involved. We are getting to the root cause of this problem. As we are talking, because of the improved security situation, we are now in a position to discuss. I have made it clear that we have improved the security situation by sending additional security personnel. We have also encouraged dialogue between leaders of the various communities, and we are getting to the root of this problem.

Mr. Maore: Mr. Deputy Speaker, Sir, you have seen the extent of cruelty, on the side of the Government, when it comes to responding to a very specific and genuine question about law and order. Among the Meru community, or the Somali or Boran clans, nobody pays taxes to each other; they pay to the Government. Why is the Assistant Minister not stating situations which led to the breakdown of law and order, rather than explaining it as an inter-ethnic conflict? Those ones would always be there. What is the role of the Government?

Mr. Samoei: To maintain law and order, and that is exactly what we are doing.

Mr. Deputy Speaker: Very well; next Question, Mr. M.A. Galgalo.

REGISTRATION OF PERSONS IN TANA RIVER

(Mr. M.A. Galgalo) to ask the Minister of State, Office of the President:-

(a) Is the Minister aware that registration of persons exercise has not been taking place in Tana River District for the last two years?

(b) Is he further aware that many eligible youths in the district were denied registration for lack of screening cards?

(c) In view of the voter registration exercise, what urgent measures is the Minister taking to ensure that eligible youths are not disenfranchised or denied their rights as Kenyans?

Mr. Deputy Speaker: Mr. M.A. Galgalo is not here. I cannot believe this. This Question was deferred yesterday; Mr. M.A. Galgalo came and pleaded with me for it to be reinstated on the Order Paper today. The Question is dropped.

(Question dropped)

REPAIR OF KOROGOCHO PRIMARY SCHOOL

Mr. Muchiri: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Local Government the following Question by Private Notice.

(a) Is the Minister aware that Nairobi City Council in its monthly meeting of July, 1997, allocated Kshs1,399,880 for the repair of Korogocho Primary School in Nairobi?

(b) Is he further aware that the aforesaid amount has not been released and the school has not been repaired?

(c) What action is the Minister taking to ensure that the money is released forthwith?

Mr. Deputy Speaker: Is the Minister for Local Government here?

Mr. Angwenyi: He is nowhere!

Mr. Deputy Speaker: The Minister for Local Government is not here. So, I will defer this Question.

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

Mr. Deputy Speaker: What is it?

Mr. Muchiri: Mr. Deputy Speaker, Sir, on three occasions I have asked Questions in this House, the Minister for that Ministry has either come late or was not present. Could you now take action against the Minister for Local Government for not being here to answer my Question?

Mr. Deputy Speaker: Mr. Muchiri, do you want your Question deferred, or what do you want me to do?

Mr. Muchiri: Mr. Deputy Speaker, Sir, I want you to either "name" him or defer the Question.

Mr. Deputy Speaker: Mr. Muchiri, "naming" of any hon. Member in this House is my responsibility. You do not have to tell me to do so. The Question is deferred to Tuesday, next week.

(Question deferred)

ALLOCATION OF PUBLIC WORKS DEPOT

Mr. Achola: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Lands and Settlement the following Question by Private Notice.

(a) Why has the Ministry allocated the Public Works Depot at Wilson Airport in Nairobi to private developers?

(b) Could the Minister give the names of the two private allottees and the sizes of plots allocated?

(c) In view of the strategic importance of this depot to the Ministry, could the Minister nullify the allocation?

An hon. Member: Tell us the truth!

The Minister for Lands and Settlement (Mr. J. Nyagah): Mr. Deputy Speaker, Sir, I always say the truth; I do not tell half-truths. I beg to reply.

(a) The Ministry allocated part of the land on which the Ministry of Roads and Public Works depot is situated after consultations and concurrence with the Ministry concerned.

(b) There is one allottee called "Stripes Industries Limited" of P.O. Box 30682, Nairobi. The plots are approximately two hectares each.

(c) I have no legal power to nullify an allocation as the allottee has already collected titles for the plots. The titles can, therefore, only be revoked by the High Court.

Mr. Achola: Mr. Deputy Speaker, Sir, when the Minister was appointed to that Ministry recently, I thought that he would make a difference. However, certainly, I was wrong to think so.

(Laughter)

The Ministry of Roads and Public Works Depot is composed of four hectares and is enclosed by a concrete wall. That depot has now been divided into two parts of two hectares each, as the Minister has rightly said. The part that was left for the business of Ministry of Roads and Public Works is a mere 0.1 hectares. Could now the Minister explain how the Ministry of Roads and Public Works will carry out all the functions it used to carry out on the 4.1 hectares on the 0.1 hectares it has remained with? That is question one. Question two---

Mr. Deputy Speaker: Mr. Achola, please, ask one question at a time.

Mr. Achola: Mr. Deputy Speaker, Sir, I fear that I might not have time to ask each question individually.

Mr. Deputy Speaker: Ask one question at a time, please.

Mr. Achola: Mr. Deputy Speaker, Sir, if you can give me three more chances to raise the remaining question, I will oblige.

Mr. Deputy Speaker: One Question at a time! Could you reply to that question, Mr. Minister?

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, I am not quite clear why the hon. Member is complaining, if the Ministry of Roads and Public Works is satisfied with the balance of the plot that is left. That Ministry told us so in writing; we acted on the basis of the Ministry's wishes. So, I am not quite sure why the hon. Member is uncomfortable with a decision that the concerned Ministry is very comfortable with.

Mr. P.K. Mwangi: Mr. Deputy Speaker, Sir, what was the criteria followed when allocating those plots to M/S Stripes Industries Limited, and who are the "Stripes"?

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, the criteria used were a request by a deserving Kenyan who wished to put up a factory at that location. On the basis of this and the Ministry's acceptance of the request, we allocated the said plots to M/S Stripes Industries Limited and issued it with a title deeds for the same.

Mr. Achola: Mr. Deputy Speaker, Sir, could the Minister give us the names of directors of M/S Stripes Industries Limited? That is one; two---

Mr. Deputy Speaker: Order! Order! Hon. Members, really, I have to defer this Question and hon. Githiomi's Question by Private Notice, because we must start the next Order not later than 3.30 p.m. Also, certain Ministers had requested me to allow them to lay some documents on the Table and respond to certain issues that were raised by some hon. Members here. Regrettably, we have to come to the end of Question Time now, so that hon. Musyoka can lay on the Table the Commission of Inquiry into the Education System of Kenya Report.

(Question deferred)

SALE OF KENYA CASHEWNUTS LTD

(Mr. Mwangi Githiomi) to ask the Attorney-General the following Question by Private Notice:-

(a) Is the Attorney-General aware that in a Memorandum dated 17th April, 2000, Barclays Bank of Kenya unlawfully appointed KPMG to liquidate and sell off the entire Kenya Cashewnuts Limited including the land?

(b) What action will the Attorney-General take to pre-empt these machinations before the sale on 30th June, 2000.

(Question deferred)

Mr. Githiomi: On a point of order, Mr. Deputy Speaker, Sir. Kenya Cashewnuts Limited will be sold-off tomorrow, if no action is taken today. In view of the fact that the Industrial Development Bank (IDB), the Industrial, Commercial Development Corporation (ICDC), and the National Cereals and Produce Board (NCPB) shares were fraudulently transferred to companies associated with Mr. Joshua Kulei of State House, could you order that we get a Statement from the Attorney-General today, during "Zero Hour?"

Mr. Deputy Speaker: Order! Order! Hon. Members, we cannot use this House to settle commercial disputes which have occurred out there.

(Applause from the Government side)

Order! Order! The matter could be on cashewnuts, peanuts, or whatever else. However, an answer to this Question by the Attorney-General does not solve that problem. This problem, in any event, is the subject of a Committee of this House. So, really, we must not be too emotional about this matter. I am as concerned as hon. Githiomi or hon. Maitha, but I have no powers to order anybody out there to do anything about this matter. So, we are flogging a dead horse.

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

Mr. Deputy Speaker: What is it, Mr. Maitha?

Mr. Maitha: Mr. Deputy Speaker, Sir, I would like to have your guidance. I would like to know whether whenever a Question is brought here, this House does not solve the problems raised through that Question? Some Questions have been brought to this House before, and the Chair gave orders that were beneficial to this House.

Mr. Deputy Speaker: Order!

Mr. Maitha: Mr. Deputy Speaker, Sir, are you telling us that people from the Coast Province cannot---

Mr. Deputy Speaker: Order! Order! I have informed you that the person to whom this Question is directed, namely, the Attorney-General is, unavoidably, absent. Unfortunately, he has no assistant.

Mr. Maitha: But we want your guidance?

An hon. Member: The Leader of Government Business is here!

Mr. Deputy Speaker: Order! What can the Leader of Government Business do about this matter? If he is required to take action, he cannot take that action here. He must go to his office and use that Office to issue the instructions that the two hon. Members require. Proceed, Mr. Musyoka!

(Question deferred)

POINT OF ORDER

REPORT OF INQUIRY INTO THE EDUCATION SYSTEM IN KENYA

Dr. Ochuodho: On a point of order, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Dr. Ochuodho, you can only raise your point of order when the Minister finishes dealing with his.

Dr. Ochuodho: The Minister is laying the document on the Table for the second time.

The Minister for Education (Mr. Musyoka): Mr. Deputy Speaker, Sir, I am not laying this document on the Table for the second time.

An hon. Member: On a point of order, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Hon. Members, let the Minister proceed. I will give you a chance to raise your points of order.

The Minister for Education (Mr. Musyoka): Mr. Deputy Speaker, Sir, I would like to thank you for this opportunity. Further to the consultations that I had with the Members of the relevant Departmental Committee---

Mr. Deputy Speaker: Mr. Minister, you have two minutes.

The Minister for Education (Mr. Musyoka): Thank you, Mr. Deputy Speaker, Sir. I wish to confirm that I have, today, made available an additional 20 copies of the Report of the Commission of Inquiry into the Education System in Kenya. I would like to plead with hon. Members to understand that this document is 533 pages long, and that it is expensive to print enough copies for everyone. These are difficult times, and we would like to spare the money that we would have used to produce those copies for the benefit of the Kenyan child.

Thank you.

(Loud consultations)

Mr. Deputy Speaker: Order! Order! Hon. Minister, your Assistant Minister undertook to supply copies to all hon. Members of this House. For your information, we are only 224 Members.

The Minister for Education (Mr. Musyoka): Mr. Deputy Speaker, Sir, I seek the indulgence of the House that when we are able to make more copies available, we will do so. It is not strictly correct that you require 220 copies because all the Ministers do have copies. They have 20 copies. Hon. Members have to be patient---

Mr. Deputy Speaker: Order! Hon. Musyoka, you have been on this Chair and you know that Ministers are hon. Members and we treat them equally with all other hon. Members. Therefore, they receive copies in their capacity as hon. Members---

The Minister for Education (Mr. Musyoka): Mr. Deputy Speaker, Sir, we will do our best to provide all hon. Members with copies of the report. In the meantime, I hope that the hon. Members of Education, Science and Research Committee will make use of these 20 copies.

MINISTERIAL STATEMENT

DELAYED PAYMENTS TO COFFEE FARMERS

The Minister for Agriculture (Mr. Obure): Mr. Deputy Speaker, Sir, on 6th June, 2000, hon. Ndwiga sought a Ministerial Statement regarding delayed payments for the coffee deliveries to the Coffee Board of Kenya (CBK). At the same time, hon. Ndwiga informed the House of the serious rumour doing the rounds to the effect that, the coffee farmers were not being paid their dues because the Government was borrowing farmers' money from the CBK to pay salaries to civil servants. I take this opportunity to say that CBK has an elaborate system and programme of making payments to farmers.

Mr. Deputy Speaker: Order! I am sorry, Mr. Obure, your time is up. It is now 3.30 p.m. and I think we must proceed to the next Order.

The Minister for Agriculture (Mr. Obure): Mr. Deputy Speaker, Sir, I will lay them on the Table of the House.

(Mr. Obure laid documents on the Table)

Mr. Deputy Speaker: Mr. Obure, you cannot come to the House to respond to rumour. Next Order.

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

[Mr. Deputy Speaker left the Chair]

IN THE COMMITTEE

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

MOTION

APPROVAL OF TAXATION MEASURES

The Temporary Deputy Chairman (Mr. Musila): I now call upon the Assistant Minister to move the Motion.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Temporary Deputy Chairman, Sir, I beg to move the following Motion:-

The Assistant Minister for Education, Science and Technology (Mr. Karauri): On a point of order, Mr. Temporary Deputy Chairman, Sir. Hon. Maore has crossed from that side to this side. He thinks that there is no order because the House is in the Committee. Is he in order to do that?

The Temporary Deputy Chairman (Mr. Musila): Order! Definitely, Mr. Maore, you are an experienced Member of this House and you know you are completely out of order.

(Mr. Maore withdrew from the Chamber)

The Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Temporary Deputy Chairman, Sir, I beg to move:-

THAT, the proposals relating to:-

- (a) Customs Tariff;
- (b) Excise Duties;
- (c) Value Added Tax;
- (e) Income Tax; and,
- (d) Miscellaneous Fees and Taxes, contained in the Financial Statement for the Year of Account 2000/2001 be approved.

*(His Excellency the President has
signified his consent to this Motion)*

Mr. Temporary Deputy Chairman, Sir, as mentioned in the Budget Speech, we are faced with the difficult task of making our revenue shortfall in a slow growth economy and, at the same time, finance poverty reduction programmes and provide growth enhancing incentives. The enhancement of revenue will be achieved through the broadening of base enforcement measures by the revenue collection agencies. It also requires tax rate increases that do not, however, jeopardise investments or put unfair burden on the poor. During the Budget Speech, specific measures were outlined to address investment incentives, necessary to revamp the economy and to deal with the energy crisis

now facing the country. The Finance Bill contains proposals such as reduction of duty on key raw materials and inputs into manufacturing in order to lower the production costs and make goods competitive in the market. Some fees levied on imports are also being rationalised. The suspended duties have been removed to create a more transparent and rationalise import tariffs by combining all suspended duties with regular tariffs.

Mr. Temporary Deputy Chairman, Sir, as a result of the current drought conditions, the duty on maize and milk have been lowered to ensure domestic supply is supplemented with the imports. As soon as we have adequate domestic supplies, this particular measure will be addressed within the framework of the law to ensure our farmers do not suffer unnecessary.

Mr. Temporary Deputy Chairman, Sir, hon. Members have noted the increase of the VAT by 3 per cent and they have raised their concern that it will affect the poor. However, hon. Members will also note from the VAT measures that, they exclude most of the consumption of the poor, particularly those in the rural areas. Basic and preprocessed foods are excluded, and so are such processed items like maize meal, bread, sugar or milk. Under the VAT, are measures that are meant to expand the tax base by finding taxable services and the tax point for processed food items. Tax administration is also simplified by providing certainty of time of supply of services in the construction sector.

Mr. Temporary Deputy Chairman, Sir, with regard to the Income Tax, the major concern has been to protect the incomes of the lower income workers from bearing unfair tax burden. To this extent, personal reliefs have been increased and the tax bracket expanded. The Income Tax proposal also contains measures to encourage investments and savings. The financial burden has almost been eased by increasing the amount of mortgage interest that is deductible for tax purposes. Measures are also proposed to prevent revenue leakages and ensure tax compliance.

Mr. Temporary Deputy Chairman, Sir, under miscellaneous measures, proposals have been made to reduce import fees charged on imports with a view to reducing the cost of manufacturing. Also, the Banking Act is to be amended to ensure that the banks are strengthened, so that they can meet the challenges of the global financial markets and comply with regional and international standards.

Various amendments to Professional Acts are also proposed to remove the double trade licence fees payable by accountants, advocates, doctors and architects and other professionals. The Insurance Act is also proposed to be amended to increase the limits of compensation that have remained static for a long time. Mr. Temporary Deputy Chairman, Sir, I have just mentioned, but a few proposals contained under the Customs, VAT, Income Tax and other Acts, and hon. Members will have the opportunity to address this and other specific measures in the Finance Bill which I have brought to the House.

With these few remarks, Mr. Temporary Deputy Chairman, Sir, I beg to move.

The Vice-President (Prof. Saitoti): Mr. Temporary Deputy Chairman, Sir, I rise to second this Motion. Let me say at the very outset that this Motion really deals with ways and means of raising revenue as stated in the Financial Statement by the Minister for Finance. The details on the measures of taxation in the various forms are well embodied in the Financial Bill and, therefore, we shall move to it.

The aim of the Budget, as we heard from the Minister for Finance was clear; namely, to restore macro-economic stability in order to have a growing economy, whose growth could be sustained. Therefore, the question is whether the means which is now stated here is a fairly good vehicle to achieving the macro-economic stability in order to address the problem.

First of all, tariff has been used as a means in that direction. In very broad terms, we do find that under the tariff, several reductions have been made in raw materials, intermediate goods and inputs; the whole idea being to ensure that the local industries would have a competitive edge over the goods that are being imported into this country. That measure should be commended, because we do know very well, and I pointed out that in my presentation last time, that there has been dumping of goods into the country. This is an extremely good reversal of ensuring that our own factories can produce goods and create employment opportunities.

Mr. Temporary Deputy Chairman, Sir, again, we saw the combination of the anti-dumping laws with existing duty in the Customs. This in itself is supposed to help agriculture which is important. That much has been done.

The next problem that we do have in this country has got to do with power. Once again, the Minister has recognised it as a major problem. To that extent, he has ensured that duty charged on various equipment for producing electricity, such as generators, has been waived. So, we do accept that as a means.

We also look to the fact that, indeed, the Minister did not increase tariff on a number of things. Had he done that, he would have affected Kenyans and, yet, this is a difficult time. Actually, he has lifted tariff on maize during this time of drought, so that Kenyans can source maize from neighbouring countries or abroad without paying duty.

I would like to touch on the Excise Duty that has also been brought in terms of raising revenue, because we need revenue to run the Government. Again, in the case of the VAT, it has already been reduced to zero in the case of electricity generating plants. Indeed, if you look at it, you will find that there are some investment incentives which

have also been built. At the same time, one may ask: "How come that the level of the VAT has increased from 15 per cent to 18 per cent?" I ask hon. Members to bear with the Minister. Having made major reduction under the tariff, he had to balance his books, which could only be done by raising the VAT. There will be a price to pay there, but at the same time, the whole idea is to realise one thing; the VAT is charged on all goods whether imported or manufactured here. That was to create balance between imported goods and the ones which are being manufactured here.

I would also like to let hon. Members know that our regional market is very important. I would like to point out that COMESA is so important to us here, and it is for that reason that the Minister, in the case of Customs, made it clear that tariff is to be reduced to zero per cent by 31st October, but on a reciprocal basis. Those countries within COMESA which do not reduce their tariffs on Kenyan goods by zero per cent will not enjoy the reduction, but I hope that they will enjoy it, because the future of African economies depend very much on regional markets as a stepping ground to opening our economies to the world market.

Mr. Temporary Deputy Chairman, Sir, on the Income Tax, I think I find a lot of merit in using this as a means. The recognition by the Minister for Finance that, indeed, the low income people need more relief was a commendable thing. What he has done in the process is to kick out 200,000 taxpayers in the lower bracket out of taxation all together. That is important, but even much more important, he has also expanded the threshold by 5 per cent, so that even hon. Members here and many other people are protected against inflation. Again, that is important. But again, the most important thing apart from the revenue which is realised here is that Corporate Tax, although it remains the same, the incentive for investment remains in place. Incentive has been built in the case of those who are saving for the purpose of pension. There is also an incentive built in the Income Tax for people to get some relief, if indeed, they have gone to buy houses. In all these things, let us agree that this is an extremely difficult period in the history of our economy. I would like to say that the measures that we need to put in place are those which will bring this economy back on track.

I see this Budget, having applied the needs that we have as those ones which, as a first step, will bring this country's economy on the recovery basis and address the problem of poverty. Let us also remember that one of the aspects of the Minister for Finance's Speech had to do with poverty reduction. I would like to say that we need revenue for that.

Let me say that Kenyan's competitiveness for its goods internationally will not be realised unless we address the problem of infrastructure. We are going through problems, some of them because of the *El Nino* rain and others because of other forces, but essentially, these means which have been put in place here are going to raise revenue so that we can address our infrastructure, for example, roads. We know that our roads are in a pathetic state and, indeed, we know that there is substantial development assistance locked up by our development partners which cannot be released unless we have had a macro-economic stability. With the measures which have already been put in place, the donor money will be released. It is important that it is released to deal with the problems of poor roads, telecommunication and railway. I would like to caution hon. Members who are here that when we talk of the funds that we need to improve our environment in order to attract foreign investment, it is not because we do not want--- Things have changed. It is not even debt or aid which is important today, but it is foreign direct investment, which not only brings resources to the country, but also brings transfer of technology and management skills which we badly need in this country.

I believe a very important and prudent measure which has been brought into this Budget through the means of so-called Miscellaneous Taxes is that there is going to be a review of the banking law. We know very well that it was not too long ago when we were faced with the collapse of our local banks in this country. Indeed, last year we did see that. It is important that prudential laws must be brought in to ensure that our banks are run on sound banking policy. That cannot be done unless we address the problems.

I think it is important that the owners and directors of our banks start rethinking of the advantage of merging the small banks so that they are bigger. In the long run, clearly, I do not think there will be much future for the small banks. The trend globally today is for the big banks and small insurance companies to merge. I think we also need to do the same here with our banks in order for them to have a strong capital base and to compete for business. At the same time, it is important to pool the resources and to purchase the necessary technology. Now that we are in the 21st Century, we will not be able to make a dent properly on poverty reduction and an impact in the international trade, if we do not address the issue of telecommunications.

Telecommunications is one area which has revolutionised our lives. There is a big information revolution. This is one area which I do hope that something will be done about, now that we are about to privatise telecommunications.

I beg to second this Motion.

(Question proposed)

Mr. Kibaki: Mr. Temporary Deputy Chairman, Sir, we will adopt these proposals, but there are things which should be said. Looking at the "brown book" that is published during the Budget showing the yield which is expected from all these different taxes, the Minister in his optimism showed that every one of these taxes will raise big increase in money. I ask the Minister to consider that in a situation where there is no power, shortage of water, even the normal working hours for companies are not viable, imports will not increase and all economic activities have been reduced by at least 50 per cent; what does he imagine will raise greater revenue than the year which is ended now?

The tax yield is the base of the Budget. The Budget has no sound base because these taxes will not raise the revenue projected to be raised. The Minister should have been straightforward with Kenyans and tell them that in view of the present circumstances, the level of revenue to be raised will be lower this year than the year just ended because that is the reality we will face. The Budget we have now shows increased allocations when there will actually be no revenue. It is a public relations exercise which will lead to disillusion and frustration. It is a mistake to start that way knowing fully well that we will not have these increases.

The Value Added Tax which is one of the taxes mentioned here, is supposed to raise very huge sums of money. How will this happen when consumption of all these items that are charged VAT will be much lower than what would have been projected? It will even be lower for imports and items produced in Kenya. Business people already know that, that is the reality. What is the point of writing down figures and then basing your Budget on them, while they have no basis of validity or credibility? In any case, raising the VAT from 15 per cent to 18 per cent has hit the wrong persons. VAT is paid on so many items that the impact on them spreads to all consumers. An even more terrible fact is that the VAT that was increased on hotels services has hit tourism just at the moment when tourism was trying to improve. That way it is stopping the revival of tourism.

Value Added Tax was put on certain items consumed by ordinary people. People will be unable to afford those items. In the circumstance where you already own up that 52 per cent of Kenyans live below the poverty line, how can you hit them even harder with VAT being raised to 18 per cent? It is a mistake. What we require now is anything which can help us to revive the economy. I want to speak specifically about banking because the Minister talked about it during his Budget speech and the Vice-President has also been talking about it just now when he seconded the Motion. The Government seems to have forgotten the ordinary Kenyan. They are talking about the banking sector being strengthened and merged to become bigger. That is all very good for the urban economy of Nairobi and other places, but the true economy of Kenya is based on the peasant farmer.

All the big banks in Kenya do not lend money to the peasant farmer. They do not talk to him. They even insist that he must maintain a given minimum deposit at the bank. When any of those small producers go to the bank they are told that they cannot be lent money. In any case, they have refused to take land as collateral. If the peasant farmer cannot borrow the small sums he needs then he will not be able to produce even when the economy begins to pick up. We are talking about the fellow borrowing Kshs100,000, Kshs50,000 or Kshs200,000 to buy seeds, fertilizers or something else. If the farmer is not producing, the economy cannot begin to pick up. That is logical because the whole economy is based on farming. In any case, there is nothing in this Budget which even showed that the Government was thinking about farmers. Farmers are not mentioned in the whole Budget and we are talking about reviving the economy. Which is this economy? If you do not mention a farmer in Kenya, who are you referring to when you talk about reviving the economy? Who is this other person? It is the farmer. The Minister must allow the farmer to form his own bank. They must now not go on hiding behind the Central Bank of Kenya and talking about not having qualified people. All these Kenyans who run the banks in Kenya are all qualified and they can be employed by the farmer. We are not talking about---

Hon. Members: Declare your interest!

Mr. Kibaki: You want me to declare my interest? I am a farmer, if that is what you want to know. I am very much a farmer and I know we will not get anything from this particular Budget. The farmers must be allowed to have their own banks and to do what else they want to do. The Government cannot leave them the way they are. During the last Budget we were promised that the Agricultural Finance Corporation (AFC) will be turned into a farmers' bank, but it did not happen. Can it be stated when it will happen?

The Vice-President talked about telecommunications, as if he is not in the Government and he knows that the Government has sought to give a monopoly for Nairobi region market to one supplier. He comes here to tell us: "We need telecommunications to be expanded. If it is not expanded we shall stagnate." This is a fact I am talking about.

The Vice-President (Prof. Saitoti): On a point of order, Mr. Temporary Deputy Chairman, Sir. I think the Leader of the Official Opposition is putting words into my mouth. I have clearly said that we require information technology, and with the privatisation of the former Kenya Posts and Telecommunications Corporation (KPTC) into three, and the eventual privatisation of the Telkom Kenya Limited, we hope that there will be transfer of that needed technology. Please quote me right.

Mr. Kibaki: Mr. Temporary Deputy Chairman, Sir, he is repeating himself. All I did say is that eventually, hoping that after five years, there is transfer of telecommunications' science to Kenya, still it cannot happen. This is because if you give the monopoly in the Nairobi region to one supplier, which is the most lucrative region, the science that he is talking about would not come. How will it come? It is illogical!

All I am saying is that the Government has made a mistake to give the monopoly to one provider. At least, it should be changed, otherwise the statements like "we are committed to revolution and information technology" are unrealistic. If you look at our neighbours like Uganda and Tanzania, we would be ashamed of ourselves, because they have already moved miles ahead of us. Their mobile phones are sold at a third of the price in Kenya. In fact, they are sold at a fifth of the price in Kenya, but here in Kenya, because of the monopolistic arrangement, which is being continued by the Government, most of us cannot afford to buy mobile telephones, because only a few fellows would become billionaires. We hope that they are dead before the time of voting.

The most important point that I would like to mention on this particular tax is that it is important that we protect the local industries, even the small ones. We are now told of the opportunity to export the ready-made garments, *et cetera*, to America because of the recently adopted new laws there, but then, you know that all our textile mills and industries were allowed to rot away. Even the Rivatex, the Kicomi and all the other industries collapsed, and their money was looted, and they will now further be sold to foreign people. You know that there is no production of cotton in our economy, and those are the issues that should have been mentioned in this Budget - as to how we are to revive the economy so that we can manufacture textile goods, both for our own internal consumption and for export.

When the Minister replies to this particular debate, could he explain how he hopes the farmer will have access to credit facilities when there is no channel through which the farmer can borrow? This is because if he does not do that, then, he is not serious about reviving the economy.

I beg to support the Motion.

Mr. Angwenyi: Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me a chance to contribute to this important Motion. We are trying to increase taxation on Kenyans, whereas the Government has admitted that 52 per cent of Kenyans live below the poverty line, and that was before the Government declared the famine, power, water and infrastructure as disasters in the country. Yet, the Government, with all those disasters that have been declared, and those that need to be declared, proposes to earn more revenue than what it earned before the disasters befell us.

That is the height of negligence in basic economics, because you cannot earn more revenue in a declining economy; it just does not work. You earn increased revenue when the economy is growing, and so when the Minister proposes to increase taxes in order to receive more revenue - like on the Import Duty by Kshs2 billion - in a declining economy, who will get those imports? Unless the Government increases tariffs and it does not tax a person whom it has declared to be below the poverty line---

Regarding the Excise Duty, it is proposed that there will be an increase in revenue from that source by Kshs1 billion. The Excise Duty is the levy from our local production; what we produce in our factories. Which are these existing industries that will produce so much that we can increase the collection of revenue from that source by Kshs1 billion? The remaining few factories are working at a quarter capacity because of power failure. Our people have been rendered jobless, and the unemployed people have increased, and so they have no purchasing power. Who will buy goods so that the Government can raise so much revenue?

I am saying that the Minister is misguided in proposing those sources of revenue at that magnitude. Regarding the Income Tax, we are saying that we will earn more by Kshs3 billion, beyond what we earned last year. As you know, last year, we had more people in employment than we will have by the end of this year. Already, the Government has declared that 25,000 workers in the Civil Service will be retrenched, meaning that we will not have taxation from those people. That will mean a decrease in our sources of revenue.

The Government has proposed to increase tax relief for employees by Kshs1,000, and yet it says that it will increase revenue from that source, and it is not creating employment opportunities. Our companies and industries are failing and declaring losses, and so, how does the Government increase taxation on such companies? If you look at the Kenya Commercial Bank (KCB) and the National Bank of Kenya (NBK), how will the Government tax the KCB when it is declaring losses to the tune of Kshs5 billion? So, I do not understand what financial basis has been used to create a mirage by increasing revenue through taxation by Kshs3 billion.

On the VAT, the Government says that it sympathises with the Kenyan public; that they are so poor that they have to increase the tax relief for them, and yet we do that with one hand, and with the other hand, we remove it from the Kenyan public through the VAT increase. From elementary economics and public finance, the imposition of increased VAT impacts on the poorest man/woman in the country. In fact, it impacts on the poorest man/woman in the country more than the Income Tax, because the latter is based on what you have earned; you do not pay more than what you have earned. You must pay for the VAT for the basic commodities that you need to buy in order to live. You

must pay for flour, bread, milk and medicine. Therefore, why does the Government want to frustrate Kenyans by increasing the VAT on the basic commodities? Because of the poor policies of our Government, we have destroyed the textile and labour industries, and now for the people of Kenya to dress, and not to walk naked in our cities and towns, they have resorted to buying mitumba items. It is as if the Government has an intention of having Kenyans walk naked in our streets. The Government has increased the value added tax VAT on mitumba items. I do not think that there is any person in the world who would prefer to buy mitumba clothes or shoes if he can afford new ones. When all these Kenyans go for mitumba items, this simply means that they do not have the capability to dress in new clothing and shoes. So, if the Government was caring about the welfare of Kenyans, it should not have increased VAT rate to the current percentage on mitumba items. Instead, it should have created a conducive environment for us to grow cotton and revive our textile industry so that clothes would be cheaper, affordable and people would now stop buying mitumba items and start buying new clothing and shoes.

I thought that the Government would have encouraged the leather industry to use the skins and hides that are available now that all our livestock is dying. It should have encouraged the processing of hides and skins. This would be possible if VAT on mitumba items was not increased, but resources were channelled into the production of livestock and its products. The Government could have channelled resources into the constructing of abattoirs in North-Eastern Province, Pokot and Turkana areas. It should have revived the KMC and processed the hides and skins that would be received from these abattoirs, at KMC. We must make it clear to our Government that every time it imposes VAT on items, it destroys Kenyans. This is an indirect way of killing Kenyans. Enough people are dying from HIV/AIDS disease, road accidents and famine. Why do you want to increase the sufferings of Kenyans?

Mr. Temporary Deputy Chairman, Sir, I am proposing that the Minister recasts these figures on the basis of economics. We cannot earn more revenue in a declining economy. We must find ways of turning round our economy, so that we can earn more revenue. Secondly, the Government must make sure that the basic commodities that our people need are not heavily taxed. This should be done through reducing, especially, VAT on them. These are basic commodities that you and I need in our daily lives. If that were to be done, then this Budget would be a good Budget and it would take care of the welfare of Kenyans.

With those few remarks, I beg to support.

Mr. Muite: Mr. Temporary Deputy Chairman, Sir, I would like to appeal to the Minister for Finance, through the Chair, that it will really be unforgivable if he does not reconsider the issue of Presumptive Tax for coffee and tea farmers. These are the farmers who are discriminated against by being told to pay a tax in advance. If you are encouraging farming, the least that the Minister ought to do today in this Budget, is to reconsider that issue and revoke that tax.

Talking about taxing farmers, I would also like to make another appeal to the Minister, again through you. I can see that the hon. Vice-President is here. Way back in November 1985, the Vice-President who was also then the Minister for Finance, published a special issue of the *Kenya Gazette Supplement* in which he exercised the powers vested in him by Section 13 of the Income Tax Act, and exempted the President from paying tax from all his agricultural holdings. That legal notice remains and it is here. The President is farmer No.1, and has a lot of agricultural holdings and he makes a lot of income. In these days of austerity measures, when all of us are being told to tighten our belts, could we ask the Minister for Finance to get the President to set an example by revoking this exemption?

The Vice-President (Prof. Saitoti): On a point of order, Mr. Temporary Deputy Chairman, Sir. I am sure that the hon. Member knows that he is contradicting the provisions of a Standing Order. We cannot discuss the President. I think the Chair is already aware that we cannot do this.

Mr. Muite: Mr. Temporary Deputy Chairman, Sir, the Standing Orders prohibit discussing the conduct of the President. I am not discussing the conduct of the President, but I am discussing Income Tax. This is a notice issued under the Income Tax Act. I am saying that when we are tightening our belts, a good example should be set. I appeal to the Minister to revoke this notice of exemption.

Talking about banking and insurance companies, again, it is the duty of any country to provide employment opportunities to her people. We must not in Kenya confuse the issue of liberalising the banking and the insurance industries with economic nationalism. Even where you liberalise the banking industry, it is still the responsibility of a given country to give priority in terms of jobs, to her own people. But in Kenya today, in the multinational banks and insurance companies, our young men and women are being retired prematurely and their jobs are being given to young non-citizens. These young non-citizens come to this country and they are given work permits as a matter of course. What happened to the policy of "Africanisation?" A job in the banking industry or even in the multinational insurance companies should only be given to a non-Kenyan, where those in charge of issuing work permits are satisfied that there is no qualified Kenyan who can do that job. I am not talking about just black Kenyans, but I am talking about white and black Kenyans. This should be done on the further condition that the non-citizen who has been given a work permit would train a Kenyan over a specified period of time. Today, streams of Kenyans, young men and women who

are able, competent and well-educated, are being retired prematurely and are being replaced by young non-Kenyans. If you went to these banks or the multi-national insurance companies, you would see these non-Kenyans. We must reverse this trend, just as we must reverse this dangerous trend where every key position that was previously held by a Kenyan is being given to a non-citizen. The Kenya Commercial Bank (KCB) and the Housing Finance Corporation of Kenya (HFCK) are two examples that will suffice. It is the duty of Kenya to give preference to her own people before we give jobs to outsiders.

Talking about encouraging the economy to grow, I would have wanted to see proposals from the Minister for Finance in this Budget. We have so many people who are suffering today, for example, the pastoralists. Their herds of cattle are dying. Why can we not have proposals from the Minister encouraging leather industries and other secondary industries in the affected areas?

Let us not export leather in its raw form or when it is half-treated. All the tanneries which are in this country half-treat leather and then export it to Italy and UK in that half-treated condition. However, if you want to buy your wife a handbag, you wait until you travel out of this country to do so. If you want a good pair of leather shoes, you go outside the country and yet that leather shoe, belt and wallet are actually manufactured and made from leather that Kenya exported to those countries. We are providing employment to those countries. Let us have proposals that will make it attractive for us to completely treat leather in this country and have cottage industries so that we can also provide employment. These handbags, belts and quality shoes, can be made here. We have got to look for ways of adding value to what we produce from our agriculture. Even as far as coffee and tea are concerned, instead of allowing a situation where the marketing of our coffee is actually controlled from Hamburg in Germany, the blending of the coffee is outside this country, ways and means through tax attractions must be devised so as to make it possible for that blending to start taking place here so that we add value on what we are exporting.

Mr. Temporary Deputy Chairman, Sir, I heard the Leader of the Official Opposition saying that we are supporting this Budget and I do not wish to contradict him. However, I would have thought that this is a God-sent opportunity of bringing down this Government. We should actually refuse to pass this Budget. We should crystallise a Constitutional crisis. We should refuse to pass it so that we can get this Government to give in on a Constitutional Review, even if they were to resign and we have snap elections. The law is quite clear that if the Budget does not get passed the Government must resign. I would have really wanted to see a situation where the Backbenchers, because a majority of them are very reasonable Kenyans and even some Cabinet Ministers, support us. It is only a small clique that does not support us, but this is an opportunity which we have lost and certainly I am not supporting the passage of this Budget.

The Minister for Public Health (Prof. Onger): Mr. Temporary Deputy Chairman, Sir, thank you for giving me the opportunity to also make my comments on the proposals relating to Customs Tariff, Excise Duties, Value Added Tax, Income Tax and Miscellaneous Fees and Taxes.

Unfortunately, my friend and colleague, hon. Paul Muita, will never have the opportunity to bring down this Government. This is because the proposals presented before this honourable House are extremely reasonable and they are meant to buttress and overcome some of the resounding difficulties that are before us. I sometimes wonder why we cannot be focused on a point. Right now, all of us know and admit that one of the biggest problems that we are facing in this country is famine and drought of unimaginable proportion. That is a fact! It is not a man-made problem. This is an act of nature. Therefore, what are we expected to do? How are we expected to behave as a nation and as a people? I want to put before this House that the tax proposals that are before this honourable House are in a way mitigating against some of these vital and crucial points of pressure like famine and drought. There is no question about it.

Mr. Temporary Deputy Chairman, Sir, when I hear many hon. Members alluding to the fact that we should be doing a, b, c, d, you cannot possibly be in a position to do so much within the next four months. If they bothered to read the Medium-Term Expenditure Framework (MTEF) which is a three-year-holding plan, they will find that most of all these issues like the interests of farmers, major parastatals and institutions, the various interests that Kenyans may wish to address themselves to are already addressed therein, and it is a question of us deciding which is the priority at this time. I want to propose to my colleagues and I am sure they have accepted this proposal, that the priority that we have before us is to deal with the famine and jump-starting the economy. I was surprised when the Leader of the Official Opposition started saying: "What about this business of information technology? There is nothing happening about it. There is a monopoly situation". As far as I understand, information technology has developed so much that we need high volume investments. We cannot get that high-volume investments from our own ordinary Kenyans because we do not have the financial capacity to invest to the tune which we are requesting and asking these interested investors to join in the information technology in telecommunications.

I was reading the list of those strategic investors and I noticed that some of them are investing as high as Kshs15 billion. I take consolation in one factor and that is, they may be foreigners, but if that investment is put in this country, the spill-over effect would be that Kenyans would be in a position to acquire technology. That is one spill-

over effect.

Secondly, the kind of cashflow that would be generated through this investment will create job opportunities for Kenyans and, therefore, they will be in gainful employment apart from acquiring appropriate technology in order to be self-sustaining. Thirdly, they will be able to support the GDP growth that we are all asking. We are saying: "We would like to see the GDP grow and a growth in the economy". You cannot have this growth in the economy if you argue in the negative or in the reverse manner. We can only be able to achieve that objective if we all agree that tourism is one such area that will be able to spur off this growth in the economy. That the investment in high-volume and high technology situations will alleviate this problem and apart from increasing the job opportunities it will also help in creating the enabling environment for our Kenyans to be self-sufficient in these high technology situations.

Mr. Temporary Deputy Chairman, Sir, I think sometimes we take these things very simply. At one time I was in charge of the Ministry of Technical Training and Applied Technology. At that time the emphasis was put on imparting skills to Kenyans in order for our economy to be self-supporting. I think all of us should be talking as Members of Parliament; that all of us, including you and me, when we do retire from this Parliament, we should be enabled to start the *Jua Kali* type of business relevant to our professions. If you choose to be a lawyer, be a lawyer. If you choose to be a political consultant, do so but be enabled to carry out that business. This is because it is a profitable business and particularly those of you who would like to have advice like my friend hon. Munyao, I am quite willing to give him very reasonable advice at no cost at all.

Mr. Temporary Deputy Chairman, Sir, I must come to a very salient feature which is critical and important for our survival. Last year, I think Kenyans cried foul because of the malaria epidemic that we had which killed so many of us. I want to put it to this House that 30 per cent of out-patient attendance is due to malaria patients. Out of that 30 per cent, 19 per cent are admitted in the wards. These claim resources. The emphasis of this Budget is to shift resources from curative services to preventive services. Therefore, one major preventive activity that this Budget should address itself to - and at the Committee Stage, I will request the Minister for Finance to consider this seriously - is to include the provision that mosquito nets be allowed in duty-free.

This is a simple basic item. When it is dutiable, it costs around Kshs600. When it is not dutiable, it costs around Kshs300 to Kshs350. I think it is one commodity that we can gracefully place in the homes of Kenyans because they can afford it. Therefore, they will be free from mosquito embarrassment the whole year. More so, if those mosquito nets are treated with insecticides, we will be guaranteeing a good health index for Kenyans. That is one way of alleviating poverty, suffering and misery. They do not have to go to hospital to waste time and money to be seen by doctors. The human resource deployed in hospitals to take care of the 30 per cent population that is infected with malaria is too much. We can alleviate this problem. It is one positive way to deal with the situation.

What do we do? Through the Budget, we have been empowered to conduct a series of activities. If you look at the Budget you will see that, the taxation measures will empower you, through the roads programme. Each constituency will get 16 per cent. In order to get the 16 per cent to address critical areas of infrastructure in our constituencies, we must approve the taxation measures. Hence, the 3 per cent Value Added Tax (VAT) that was added was in a very narrow band, for those who are able to afford. The agricultural sector was exempted from the VAT except the high operators. The high operators must be taxed. If you earn big money, you should be taxed. There is no reason why you should not be taxed. Some of the tax money will tackle the HIV/AIDS.

With those few remarks, I beg to support.

Mr. Katuku: Thank you, Mr. Temporary Deputy Chairman, Sir. The tax proposals that are before the House are threatening to Kenyans! Every Kenyan is asking: "What will happen if the proposals are implemented?" At the moment, Kenyans are overtaxed in all ways. The big threat is when we talk of the VAT going up by 3 per cent. It is pushing Kenyans to the wall. Kenyans have been pushed to the wall. This is another attempt by the Minister for Finance to push us against the wall. Soon, we will retaliate. There are Kenyans who have a lot of money. The Minister forgot to separate those type of Kenyans from the poor majority. If it was the Minister for Medical Services or Public Health - I do not know which is which! I do not know who is senior! I am told that you are a junior! To the Minister for Public Health, a mosquito net worth Kshs350 is very cheap and every Kenyan can afford. But to most of the Kenyans, they cannot. They cannot even afford a meal! If you go to the local hotels and sit there to observe, a woman comes in and asks: "Kuna chai? Ni pesa ngapi? Kuna mandazi? Ni pesa ngapi?" That is a sign that Kenyans cannot even afford tea. When you tell the woman that the tea is Kshs5, she will tell you: "I am coming!" She goes out! She cannot afford the tea. Kenyans have been overtaxed and they have no means of income.

I come from a very dry area. In Mwala, we used to grow cotton. That was a means of income to our people. We also relied on livestock to boost our economy. Kenyans in that part of the country are now doing nothing! The cotton industry was "killed!" The prices are low. We have a lot of potential in Kenya for growing cotton. We have a lot of areas to export cotton. But the Ministry is doing totally nothing! Where do you expect the common mwananchi to get money from to finance the Government operations? It is high time the Minister considered the farmer more

seriously. We have been told about the Kenya Meat Commission (KMC). The Minister promised to put money in the KMC. But right now, the people are giving away their animals at Kshs5,000 per cow, when it is supposed to cost around Kshs20,000! It is a pity! Here is a Government proposing tariffs to people who have no money to pay! What do you expect Kenyans to pay?

The few Kenyans who work in urban areas cannot even afford what is proposed here. The people in the Jua Kali industry cannot even pay rent for their sheds. Their businesses are closing down and, yet, you are adding taxes on them. What do you expect?

Look at our industries. Due to unreasonable taxes, our industries are re-locating to our neighbouring countries. This is a fact and the Minister knows it. He goes on to raise the VAT and other things. He is telling the investors to run away. Multi-national companies are running away. They are re-locating their operations to Tanzania and Uganda. Where do you expect Kenyans to get employment when industries are closing down?

The Minister has tried to have some few things imported duty-free. But surely, if you do not protect the factories, it means you are not protecting Kenyans. The owner of such a factory is losing. He has to retrench some of his workers due to low production. As a result, Kenyans have no way of earning their living. The same way, the Government will not get revenue from such people. It is a pity that the Minister is not seeing this! He just wants money for political purposes and not to assist the ordinary Kenyans. The question the Kenyans are asking is: "We are taxed highly; what are we getting?" Kenyans are concerned about their health. What is going to the hospitals, roads and schools? Most of the people whom we represent here cannot afford the basic education that we have in this country. A child cannot go to a school where he or she has been admitted by virtue of performance because the parents cannot afford it. What do you expect? A parent who cannot even feed himself, and relies on relief food, cannot take a child to Mangu High School, where the fees is uncontrolled - the Principal is not under the Ministry of Education - is impossible! The fees guidelines are not followed! The child will definitely drop out of school. That is why we have a high rate of pupils dropping out of schools. Our people cannot afford this and, yet, the Minister increases the VAT by 3 per cent.

The Temporary Deputy Chairman (Mr. Musila): Order, hon. Katuku! I do not wish to interrupt you, but I would like you to focus on the proposals relating to the customs tariffs!

Mr. Katuku: Mr. Temporary Deputy Chairman, Sir, before you interrupted me, I was talking about the 3 per cent--

The Temporary Deputy Chairman (Mr. Musila): Order! I have every right to interrupt you! I am just drawing your attention to this because you are going to areas which were covered in a former debate. Could you, and future speakers, focus on the taxation measures?

Mr. Katuku: Mr. Temporary Deputy Chairman, Sir, before you interrupted me, I was talking about the 3 per cent raise in the VAT. I am wondering why the Minister increased the VAT by 3 per cent. You cannot separate these issues. You cannot separate the 3 per cent with the issues which we are talking about. Unless the Minister reduces the VAT, he is telling us that the economy will not get any money. The Government will not get any money from the taxpayers. At the end of the day, the taxpayers will not be able to do it. It is high time the Government packed and went.

Mr. Temporary Deputy Chairman, Sir, look at our hotels. Due to high tariffs and duties levied on them, people cannot afford to eat there. That is why we have seen funny hotels operating in the streets. So many people are crowding there because the food is affordable. You cannot afford to go to the Inter-Continental Hotel. It is only two or three people who can afford that. These issues must be addressed seriously. As far as tourism is concerned, we must be competitive by reducing high tariffs.

Mr. Temporary Deputy Chairman, Sir, if you look at the Port of Mombasa, you will find that we are losing a lot of business through revenue lost on duty and tariffs evasion. This is due to poor management, high tariffs and, most of the people who import goods through the Port of Kenya; countries like Burundi and Uganda are now shifting to Tanzania and Southern African. This is because we are imposing impossible conditions on our tariffs! It is high time the Minister became practical and lowered tariffs on our Ports so that we can utilize that facility to earn a lot of revenue by assisting all the landlocked countries around us, who have been using our Port. If the Minister does not work towards achieving that, then it means, we are going to lose this business to our neighbours and it will affect our economy seriously.

Mr. Temporary Deputy Chairman, Sir, after the Budget was read here in this House, I went home and one of the wazees I met around told me that: "Mheshimiwa, you forgot to include us in your Budget." I just told him that, "it was not mine, it was for the Government, which I have been telling you that, it is rotten". This Government has forgotten the common man! You find that the common mwananchi has been forgotten. The only way they have remembered him is through taxation. The Government is taxing the common mwananchi down there. I think it is high time this Government considered setting money aside for civic education. The Government should educate the

common mwananchi on the role he has in determining what Government which should be in power, so that, it can put the right measures in place, in order for the common mwananchi to benefit.

Mr. Temporary Deputy Chairman, Sir, we are now talking about retrenchment. Of course, an hon. Member said here the other day that, even Cabinet Ministers need to be retrenched.

I want to give the President my blessing. On 16th, June, 2000, the President presided over the longest Cabinet meeting which lasted from 7.00 a.m. to 7.00 p.m. and he told the Ministers that, "you guys, time has come for you to be retrenched!" I want the President to take the courage and retrench these fellows!

An hon. Member: Order!

The Temporary Deputy Chairman (Mr. Musila): Order! Your time is finished.

An hon. Member: Wewe Katuku! Wewe!

Mr. Kibicho: Thank you, Mr. Temporary Deputy Chairman, Sir.

The tariffs, as set in this Budget are not likely to spur growth because they were introduced when this country was not facing a serious famine as it has today. I propose that, the Minister for Finance does consider reducing tariffs, on maize and beans coming from Tanzania and Uganda to zero.

As I speak now, there is already drought in most of the areas where maize is grown and, therefore, there is a shortage of maize. Currently, a bag of maize is going for Kshs2,000. A bag of maize is costing Kshs2,000 when the ordinary mwananchi in the village earns a salary of Kshs800 a month. It means, therefore, that, we are saying that our people must die of hunger.

Mr. Temporary Deputy Chairman, Sir, tariffs can only yield taxes proposed by the Minister, if the economy grows. For a long time, this country has depended on coffee and tea as major earners of the national income. The Minister has completely refused to waive taxes on these two commodities when the farmer is already discouraged. The Coffee Board has not released any proceeds from the sale of coffee for the last two to three months. Coffee and tea sectors must expand. The farmers who grow tea and coffee must be encouraged to tender the crops in order to increase yields per acreage through proper husbandry. This can only be achieved if what that farmer gets is economical. Kenya is a competitor in tea and coffee trade in the Third World, but it has refused completely to borrow a leaf from other coffee growers in the world.

In country like Brazil, there is some mechanism for stabilization of prices so that, a farmer is assured of certain returns from his coffee farming. As a result, farmers in those countries generate a lot of money for their countries. You will notice that the production of coffee has gone down from 140,000 tonnes in a year, to about 40,000 tonnes. It has now gone up to about 67,000 tonnes in a year. But if this Government encourages what is happening today; if this Government encourages the Coffee Board of Kenya to withhold farmers' money from the already sold coffee, the production is going to come down to 10,000 tonnes or zero tonnes a year. The farmer who is treated in this manner is the same farmer who has not benefited from any reduction on taxes charged on farm inputs. We would have expected that, farm inputs like, fertilizers, chemicals, would be rated zero-rated for the purposes of improving farming.

Mr. Temporary Deputy Chairman, Sir, it is very worrying to have a Government which does not encourage what is potentially the saviour of this country; the two major cash crops; tea and coffee. Let us address ourselves to the coffee issue. We have the Nairobi Coffee Exchange and the Coffee Board, but the Government has refused to liberalise the marketing of coffee in full so that a farmer gets maximum benefits from a liberalised market. The Nairobi Coffee Exchange is still controlled by the Coffee Board. The Coffee Board has continued to be a marketer and a regulator at the same time. Those who are in the Coffee Board have refused to borrow a leaf from what happened in the with tea sector.

In the tea sector, though we have Mombasa Tea Auction, which sells our tea, individuals are allowed to sell their tea out of the auction, if they can prove to the East African Treaty that, the tea they export is going to fetch more than what was fetched in the previous auction. In the coffee sector, there is no such window. Therefore, the farmer in the coffee sector continues suffering because if you look at the players in that market, they are about seven brokers who are licensed to buy coffee in the auction. Any market where the buyers are very few, they are likely to dictate prices.

The Temporary Deputy Chairman (Mr. Musila): Order! I want to urge Members to focus their attention on the proposals relating to taxation.

Mr. Kibicho: Mr. Temporary Deputy Chairman, Sir, if those crops do not yield any income, the taxation policies put in this Budget are likely to fail. That is why we are addressing ourselves to that. We cannot talk of taxation proposals before considering whether the source of those proposals is solid. That is why we are drawing attention of the Minister to these deficiencies. If you look at other proposals in this Budget, like VAT, they have proposed to increase it from 15 to 18 per cent. The ordinary mwananchi is going to reduce his budget for those goods which are being taxed. At the end of the year, the Minister will not be able to collect the revenue that he proposes to collect. So, we are proposing at this stage that, the Minister does consider reducing that level of taxation to even below 15 per cent,

so that there will be no evasion, many people can consumer more goods. That way, more revenue can be collected.

Mr. Temporary Deputy Chairman, Sir, in this country, we talk of taxation based on an assumption which says, because we are in recession, we must get out of it. I know you would tell me that I should have said so when the Budget debate was on. But we are saying so, because we think that these tax proposals are completely unrealistic. We support them because we would like this country to get out of recession. We are not opposing them. We are only making suggestions, so that amendments can be made. We are dealing with proposals which assume that more taxes are going to be collected. These taxes cannot be collected because in Kenya, families which live below the poverty line add upto 52 per cent of population. I know I am repeating myself and our people are saying so, but we cannot fail to emphasize that point.

On mitumba, the Minister is proposing to increase tax on imported clothes and shoes. In other countries where markets are protected, the consumer must also be protected. Unless price controls are reintroduced, so that the prices of goods also come down, these proposals are going to hurt the ordinary mwananchi. Since the playing ground has not been levelled, we are proposing that tax on imported second hand clothes should be removed. This Government has not put in place mechanisms to improve the income of ordinary mwananchi so that he can afford that increase. We must accept that though we are in recession, the lives of our people must be protected and they must live. With or without us wanting to get out of recession, the basic---

The Temporary Deputy Chairman (Mr. Musila): Order, Mr. Kibicho!

Mr. Munyao: Thank you, Mr. Temporary Deputy Chairman, Sir. I am very grateful that you have at last seen me. I have observed that there has been a change of the Assistant Ministers, who are taking notes, but still, that does not matter because these are very fresh. But I hope there will be some continuity in the notes taken and they should not sleep like their own Government. This Government is totally asleep. No wonder they went to look for the Dream Team. Even that one alone is just like a dream of one going to Heaven. You must die before going to Heaven and to dream, you must sleep. This Government is asleep, because they are thinking of a "Dream Team". How can you have a dream team before you sleep? Wake up! I support hon. Muite when he says that this has been a beautiful chance to have this Government go and definitely, it will go before we get lights in Kenya. I am told that by August, we will be in total darkness and that is the time you will go. We will be very happy. Prof. Ongeru would not be able to see me because as black as he is, with darkness, he would just be struggling to get his way out. I am deeply worried like the earlier speakers. The Ministers should be awake and note the issues raised by the earlier speakers because we want action. We want them to co-ordinate and reply to our questions.

Mr. Temporary Deputy Chairman, Sir, if you look at the collection of taxes for the last Financial Year, 1999/2000, and the projections of this year, there is a clear difference of over Kshs20 billion. I am not going to repeat, but it has already been enumerated. We were given figures and reasons to show that for all practical purposes, this year's collection would be lower than last year. Where are we going to get this additional money from? Even any fool would have known that the best thing to do was to reduce the size of this Government. In Ministries, there is a full Minister and a Deputy Minister. However, even Prof. Ongeru, being as senior as he was, he does not know whether he is a full Minister or Deputy Minister.

The Minister for Public Health (Prof. Ongeru): On a point of order, Mr. Temporary Deputy Chairman, Sir. Is hon. Munyao in order to ask whether I am a full Minister, or a Deputy Minister? Is it within his competence? Certainly, it is not.

Mr. Munyao: Mr. Temporary Deputy Chairman, Sir, you can still see the confusion. After staying here for so long, they do not know the meaning of a point of order. He does not even know the difference between a point of order and an argument. That was an opinion he was giving me.

Mr. Temporary Deputy Chairman, Sir, the size of this Government must be reduced. Already, we have got about 26 Ministers and most of them do not know whether they are deputies or senior Ministers. That is why there are serious fights in the Government and there is no work going on. We have got seven Ministers and the rest are all deputy Ministers because they do not know their portfolios. Hon. Biwott and a few others are Ministers heading Ministries. Some of them are operating from the corridors, like one in the Ministry of Environment and Natural Resources---

Mr. Temporary Deputy Chairman, Sir, I can see you are likely to draw my attention to the Motion before the House and I am coming back to that. I am trying to clear the ground and as you know, we come from the same area. However, when you look at the target, you prepare yourself to land properly. I was preparing myself to land properly. Even when we are raising taxes, we cannot raise taxes and give it to those sharks in the Government, waiting to swallow it. There are 26 Ministries with about 50 Assistant Ministers. Surely, this is a political set up. We cannot do that. If anything has got to be done, we must start by reducing the size of the Government. If it is true that this year's collection is not going to match last year's, then we must try to see what to do.

Mr. Temporary Deputy Chairman, Sir, I am not going to dwell on that because I have found it to be fairly

sensitive---

The Minister for Public Health (Prof. Ongeru): Reduce your portfolios in the Opposition.

(Laughter)

Mr. Munyao: Mr. Temporary Deputy Chairman, Sir, on the banking industry, as we are talking now, international banks have got their own preferences. Other communities, like Asians, have started their own banks. Where are the Africans? Some of our fathers, who are pensioners today, get a cheque for Kshs300 which can only cash through a bank. Some of those banks are demanding a minimum of Kshs10,000. Even the Co-operative Bank was better earlier because when opening an account, they only required Kshs500 year and then account continue building up. Today, they have raised their minimum to Kshs4,000. Not a single bank is retaining any customer with less than Kshs10,000. There is no international bank which is interested in assisting the small Africans. Where will they go?

Mr. Temporary Deputy Chairman, Sir, where will these people bank their money? When the Leader of Government Business was speaking, I asked myself: "Surely, why can this Government not put some of these things in their right perspective?" You cannot give the Minister credit for his projections, particularly with this kind of difficulty being experienced.

I am very happy that, while contributing to debate on Budget, Prof. Ongeru noted that this country is suffering and that we must focus on the famine problem. We must allocate a bigger proportion of tax money in countering the effects of famine. The pictures of starving Kenyans that we see on our television sets depict the true position out there. The people of northern Kenya, North Eastern Province, including those of other famine-stricken areas, are getting finished by famine.

Mr. Temporary Deputy Chairman, Sir, we, the people of Ukambani, are now fairly happy. In previous years, famine used to strike only Ukambani area. However, I hear that, this time round, it has spread all the way to Kisii District, and that is why all of us are now talking in one voice. Now that we are all talking in one voice regarding the famine problem, I would like us to re-allocate some money to all the people of this country who have been affected by famine. I will bring proposals to that effect at an appropriate time.

Now that the Government has appealed to the international community for famine relief assistance, and that the international community has responded to that appeal positively and relief food is being brought to this country, we would like the Government to open its eyes and ensure that there is fair distribution of that food to deserving people. In previous times, relief food never used to be distributed well. Some of the relief food used to be sold by officers of the Provincial Administration (PA). The only action the Government used to take against such errant PA officers was to transfer them elsewhere. This time round, those who will be found to have stolen relief food should be prosecuted in courts of law.

Mr. Temporary Deputy Chairman, Sir, I am happy that you are listening keenly to what I am saying. You have, time and again, talked about the famine situation in Mwingi District. Now that both of us live in the same region, we will be talking about the distribution of the food that is being brought into the country by foreign donors. The distribution of that food must be done fairly. I am happy that, in the last week or so, there have been World Vision meetings all over the country, trying to agree on the way in which the distribution of that relief food will be done. The Minister should try and set aside more resources for relief food supply to starving Kenyans. This time round, we should not just supply dry maize to those people. We should increase beans rations, to be accompanied with cooking oil, wheat, sugar, and other foodstuffs. This way, we will be helping those people.

We are now talking about an increase on VAT. Increasing the VAT rate is like increasing tax on petroleum and when you do that, you touch on everything else. The situation is now miserable; I am told that VAT has been increased even on second-hand clothes being sold at places such as Gikombaa Market. Where are we heading to, and who are we leaving out of the tax bracket? We must be concerned and address ourselves on the welfare of "small" people of this country. The "small" people I am talking about are those people who cannot afford expensive items, and who have resorted to buying second-hand clothes for themselves. We must care about those people who carry out small-scale trading.

Mr. Temporary Deputy Chairman, Sir, last week, we talked about M/S Swipco Limited. We are now raising billions of shillings in tax only to pay it to one individual called "Swipco", Kshs240 million per month. Are we, surely, going to allow this to continue happening? Should we continue collecting tax and pay it to a few individuals to share it out among themselves? This is a miserable situation. We cannot tolerate another Goldenberg scandal in the name of "Swipco". I am happy that most hon. Members of this House spoke about this issue.

With those few remarks, I do not know whether I should support this Motion or not.

(Loud consultations)

Mr. Temporary Deputy Chairman (Mr. Musila): Order! Order! It is now Dr. Wako's time to contribute to the Motion.

The Assistant Minister for Health (Dr. Wako): Mr. Temporary Deputy Chairman, Sir, thank you very much for giving me the opportunity to contribute to this very important Motion. As we all know, this country has problems; some of which are man-made, while others are brought by God. We know that there is famine in this country because the rains have failed. Consequently, we have many problems, especially in northern Kenya and most other parts of the country.

Mr. Temporary Deputy Chairman, Sir, I would like to take this opportunity to congratulate His Excellency the President for appealing for relief food from international donors. I think this is one of the most serious droughts this country has experienced over the last 50 years. Livestock in most pastoral areas of this country are dying en masse. The few domestic animals that have survived have had to trek long distances in search of pasture and water. Some livestock have been taken to Mount Kenya, where conditions do not favour their survival. The environmental conditions there are a big problem to that livestock. Most of the pastoralists who have taken their livestock to the Mount Kenya are losing their herds due to East Coast Fever and Pluro-pneumonia.

I would like to take this opportunity to appeal to those people who have big ranches in Laikipia District to sympathise with the pastoralists, because the condition around Mount Kenya is very serious. Most ranches in Laikipia District are between 2,000 and more than 600,000 acres; at any one time, the owners of those ranches do not use more than 1,000 acres. Therefore, it would be most prudent for the ranchers to allow the affected pastoralists to graze their livestock. At no time in life will those pastoralists claim those ranches; they normally go take their cattle back to their traditional grazing areas when the drought subsides.

Mr. Temporary Deputy Speaker, Sir, I would like to appeal to the Minister for Agriculture to open the Kenya Meat Commission (KMC).

The Temporary Deputy Chairman (Mr. Musila): Order! Dr. Wako, I have been appealing to hon. Members to restrict themselves within the subject of this Motion. This is not a general debate; you should focus on the proposals relating to tariffs. You are now talking about the opening of the KMC. I would like you to differentiate between the previous debate and this one, and focus on the proposals relating to taxation.

The Assistant Minister for Health (Dr. Wako): That is what I am coming to, Mr. Temporary Deputy Chairman, Sir. What I am saying is that we have been promised that the KMC would be opened. The opening of the KMC will, actually, open-up this country's economy; it will alleviate the problems being experienced by pastoralists and enable them to contribute to economic growth by paying custom duty, other tariffs and taxes. This is the light in which I am putting my argument. Livestock-related trading will actually increase the amount collectable by Government in form of taxes. If you look at the taxes, you will realise that, if the Government has to raise revenue, it has to ensure that the economy improves. One way of improving the economy is to ensure that the KMC is opened, so that pastoralists, too, can contribute through paying taxes. The situation now is that three quarters of pastoralists in this country, who are supposed to contribute to the economy, have become a burden to an economy that is already weak.

Mr. Temporary Deputy Chairman, Sir, on the question of tax, I would like to say that the increase on VAT, especially in the hotel industry, does not augur well for the tourism industry in this country. We all know that although being one of the leading foreign exchange earners, it is bedeviled with problems. Most of our industries are facing problems. For example, the coffee industry is

crumbling because of politics. It used to earn a lot of foreign exchange, but it is no longer a lucrative export for this country. However, it is being revived and I hope it will earn more foreign exchange for this country. It is a pity that the tourism industry has never picked up since the Likoni clashes. The number of tourists coming to our country is dwindling. Therefore, I would have expected the Minister to come up with measures of promoting tourism industry other than "killing" it by increasing VAT. With increased VAT, Kenya will not be able to compete with the rest of the world. We all know that Kenya used to be a big tourist destination, but the number of tourists coming to our country has drastically reduced. So, with the increased VAT, insecurity and poor infrastructure, we expect the worst scenario in tourism industry in this country. Kenya as a country is so tainted that, it can no longer attract many tourists. South Africa and Malayasia are now big destinations for tourists. It is sad that many tourists destined to Kenya go to South Africa and Malayasia, among other countries. Therefore, it is unfortunate that the Government has increased VAT at this particular time when we want to revamp our economy. So, the Government will not collect enough revenue by raising VAT because the number of tourists coming to Kenya will decline. Tourism industry the world over, is very competitive.

Mr. Temporary Deputy Chairman, Sir, the port of Mombasa was a conduit through which Government lost a lot of revenue from unscrupulous businessmen who evaded paying taxes. However, this has improved a bit. A lot more needs to be done in order for us to collect enough revenue. It must reclaim its position of being the biggest

revenue earner in this country. As I am talking now, the Kisimayu Port in Somali is operational and goods are smuggled into Kenya through it. Nobody is paying custom duty for those goods. The Government will lose a lot of revenue if this trend continues unabated. We might not achieve our target of tax collection if we do not improve our services at the port. This is because other ports within the region have improved their operations. The Government of Tanzania did not increase customs duty. So, it is prudent that we improve our services at the port in order to enable it to compete with other countries within the region.

Mr. Temporary Deputy Chairman, Sir, smuggling of goods is very rampant along our borders. Unscrupulous businessmen are using panya routes through Namanga Town. However, with efficient DCs, like the one in Machakos District, lorries ferrying smuggled goods are arrested every day, although some bribe police officers and by so doing, Government loses a lot of revenue.

Mr. Temporary Deputy Chairman, Sir, the other thing which we need to address ourselves to is the question of taxation incentives. If we give better incentives to the local investors, we might improve tax collection. Our Government is fond of giving good incentives to the foreign investors in order to attract them. Lack of incentives, coupled with power rationing and high price of fuel, our local investors cannot even produce goods in their factories. Although, the Government waived duty on importation of generators, I urge them to give local investors better incentives, so that Kenya can realise its dream of being an industrialised country by the year 2020. This is a very important aspect if our economy has to improve.

Mr. Temporary Deputy Chairman, Sir, with those few remarks, I support.

Mr. Kihoro: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to the debate on policy behind the taxation that is contained in the Financial Statement. I am one of those people who will forever rejoice in this country, if I find that in the Financial Statement, there are proposals to reduce taxation. This can only happen if we are very agreeable on restructuring, and decolonising our economy in order to bring more people into it. We find that the measures proposed in the Financial Statement will be implemented in the midst of population that is suffering from poverty. We have already been told that 23 million Kenyans are not able to pay taxes. Surely, if they cannot feed themselves well, how can they pay taxes?

Mr. Temporary Deputy Chairman, Sir, I have in mind, the perpetual landlessness in this country that makes some Kenyans dependant on relief food and yet, they are potentially capable of paying taxes if they are brought into the economy. I am thinking about the homeless Kenyans. The Government carried out a census exercise last year and they have got the figures of Kenyans who do not live in houses. Those figures should be made public.

Mr. Temporary Deputy Speaker, Sir, the taxes proposed are very high because we are dealing with only 20 per cent of the Kenyan population who can pay taxes. If only we could broaden our tax base by restructuring or decolonising our economy--- This is because we will still deal with Kenyans on the basis of 100 kilometres on either side of the railway from Mombasa to Kisumu. If we agreed that there are Kenyans who live beyond the 100 kilometres belt like pastoralists, they would pay taxes and supplement our Budget. However, they are not able to pay. We have many patriotic farmers who are capable of supporting the Government by way of paying taxes, but they have been left out. No Kenyan has refused to pay tax. But what has happened in this Financial Statement is that the tariffs have been increased and we will continue to depend on 20 per cent of tax paying Kenyans. More than 80 per cent will not pay taxes. Therefore, they have no use to Government in terms of revenue collection. This will cause problems.

Mr. Temporary Deputy Chairman, Sir, on the question of the VAT and everybody has spoken about it, the Government had to raise it. This is because, even at 15 per cent, the Government is that inefficient to collect revenue. Secondly, by using the rate of 15 per cent, how many people evade that VAT payment? If only the Government was more refined in terms of tax collection, they would not have increased VAT to 18 per cent. Everybody has spoken about the adverse effects the raising of VAT from 15 per cent to 18 per cent will have on the economy, tourism, farming and the revival of the economy, but the Government has to do it, because of the inefficiency in collecting revenue.

Mr. Temporary Deputy Chairman, Sir, with all due respect, we have been told that there are some people, who keep two sets of books in this country and they do not pay the taxes which they are supposed to pay. These are the tax evaders and I think that is where the long arm of the Government should be directed to make sure that those people who partake in the promotion of wealth of this country are the ones who actually pay the tax and do not evade it by keeping two sets of books; one for the tax-man and another one for their inheritors, whom they think will inherit wealth in this country at the expense of the genuine people who have no other place to go to.

Mr. Temporary Deputy Speaker, Sir, I am saying that the Government must think more seriously about restructuring our economy, de-colonising our economy, bringing in people who are landless and provide them with necessary land and irrigation equipment. That is something that can be done, although you have been talking about it since 1887. All that has been said, but you still do not do something about it. I would like to say that the revenue the Government collects is spent on these people. I would like to propose that the Government thinks more about

increasing the number of people who can pay taxes in this country and, therefore, reduce tariff.

The other aspect that I would like to raise in this debate is the question of reciprocal reduction of taxes and tariffs on goods that come from the COMESA countries. When I looked at the Financial Statement, I found that the Minister is proposing that the removal of the tariff will be done on a reciprocal basis. That is a good principle, but I find that the countries that have actually waived tariff on Kenyan products are the ones that are more industrialised than Kenya. South Africa and Egypt have done this. So, when we waive duty that we used to get from Egyptian goods coming into this country and we do the same in respect of the South African goods coming into this country, we find that we lose revenue because we have got very little to export to the two countries. We also find that we have got absolutely nothing to export to Egypt. If we might want to export something to Egypt, maybe, it is cotton, but Egyptian cotton is the best in the world. So, we end up losing in terms of revenue when we apply the principle of reciprocal reduction. So, that is something that I would like to propose to the Minister to review and come up with the net benefit that Kenya will obtain from that principle. We just do not want to brandish principles in front of hon. Members and the country and say that this is a good and an equal principle; we reduce tariff and they reduce. We want to know the net gain we will get from that principle. This can be worked out.

Mr. Temporary Deputy Chairman, Sir, the other point I would like to raise is the question of thinking about other areas where the Government can get revenue from, instead of depending on the areas that are proposed in the Budget, such as Customs Tariff, Excise Duty, VAT, Income Tax and miscellaneous fees.

Kenya has got surplus manpower that can be exported and become a source of revenue in this country. That has happened in South Africa, where you find that many people from Mozambique, Zimbabwe and Zambia used to work in that country. These people became a major income earner for their countries. We have got surplus manpower in this country which we can export to other countries, like Botswana, where I was about two months ago. I would like to inform this House that this country needs Kenyan teachers and civil servants. That is something the Government must think about when we retrench our civil servants. Actually, some countries in Africa would like to have our surplus manpower if we do not want it. The Government should explore that as an avenue and not just think about how it will get rid of 25,000 Kenyans without thinking about the alternatives that there could be. Some of them are quite employable, young and, yet, they are going to be retrenched. We must open that avenue, especially in a country like Botswana where I was. In that country, I found that Kenyans were very popular. They are known for being hard workers. So, the Government should explore that avenue; maybe a small answer to the need they have found for retrenchment.

Mr. Temporary Deputy Chairman, Sir, the export of manpower must be explored as a supplement to the Budget proposals that are contained in the Financial Statement. We can export nurses, improve our transportation system and also export banking services. It is a tragedy that we have finished our local banking industry in this country, but I know that a country like Britain is a net exporter of banking services. Kenyans, having their own historic association with Britain and having people with a bit of prowess in banking, that is an area we could well have emphasised on in terms of earning some revenue. Unfortunately, that has not happened. So, I am proposing that the Government explore further other ways and areas where it can realise revenue instead of every time thinking about manipulation of figures on tariffs, duties and taxes. It can think of other supplements that can come through the export of services and manpower that we have got in abundance. The Kenyan population is so high that even if we exported another 5 million Kenyans, this country would not be underpopulated.

What I am proposing is that the Government should explore further, and in better ways the way, in which taxes can be reduced in the future. In the United States of America(USA) and Britain one of the biggest debate is about reduction of tariff.

With those few remarks, I beg to support.

The Assistant Minister for Tourism, Trade and Industry (Mr. Ekirapa): Thank you, Mr. Temporary Deputy Chairman, Sir. I would also like to contribute on the proposed taxation measures made in the Minister's Budget Speech.

On tariffs, I congratulate the Minister for the taxation measures made on tariffs which will encourage Kenyan manufacturers to produce their goods cheaply and sell at prices which are affordable. This will also enable them to compete effectively in the East African, COMESA and European markets through the ACPE arrangement.

One of the problems that our industry has been facing is the high tariffs they have been paying, especially for the raw materials they use for manufacturing goods. The high taxation imposed on the imported raw materials was making the Kenyan goods more expensive and, therefore, gave way to the dumping of goods into the country, thereby creating the unemployment problems we are facing now in the industry.

I feel that these measures were recommended following very detailed consultations with the industry itself, and the industry is happy about it and we really hope that the industry will take the opportunity now to produce goods of high quality and charge fair prices so that they can compete effectively in those markets. If that happens, then our

industry should be able to take off and employ more of our currently unemployed people. This measure will create more work for the country and people will pay more taxes. Therefore, I think the recommendations in this Financial Statement are very useful and they should be encouraged.

One of the effects of reduction of tariffs on raw materials is to enable our manufacturing companies to compete in the world, and export their goods to the American and other markets.

Mr. Temporary Deputy Chairman, Sir, the American Market is so huge that if Kenyan business people and manufacturers really take the opportunity to compete in that area, we should be able to expand our industries, provide more employment for our people and, therefore, make more money for the Government through taxation. The question of the VAT is causing a lot of concern. All hon. Members who have spoken have raised this issue. I believe that the goods which really affect the ordinary person have not been touched. They have been exempted from paying VAT. Therefore, it is a development that is encouraging. This is where we should go in the future to encourage the VAT for people who can afford to pay and to discourage personal tax. If we identify those basic items which the ordinary person uses and exempt them from paying VAT, we would make a stride forward and be able to include a large number of people who are not paying taxes currently in the tax bracket through VAT. If they do have the money, they will have the appetite to buy things, and thereby, pay tax.

I agree with those hon. Members, who have criticised the tax collection system because it is not efficient. The Minister has obviously taken note of the concern of hon. Members. I believe that arrangements will be made to tighten collection of tax to ensure that tax due is paid, especially VAT. I also want to talk about the comments which were made about the Kenya Ports Authority (KPA). I had an opportunity to visit this institution recently and I think we must give credit where it is due. The new KPA management has done a commendable job for this country. I think that we should give them credit because the goods that used to take about 28 days to be transported to Uganda are now taking between four and six days. This is a commendable effort. I understand that there is room for further improvement. Therefore, the criticism of KPA management is not really justified and, perhaps, it is based on the information which was available before, based on the performance of the previous management. The figures now at KPA show that the customers that had left the port due to its inefficiency are now coming back. The figures speak for themselves because they are really going high which is a good thing.

Mr. Temporary Deputy Chairman, Sir, there are other taxation measures which the Minister has proposed, but I want to comment about the need for those measures to be applied very strictly. As hon. Members have said, it is very important that where money is due to the Exchequer, it must be collected. Perhaps, we are not suggesting what measures should be taken to punish those people who evade tax. I do not think the current punishment is severe enough to discourage people from evading tax. When we come to discuss that particular issue later on, I would like the Minister to consider increasing punishment for those people who evade tax, especially those who submit false returns, by collecting VAT money from the public and keeping it without submitting it to the Government. There should be very severe punishment against such people.

There are various markets opening up to the ordinary Kenyan business person through COMESA, the East African Community, the European Union, the ACP, ECOWAS and all the other opportunities that are available. With the encouragement which the Government is now giving, we would like to appeal to our people to become extremely aggressive in business. They should compete with others to manufacture very good quality goods, to have competitive prices and to sell those goods in the larger market that is now coming up. The Jua Kali industry would be the one to benefit most from this arrangement because hitherto the Jua Kali artisans have not been able to compete with the giants of this country. Therefore, this opportunity will afford linkages between them and the larger manufacturing company. This is an opportunity that I would like to appeal to our Jua Kali people to grasp.

On the issue of miscellaneous fees, certain levels of fees have been proposed in the Budget. Those are not, in certain cases, high enough to earn sufficient revenue. There are cases also where the fees could be discouraging and, perhaps, the Minister should look at the relevant schedule and see if some changes can be effected to encourage our people to be competitive. There is no point in imposing taxation measures which will be detrimental to our people. The time has come when Kenya looked at its own interests and really encouraged our people through the right taxation measures to become competitive and to get out there and compete with other people.

With those few remarks, I beg to support.

Mr. P.K. Mwangi: Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me this chance to contribute to this Motion. I will start by comparing Kenyans to a dairy farmer, who keeps a cow for its yields. If that cow fails to yield the farmer goes to the butcher and invites him to slaughter it. Kenyans have been sustaining this Government for quite long. Kenyans have agreed to give this Government the resources it needs in form of taxation, although they have been overtaxed. For quite a long time Kenyans have not achieved what they expect of this Government. I am a worried person; what if it were me? The time is ripe now for this Government to go since it is not producing any yields; it is not giving Kenyans what they need.

There is an imbalance on the proposals made during the Budget Speech. It was proposed that NGOs will now be taxed and that they will not be zero-rated. The NGOs are doing very good work for they have been supporting those arid areas and the poor people. Since now they have been included in the tax group, they will not afford the money to give gifts to their recipients. I propose that this taxation on NGOs should be scrapped. Let them remain as they were before since they have helped our people for quite a long time. That is not the way we should thank them. We should thank them by trying to give them initiatives to receive donations from their friends abroad which they will give our people.

I would also like to comment on Value Added Tax. So many people in this country do not live in good houses. Value Added Tax is included in building materials such as cement. I would propose that building materials be exempted from VAT to enable Kenyans to construct good houses.

Mr. Temporary Deputy Chairman, Sir, it is said that cleanliness is second to Godliness, and the increase of the VAT affects the price of petrol, buses and even toothpicks. I would plead with this Government to zero-rate such commodities which are being used in the households to enable Kenyans to purchase them in order for them to keep up their standards of living. They are now wearing mitumba clothes, and that is the only way this Government can be able to assist the common wananchi.

Still on payment of duties, it has been proposed that manufacturers will have reduction on duty charged on them, which the common mwananchi should have benefited from. Today, pressure lamps are being used during this time of power rationing, and the tax on dry cells is very high, but if the tax was lowered on them, that could have provided a balance between the manufacturers and the common wananchi. We are now using kerosene to light our lanterns, which is being over-taxed, and the Government has given manufacturers a reduction on duty so that they can be able to produce more. What has the Government given to mwananchi at the grassroots' so that he or she can be able to survive? I propose that the duty on kerosene should be reduced. Though we know that we have a few business cartels using kerosene as diesel and selling it at a cheaper price, let the Government find the means and ways of how to control those traders by reducing the price of kerosene and gas through the reduction of tax on it.

On the other hand, Kenyans cannot today afford to buy new assembled vehicles. Many commercial vehicles on our roads are second-hand, and the reason is: To purchase a commercial vehicle, one needs to go to a commercial bank which would lend him or her money to be repaid later. But once you get that vehicle, nobody in Kenya can afford to repay back the loan. It would continue to be recovered for a long time, and I propose that in order to make Kenyans to survive during this time of economic hardship, they should be allowed to purchase heavy commercial vehicles which are more than eight-year-old. Otherwise, when the Government says that we should be purchasing a lorry which is beyond Kshs2 million or Kshs3 million, we cannot afford. Even our business community and our local people cannot afford that. In order for them to compete with the international investors, let us try to give them the incentives in order to allow them to purchase those old vehicles so that they feel comfortable and become a competent business community, like those of the international business community.

Mr. Temporary Deputy Chairman, Sir, the other issue that I would like to propose is about proper planning of taxation, which has been in place for the last 20 years, but still his Excellency the President runs from one country to another in search of financial assistance. Once this money is given to Kenyans, I propose that it should be put into proper use because if we do not, we would make the international donors not to respect us. Otherwise, we would be humiliated when we are being given various conditions to be fulfilled by us as a foreign country, as if we have not attained Independence. We should show them that we have liberty, and we are people created by God and we, are equal to them and can be able to go hand in hand with them if they respect our wishes. But if they do not, we should tell them: "You can go your way and we go our way!" But how can we say that if we have not been able to manage our resources? I am appealing to this Government to remember that we are all messengers in this vehicle driven by the Government, and we have every right to tell the driver: "You are now careless!" A time will come when we shall tell the careless driver: "Move out of the steering wheel," and we will take it over.

Mr. Temporary Deputy Chairman, Sir, with those few remarks, and with a very heavy heart, I support the Motion with these few observations.

Mr. Muturi: Thank you, Mr. Temporary Deputy Chairman, Sir, for allowing me to once again add my voice to this Motion on the proposals relating to the taxation measures.

As I went through the various documents presented before this House by the Minister for Finance regarding proposals relating to the various taxes, I kept on wondering whether any serious thought was ever given to the issue of administration of the various tariffs. This is because I do not tire to say that it is my belief that this country should be able to collect more revenues even without necessarily increasing the VAT and other taxes.

For instance, looking at the Income Tax proposals, I note that there is a process on how a person is assessed, and if one has a quarrel, in that he or she does not believe that the assessment is right, he or she may make some petition. Unfortunately, under our current Income Tax laws, it is possible that if one does not agree with a certain

assessment, one would go to another individual, probably senior to the one who made the assessment, and in a matter of days or hours, he or she may find that whatever had been assessed would be reduced by almost one-eighth.

Mr. Temporary Deputy Chairman, Sir, I am still urging the Minister for Finance to seriously think about the administration of the various revenue collection bodies. I am proposing, for instance, a situation whereby upon an assessment and a person seems aggrieved, he should be allowed to make an appeal to an independent body of professionals, some of whom must be from the private sector. This tribunal should listen to the petition, look at the various documents relating to the assessment and within three months, at the very most, make a decision as to the right amount of money that that particular person or company ought to pay. This is because when we give too much latitude to individuals, we will never tire to keep pointing fingers at those bureaucrats. I am saying this because it happens everyday. If you go to the Income Tax Department, you will find people flocking in there carrying small folders. These people just go to petition the officers there to re-consider the figures that they have been presented with.

Mr. Temporary Deputy Chairman, Sir, I would like the Minister to seriously consider this issue of not allowing individuals to make decisions that could reverse assessments if those assessments had been done professionally. If you have been assessed and proved to be liable to pay a certain amount of money, for example, Kshs10 million, by a professionally qualified Government official, would it be possible that upon holding petitions and meetings with certain individuals, the figure could easily reduce to Kshs100,000? I am saying this because I have witnessed it. I am not a day-dreamer. This should apply *mutatis mutandis* to Customs and Excise Department and also VAT. If we did this, at the end of the day, we may not need to raise the VAT rate as the Minister did in this Budget. Indeed, we would be encouraged to reduce the VAT rate by perhaps, five per cent. This is because whatever is intended to be raised by the three per cent increment can be comfortably covered more than three times by whatever taxes may be collected with proper administration of the Customs and Excise, VAT and the Income Tax Departments. The same should also apply to the Stamp Duty Department in the Ministry of Lands and Settlement.

Mr. Temporary Deputy Chairman, Sir, it is almost a daily chorus in this House because hon. Members are always asking who are the directors of this or the other company. If you go to the Registrar of Companies office to do a search, you will never get certain files. If those companies actually pay taxes, why should it be difficult to trace files relating to them? This is a clear indication that if these files are not found in the Registrar of Companies' office, then these companies do not pay taxes.

On a daily basis, we hear that certain plots are being grabbed here and there. When these plots are grabbed, stamp duty of peanuts is paid. Then the next day you go to the Ministry of Lands and Settlement and find that the original allottee of that particular plot has already sold it off and received millions and millions of shillings. Do these people, whose names can never be disclosed on account of some unknown confidentiality rules, ever pay tax? As I said yesterday, unless we address the issue of competence in the administration of the Kenya Revenue Authority (KRA), we will make this, as has been said by previous speakers, a ritual of musical chairs. We will keep, year in, year out, saying that we will raise or reduce this or the other tax. But at the end of the day when you talk about benefits to the common man, these are unknown. The common man does not know what benefits we talk about in these tariff proposals. I would want to see a situation where we remove some of the old wine and replace it with new wine because we propose to have new bottles. We propose to have new bottles, for example, what I saw this morning with regard to the Civil Service Code of Conduct. Those, perhaps, with a little ejection of the private sector expertise, will help KRA to realise some of these dreams about how much revenue it could raise through the various proposals contained in the Minister's Estimates.

Mr. Temporary Deputy Chairman, Sir, with regard to the retrenchment of the Civil Service, it was stated here by the Minister that the Government would benefit from reduction on the wage bill. It is important that we in this House to be seen to lead by example so that, indeed, retrenchment should start from the Cabinet, the Civil Service and other Government bodies. We are talking about raising revenue and we must look for all ways possible of doing so.

Mr. Ndwiga: Mr. Temporary Deputy Chairman, Sir, thank you.

The issue in the House today is about taxation and raising funds. Just like we observed in the Budget Speech, it is not a mwananchi-friendly. I have in mind the issue of mitumba. The Minister was not honest to this House because a day after he presented the Budget here, duty on mitumba went up by 100 per cent.

Mr. Temporary Deputy Chairman, Sir, you know very well that mitumba businessmen used to pay Kshs650,000 per container. On Friday following the Budget Speech here, they were asked to pay Kshs1.3 million. What are we doing? This House cannot be taken for a ride. As far as the mitumba industry is concerned, we are talking about the poorest of the poor in this country. Yes, those who import may have their own money, but the people employed in the mitumba industry are so many and that is what Kenyans are wearing. Even the President at one time said that his Ministers wear mitumba and this country is a mitumba country right now, following this directive.

A hon. Member: It is not a mutumba country!

Mr. Ndwiga: Yes, it is a mutumba country because since Friday, prices of everything have gone up. This is

because the moment you increase the prices of fuel the price of everything else goes up with it. So, where are we helping the mwananchi? This is because the mwananchi is so badly hit from all sides and now the Government has gone ahead and is now trying to make him even poorer.

Mr. Temporary Deputy Chairman, Sir, I have noticed from this Floor that Kenya used to be an agricultural country and nothing has happened in that area. We would have expected the Minister to remove Presumptive Tax so that farmers are able to buy inputs and the other necessary things.

Mr. Temporary Deputy Chairman, Sir, I do know that many Members have voiced their concern on the increment of VAT. Yes, this was a bad thought. The increment of VAT from 15 to 18 per cent is not helping this country. I do not know who it is that writes this Budget. You collect more if you have a high turnover, but if you want to collect from a single source, you collect less. You will have noticed that this Government is collecting less every year. Over the last three years the Government is reducing its collection by at least 30 per cent every year. This is so because the moment you increase prices, consumption ceases. However, the moment prices are stable then you have a continuous consumption and, therefore, you have more people to collect taxes from.

Mr. Temporary Deputy Speaker, Sir, just listen to this that now this country will not import second hand tyres. What are we doing? Can you imagine what will happen to the people who are employed in the mkokoteni industry? Do you now expect to find mkokotenis with new tyres? What are we saying? Do we expect mkokotenis to have new tyres? You want to imagine in the countryside where we want to increase productivity in the agricultural sectors, where fellows do not use lorries or pick-ups since they use ox-carts, but now you are saying that the fellow there will have to buy new tyres to put on the ox-carts. This is sinful.

Mr. Temporary Deputy Speaker, Sir, however, what is more sinful is that this House has said we do not want "somebody" called SWIPCO. The contract of this "animal" called SWIPCO is supposed to end tomorrow on 30th June, but things in this country work in mysterious ways. This is because SWIPCO has changed its name to ICS which is Inspection and Control Services. That is its new name from tomorrow. The thief has now changed its jacket, but it is the same thief. This is unacceptable and we want---

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): On a point of order, Mr. Temporary Deputy Chairman, Sir. The hon. Member is misleading this House. When we responded to a Question about two weeks ago, we pointed out that the other name for SWIPCO was ICS. The Member is misleading the House by saying it has just changed its name. We stated that two weeks and so it cannot be from tomorrow.

Mr. Ndwiga: Mr. Temporary Deputy Chairman, Sir, he is just confirming what I am saying. SWIPCO's contract was to end tomorrow, but since they want to continue stealing from Kenyans, they have been "baptised" ICS. This is "baptism". "Bishop" Okemo has now "baptised" SWIPCO and called it ICS. The practice is still the same. There is no way Kenyans are going to allow this open theft.

Mr. Temporary Deputy Chairman, Sir, would you imagine only two days ago an importation by some service industry took place. They have already passed through the Customs Department and paid customs duty. They were inspected from wherever they were coming from and they have even been given a gate pass and told: "You have paid duties now you are okay and, therefore, go and register your vehicles". Then a fellow who is not even an agent of this Government says: "No, you will not pass through this gate because you must pay an additional Kshs200,000". This is sinful; this is unacceptable. It is really obscene. We cannot allow few fellows to collude with foreigners and drive this country's economy---

The Assistant Minister for Foreign Affairs and International Co-operation (Mr. Affey): On a point of order, Mr. Temporary Deputy Chairman, Sir. I do not wish to disrupt the hon. Member, but he spoke about a fellow who asked for Kshs200,000. Could we be told who this fellow is?

Mr. Ndwiga: Mr. Temporary Deputy Speaker, Sir, I am talking about this "fellow" called SWIPCO alias ICS alias--- Can I go on? Alias and you know. I can see the Assistant Minister for Finance and Planning now looking down since he knows the other alias. The Kshs200,000 does not help Kenyans. We are collecting duty from one end and paying some "fellow" on the other end. You are putting duty in this pocket and removing the same to pay some other "fellow". This is not acceptable. That is why this country is very poor. As long as you keep running this country the way you are doing by stealing from yourself--- You know it is unheard of. This is the only Government in the world which steals from itself.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): On a point of order, Mr. Temporary Deputy Chairman, Sir. That language is not Parliamentary.

Mr. Ndwiga: What? Oh, my goodness! You know you are a "mono". You sit here and we will teach you a few things.

(Laughter)

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): On a point of order, Mr. Temporary

Deputy Chairman, Sir.

Mr. Ndwiga: Mr. Temporary Deputy Chairman, Sir, this is "lootocracy". You are out of order and I am in order. You will learn a few things before the end of this year. Just stay cool and stop "lootocracy". My mouth is saying that you are stealing and it is perfectly in order.

The Temporary Deputy Chairman (Mr. Musila): Mr. Ndwiga, address the Chair. Stop addressing an opponent. In fact, your time is up.

The Assistant Minister for Energy (Mr. Chanzu): Thank you, Mr. Temporary Deputy Chairman, Sir. The purpose of introducing taxation measures is to enable the Government to meet its obligations to its citizens. The measures must take into account the prevailing situation in the country like the level of earning and the economic situation in general. Therefore, it is important that the revenue collected through the taxation measures outlined here is used to render the intended services. This year, the aim is to stimulate growth in order to ultimately alleviate poverty.

The aspects that need to be addressed relate to enforcement. When it comes to Customs tariff and VAT, the integrity of the enforcement officers must be very high, if we are to achieve what we have targeted. The officers must have a high level of commitment, honesty and diligence. I am saying this because, at the point of collection, there have been cases of collusion involving the officers and taxpayers. As we all agree that the budget, as presented by the Minister for Finance for this year, was balanced, the disbursements, apart from being timely, must also be well balanced. We must look at the provision of the most essential services. If we have to industrialise by the year, 2020, more emphasis must be put on those sectors which will enable the economy to grow at a faster pace. Out of the revenue collected, more resources should be allocated to the energy sector, Jua Kalis and the like.

Mr. Temporary Deputy Chairman, Sir, income tax is one of the surest ways of raising revenue to meet our budgetary obligations. But this is most dependent on the prosperity of the country. There must be permanent jobs from which such tax may accrue. In this case, I wish to mention that, out of the Income Tax that was voted to go out as the Local Authority Transfer Fund (LATF), very good results have been achieved in some parts of the country. This Fund is dependent on the amount of income tax collected. Therefore, the enhancement of Income Tax collection will definitely lead to bigger proportions of the LATF and, hence, better services being rendered. An example is in my constituency where, through the LATF, a lot of work on roads has been done. I commend the effort in that particular aspect.

Mr. Temporary Deputy Chairman, Sir, if more taxes are to be collected, we must be more efficient in the way we perform our tasks as a Government. In this connection, I would like to say that measures must be put in place to seal loopholes which lead to loss of revenue through invoicing and receipting, with regard to Customs tariff and VAT. Customs tariffs depend on the amount of goods brought into the country. Therefore, there must be a conducive environment locally to facilitate importation of goods and implements which can be used as inputs to stimulate economic growth. We must put in place measures which can check aspects of collusion as regards the custom tariffs and VAT.

With those few remarks, I beg to support.

Mr. Kariuki: Thank you very much, Mr. Temporary Deputy Chairman, Sir, for giving me this opportunity, to comment on the Motion. This Government has a habit of having very good policy papers. But they all end up in the National Archives because nothing is implemented. We have policies like the District Focus for Rural Development, Water by the Year, 2000, Industrialisation by the year, 2020 and others. Now, we have a new "animal" called the Medium Term Expenditure Framework (MTEF). I do not know where it was coined from! I hear the World Bank keep on importing some of those concepts from someplace, to be seen to be doing something and, yet, it does nothing! Therefore, it is very worrying to see whether the Government will achieve anything in the end, in view of the fact that we, as taxpayers, are dishing out money by way of taxes, but we do not see the same response in terms of development in various aspects of the economy. Therefore, the Minister, although he came up with a very good Budget, which is said to be well balanced, gives us a lot of worries. Normally, a good Budget is followed by a very bad mini-budget with far-reaching effects on the economy. We hope that the Minister will not do that. Our people are becoming poorer by the day. If at all there will be a further imposition of taxes by way of mini-budgets, our people will end up becoming poorer. It will be a disaster at a time like this when we are faced with drought. The same drought is causing other concerns. It has become an excuse for everything. If there is mismanagement in the Kenya Power and Lighting Company (KPLC), everybody blames the drought! But one wonders if the KPLC is structured enough to face catastrophes like the one we are in. At one time, we were promised that there would be some independent power producers (IPPs) in Kenya. They do not seem to have any effect at all on power supply in this country. They were connected with a lot of corruption and over-pricing of power, making Kenya one of the most expensive power suppliers, relative to other countries like Zambia, where only a quarter of the local tariff is charged. One wonders why power should be that expensive. If we are talking about industrialisation, we must also attract investors with low power tariffs. Otherwise, they will not come here. They have other countries to go to where land and power are very

cheap.

Therefore, it is important, while looking at the issue of power in this country to find out reasons why power is very expensive in this country. This is because there is no control at all, when increasing power tariffs. There is no consultation between Kenya Power and Lighting Company (KPLC) and the consumer. If anything, the KPLC just quotes the Power Act and says how it is going to increase power tariffs by 25 per cent and it does not matter whether the consumer complains or we complain here on behalf of the consumer. No action is taken to ensure that power is cheap. Even if there will be rain tomorrow, I am sure that KPLC will never reduce power rates. This is a disaster! There should be a mechanism of ensuring that, when there is adequate water, then, power tariffs should be reduced accordingly, not to be maintained at very high rates. This is the way things should be done! But this Government seems to be stuck in wanting to get extra every cent from mwananchi. In fact, KPLC has no reason whatsoever for increasing power rates because they have been making profits since time immemorial.

Normally, justification for any power increase should come because a company is making losses, not because it wants to make more profits. In fact, the motivation behind KPLC should not be profit maximization, but maximizing the distribution of power within the whole Republic. This has not been done effectively, if anything, KPLC has been using very selective and discriminating policies in the distribution of power. This should be stopped!

In fact, we commend very much the Ministry of Roads and Public Works because it came up with the Roads Board, whereby every constituency is given Kshs5 million. This should happen in all the other Ministries. If we are talking about the Ministry of Health, each constituency should be given Kshs10 million towards health development. If we are talking about water, or electricity *et cetera*, it should be the same! Let us apply that very good rule so that, every constituency in this Republic is taken care of. Otherwise, we already have had too much distribution of power in Baringo, Koibatek while other areas like Muranga, Kisumu Rural and even Embakasi which is right in the north of the Ministry has been forgotten. This is very serious!

What we are pleading for is fair play in this country. There is enough for us to eat and drink in this country, but some people want to eat it all. It is not fair. Their stomachs are going to bulge and bulge because of being unfair to other Kenyans. We are, therefore, pleading to the Ministry to be fair when preparing budgets like this.

What happens in other countries, for example, Botswana is that the budget starts right from the divisional level to district level then up to the national level. I have never seen the Ministry of Finance going round the constituencies to find out what those constituencies want. How do they know the various problems we have in various constituencies. This Ministry has failed to tune itself to the current times. There should be a way of starting setting estimates from the constituency level, to the district, provincial and then the national level. I do not know why they should be sitting in Nairobi doing nothing, waiting to only increase the Budget by 10 per cent or 20 per cent. This is a wrong way of doing things! This used to happen during the colonial days sixty years ago. You are doing things the way the colonialists used to do, sixty years ago. You should attune yourself to recent high technology! You are so out-modeled, so old, archaic and finished, that you should be thrown into the dust-bin.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): On a point of information, Mr. Temporary Deputy Chairman, Sir.

The Temporary Deputy Chairman (Mr. Musila): Mr. Kariuki, there is a point of information. Do you want to take it?

Mr. Kariuki: I have a lot of regard for my friend, but when it comes to point of information, I do not think I need it for the time being because I have a lot to say.

When I talk about being archaic, I mean he is a young man, I do not know why he is sympathising with people who are already senile at the age of 70 years and above. This is because those people should get out of the system and help young men to come with new radical and technically approach adduced to the current time. That is why I am criticizing the approach of this Budget and the policies hitherto because they have not been the best. Mr. Temporary Deputy Chairman, Sir, we should be addressing issue which are critical in this nation. Very important areas should have maximum concentration and preference. Agriculture, manufacturing and tourism sectors are productive areas that should help our economy to grow and thrive. But there has been very little in terms of concentration within these three areas. We are distributing public finance in areas of salaries, highly bloated Civil Service. Some of the civil servants are just redundant doing nothing, yet areas like agriculture has not been properly addressed.

Water that came through El-Nino induced rains went across the country right to the ocean, leaving areas like Mwingi, Makueni, Machakos, Meru, Tana and others areas which could be very major catchment or dam areas for irrigation purposes. I do not why we do not have our priorities right in this country? Damming of rivers and creating irrigation schemes should be our paramount area of attention. We should not ignore that area because, it so important! We should not be begging for food we should, in fact, be net exporters of food in this country. But this Government has failed to know which areas to address. We are just wasting time here talking without addressing the very areas which are of less importance to us. But the Government has failed to know which areas to address. We are just

wasting time here talking, without addressing the very areas which are of importance to us. We are talking about the manufacturing sector and asking ourselves why our industrialists are closing down. They are closing down due to insecurity, lack of electricity and poor infrastructure. We are not protecting our local industries and we are allowing dumping of products from Korea, Taiwan and so forth, without protecting our local industries. In tourism, the problem is ours. We should not be mourning because tourists are not coming here. If there is insecurity, how do you expect them to come? New, we are talking about clashes in Molo, Laikipia, Likoni, Marakwet and so on.

With those few remarks, I beg to say the policy is very poor.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): On a point of order, Mr. Temporary Deputy Chairman, Sir. I beg to move that the Committee of Ways and Means doth report progress to the House on its consideration of the proposals relating to---

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

The Temporary Deputy Chairman (Mr. Musila): Order! Mr. Mwenje, we are on a procedure here.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Temporary Deputy Chairman, Sir, I beg to move that the Committee of Ways and Means doth report progress to the House on its consideration of the proposals relating to Customs Tariffs, Excise Duties, Value Added Tax (VAT), Income Tax and Miscellaneous Fees and Taxes, and has entrusted me to report progress and seek leave to sit again.

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

The Temporary Deputy Chairman (Mr. Musila): Order, Mr. Mwenje! Mr. Arap-Kirui is on a point of order. You cannot put another point of order on top of another one.

Mr. Mwenje: Mr. Temporary Deputy Chairman Sir, he has finished his point of order.

The Temporary Deputy Chairman (Mr. Musila) Yes, but you cannot put another one.

(Question proposed)

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Chairman, Sir. I can now raise it.

The Temporary Deputy Chairman (Mr. Musila): But I am continuing, Mr. Mwenje. Please, do not argue with the Chair. Mr. Arap-Kirui has raised a point of order.

(Question put and agreed to)

(The House resumed)

[Mr. Deputy Speaker in the Chair]

PROGRESS REPORT

APPROVAL OF TAXATION MEASURES

Mr. Musila: Mr. Deputy Speaker, Sir, I beg to report that the Committee of Ways and Means is considering the proposals relating to Customs Tariffs, Excise Duties, Value Added Tax, Income Tax and Miscellaneous Fees and Taxes contained in the Financial Statement for the year of account 2000/2001 and has instructed me to report progress and seek leave to sit again.

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

The Assistant Minister for Finance and Planning (Mr. Lomada) seconded.

(Question proposed)

Mr. Mwenje: On a point of order, Mr. Deputy Speaker, Sir. I think this is not a matter of just sitting again, but rather to continue on Tuesday. Saying that we can sit again is not clear enough. Of course, we will sit again on Tuesday, Wednesday and Thursday next week, but I think it would be more specific to say that we shall continue with this matter on Tuesday.

Mr. Deputy Speaker: Order! Just look at the Standing Order, Mr. Mwenje. That is the Parliamentary way of saying that we shall continue.

(Question put and agreed to)

MEMBERS' HALF-HOUR STATEMENTS

Mr. Deputy Speaker: Hon. Members, we are now in Zero Hour. Mr. Mugeke, will you proceed?

Mr. Mugeke: Mr. Deputy Speaker, Sir, I rise to raise a very important issue that is affecting all of us in Makadara Constituency.

Mr. Deputy Speaker: By the way, Mr. Mugeke, what portfolio do you hold in your party?

An hon. Member: He is not a Minister.

Mr. Deputy Speaker: Are you an Assistant Minister?

Mr. Mugeke: Yes, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: It is okay.

(Laughter)

WRANGLES AT BURU BURU CHURCH OF GOD

Mr. Mugeke: Mr. Deputy Speaker, Sir, of late, we the people of Makadara, have been in the news relating to the way we have handled our churches. One church that I have in mind is Buru Buru Church of God. Last Sunday, the entrance to the church compound was locked by the area District Officer (DO), the Deputy Provincial Commissioner (DPC), Nairobi, and the Officer Commanding Police Division (OCPD), Buru Buru. Those officers did this after misinterpreting a court order. On the previous Sunday, those officers had a court order, which they interpreted correctly. The court order had ordered the DO, Makadara, and the OCPD, Buru Buru, to ensure that there was peace at the Buru Buru Church of God, and further that the congregation and commissioners were not interfered with.

So, last Sunday, the officers misinterpreted the court order. Instead of ensuring that law and order prevailed at that church, the officers went ahead and created disorder by closing it down. Those officers were very lucky that those who were within the precincts of the church were God-fearing people; they were orderly. They agreed to conduct their prayers outside the church compound. So, we are now asking the Minister in charge of internal security to ensure that his officers interpret that court order correctly, as they did on the previous Sunday. They should not close down the church or interfere with the congregation. Freedom of worship for all Kenyans is enshrined in this country's Constitution. In fact, we are informed that before the DO and the OCPD took that action, they attended service at that church. The action they took was not right; they had a court order, which they should have interpreted correctly.

Mr. Deputy Speaker: Which Minister is going to respond to that issue? The matter involves security as well as culture.

The Minister for Medical Services (Dr. Anangwe): Mr. Deputy Speaker, Sir, as you realise, the Minister of State, Office of the President, responsible for internal security is not here. However, I undertake to bring to his attention the sentiments raised by hon. Mugeke. If possible, a response to the matter will be brought here next week.

Mr. Deputy Speaker: Thank you very much, Mr. Minister.

ADJOURNMENT

Mr. Deputy Speaker: Hon. Members, it is now time for us to interrupt our business. This House is therefore adjourned until Tuesday, 4th July, 2000, at 2.30 p.m.

The House rose at 6.35