

# NATIONAL ASSEMBLY

## OFFICIAL Report

Wednesday, 12th April, 2000

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

## PRAYERS

## PAPERS LAID

The following Papers were laid on the Table:-

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

The Annual Report and Accounts of Kenya Seed Company for the year ended 30th June, 1996, and the Certificate thereon by the Auditor-General (Corporations).

The Annual Report and Accounts of Kenya Seed Company for the year ended 30th June, 1997, and the Certificate thereon by the Auditor-General (Corporations).

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

The Annual Report and Accounts of Pest Control Products for the year ended 30th June, 1997, and the Certificate thereon by the Auditor-General (Corporations).

The Annual Report and Accounts of Kenya Coffee Auctions for the year ended 30th June, 1999, and the Certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister for Agriculture  
(Mr. Ruto) on behalf of the Minister  
for Agriculture)*

## NOTICES OF MOTIONS

**Mr. Kiunjuri:** Mr. Speaker, Sir, I beg to give notice of the following Motions:-

### SETTLEMENT OF EX-FOREST SQUATTERS

THAT, considering that the Government evacuated squatters from all forests between 1988 and 1989; considering further that the Government promised to settle all these squatters elsewhere; appreciating the fact that some of the squatters were settled and being aware that the Provincial Administration has details of all the squatters who were evacuated, this House urges the Government to ensure that all squatters who were affected by the evacuation are settled.

### LEAVE TO INTRODUCE A HUMAN RIGHTS COMMISSION BILL

THAT, this House do grant leave to introduce a Bill for an Act of Parliament entitled the Human Rights Bill to establish a Human Rights Commission to ensure that the United Nations Convention on Human Rights is strictly adhered to and for matters connected therewith and incidental thereto.

## ORAL ANSWERS TO QUESTIONS

*Question No.017*

SUB-DIVISION OF KITHIMANI  
DIVISIONAL HEADQUARTERS LAND

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

(a) whether he could inform the House the acreage of the Government land at Kithimani Divisional Headquarters, plot No.12/10, which houses all the Government offices and Government residential houses;

(b) whether he is aware that the said plot is being sub-divided by some councillors of Matuu Town Council with the DO,

Yatta; and,

(c) what action he is taking to protect the said land.

**The Minister of State, Office of the President** (Maj. Madoka): Mr. Speaker, Sir, I had a brief discussion with the hon. Member and I would like to ask for more time to be able to answer this Question effectively.

**Mr. Speaker:** What is your response, Mr. Wambua?

**Mr. Wambua:** Mr. Speaker, Sir, while the Minister is asking for more time to go and look for a better answer, can he assure this House that--

**Mr. Speaker:** I am sorry, the Question is not before the House yet. Do you want it deferred or not?

**Mr. Wambua:** I would not mind it being deferred so that the Minister can bring an adequate answer.

*(Question deferred)*

**Mr. Oloo-Aringo:** Mr. Speaker, Sir, before I ask my Question, I have just got the written answer and I want Ministers to respect hon. Members of Parliament and give us answers early enough for us to be able to refute a lot of allegations which are in those answers. However, I beg to ask my Question.

*Question No.024*

#### RELEASE OF AKIWUMI COMMISSION REPORT

**Mr. Oloo-Aringo** asked the Minister of State, Office of the President:-

(a) when the Government will release the Report of the Akiwumi Commission of Inquiry into tribal clashes which was conducted at great public expense;

(b) what steps the Government has taken to punish the perpetrators of these criminal acts that destroyed lives and property of innocent citizens and aggravated poverty for Kenyans; and,

(c) what action the Government plans to take to settle and compensate the victims of this ethnic violence.

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

(a) The Judicial Commission of Inquiry into Tribal Clashes in Kenya was established in 1998 to inquire into the tribal clashes which had occurred in various parts of the country since 1991. The Commission finished its work in August, 1999, and submitted its Report to the Government which is studying its contents with a view to implementing specific recommendations before the Report can be made public. Some recommendations call for further investigation with a view to prosecuting the suspects.

(b) Those implicated by the Report will not escape prosecution.

(c) The Government has already ensured that 4,000 families go back to their farms in the affected areas. However, the Government is not in a position to compensate the victims because there is no financial and material assistance that has been set aside for the resettlement of the affected families.

**Mr. Oloo-Aringo:** Mr. Speaker, Sir, this Question is of great public interest because more than 3,000 Kenyans lost their lives, and hundreds of thousands were dispossessed of their property and many are living as refugees in their own country. Secondly, this Parliament had established the Kiliku Committee whose Report was made public. Why has the Government not thought it fit to make this Report public after using millions of shillings of public funds, particularly to the victims of the tribal clashes, as well as indicating to the country what action it will take in order to prevent the recurrence of what is ethnic genocide?

**Mr. Sunkuli:** Mr. Speaker, Sir, it is in the interest of everybody that the specific recommendations of this Commission be acted upon. The hon. Attorney-General has since issued instructions to the Director of the CID to conduct investigations according to the recommendations of the Commissioners. The mere publication of this Report may not, in itself, be desirous in the sense that it may prejudice the fair trial of those mentioned.

Mr. Speaker, Sir, this House must appreciate that, whoever is mentioned in that Report does, in fact, have constitutional rights, and that it is not proper for anybody to be assumed to be guilty before proper investigations are carried out.

**Mr. Muchiri:** Thank you, Mr. Speaker, Sir. I think, this Question was here last year and to-date, nobody has been arrested or prosecuted. Can the Minister inform this nation as to why this Government has not arrested the people who murdered over 3,000 Kenyans?

**Mr. Sunkuli:** Mr. Speaker, Sir, although justice delayed is justice denied, it is sometimes better to have slow justice than quick injustice.

*(Laughter)*

**Mr. Angwenyi:** Thank you, Mr. Speaker, Sir. Could the Minister tell this House where the amount of Kshs2 billion which was given by the United Nations Development Programme (UNDP) in 1995 was applied in settling the clash victims?

**Mr. Speaker:** Would you repeat?

**Mr. Angwenyi:** Could the Minister tell this House where the amount of Kshs2 billion which was given by UNDP in 1995 was used to settle the clash victims?

**Mr. Sunkuli:** Mr. Speaker, Sir, that amount of money was never actually disbursed because there did arise some misunderstanding on how it was going to be used. The Members will recall that this question has been asked before, and that UNDP had originally intended to use it to set up some infrastructure. The Government had wanted it to be directly disbursed. The money was never actually disbursed.

**Mr. Speaker:** The final question, Mr. Oloo-Aringo!

**Mr. Oloo-Aringo:** Mr. Speaker, Sir, I really plead with you not to make this a final question.

**Mr. Speaker:** Order! I will. I have other Questions to deal with.

**Mr. Oloo-Aringo:** Mr. Speaker, Sir, this Government has the habit of treating us like children. We produce children and some of us have grandchildren; so, we cannot be children. We do not want to be treated like children. This question is very serious because Kenyans shed their blood and are dead and buried. They have victims, orphans, widows and widowers as a result of a State-sponsored genocide against the people of Kenya. The Government has made inquiry; we are simply asking them to make the inquiry public. Can you compel the Minister to assure us when he will make this public, so that---I am sorry that the Minister was also named in that Report, but can he make this public?

*(Applause)*

**Mr. Sunkuli:** Mr. Speaker, Sir, it is the hon. Oloo-Aringo who is treating this House as children. He is talking from a philosophical point of view. Some of us, actually, lost our people in these clashes. I think it is important for the hon. Member to treat lies as lies.

**Mr. Oloo-Aringo:** On a point of order, Mr. Speaker, Sir. It is a serious point of order because in Likoni alone, I buried 11 people from Alego Constituency. So, I am not talking theory. Out of the 70 people who were murdered in Likoni, 40 were from Luoland and out of those, I buried 11; so, I am not theoretical, I buried my cousin, who was a Sheikh in that area.

**Mr. Sunkuli:** Mr. Speaker, Sir, he is theoretical to say it was a State-sponsored genocide. That is not true and the hon. Member does know that; he is merely politicising a very serious issue.

**Hon. Members:** No! No!

**Mr. Wamae:** This is a very serious matter, and I think the hon. Minister is taking it very lightly. Would the Minister state when he is going to release this Report so that Kenyans can know what action to take? We want to take this issue to the International Court for arbitration. This issue is not going to end here.

**Mr. Sunkuli:** Mr. Speaker, Sir, if the hon. Member wants the issue to be taken seriously, the Government thinks it is necessary to take action rather than just to publicise people's names.

**Mr. Muite:** On a point of order, Mr. Speaker, Sir. Is it in order for the hon. Minister of State to really refuse to answer a specific question Members are asking; when is this Report going to be made public, and can he assure us that it is not going to be doctored and amended?

**Mr. Sunkuli:** Yes, Mr. Speaker, Sir, I can assure you it is not going to be doctored or amended.

**Hon. Members:** When?

**Mr. Mwenje:** On a point of order, Mr. Speaker, Sir. We are seeking your guidance because we have noted clearly that the Minister is avoiding to answer this question. It is a very serious question and the whole country has been waiting for it. It has used a lot of public funds. Can the Minister tell us when he is going to table this Report because we have been waiting for it? If he does not, then I appeal for your direction.

**Mr. Sunkuli:** Mr. Speaker, Sir, you remember I answered the question and I want to repeat the part of the answer that I gave that the Commission finished its work in August, 1999, and submitted its Report to the Government, which is studying its contents with a view to implementing specific recommendations before the Report can be made public.

**Mr. Speaker:** Next Question, Mr. Ojode!

**Mr. Obwocha:** on a point of order, Mr. Speaker, Sir. I have filed a similar Question. If you could allow me just to ask one question, because I know when it comes, I may not be able to ask it because it has already come to the House. Can I?

**Hon. Members:** Ask it!

**Mr. Speaker:** Order! Order! I think all Questions pass through me and if it does appear to me that a similar Question has been filed before, I do not pass it through.

**Mr. Obwocha:** I have been given a copy, Mr. Speaker, Sir, and you have already approved it.

**Mr. Speaker:** Order! Let us wait for it, then. Next Question, Mr. Ojode!

**Mr. Oloo-Aringo:** On a point of order, Mr. Speaker, Sir. I am not satisfied with the answer given by the Minister, and I have a lot of respect for him. But I want to say this:---

**Hon. Members:** A lot of respect for him?!

**Mr. Oloo-Aringo:** No, you have to respect your colleague!

**Mr. Speaker:** Order! What is your point of order?

**Mr. Oloo-Aringo:** Mr. Speaker, Sir, please, give us time also to be heard.

**Mr. Speaker:** Order, Mr. Oloo-Aringo! I do give you time to be heard, but only if you have accessed through the right window. If you do pass through the wrong window, you cannot be heard. You rose on a point of order; you have to be specific. What is the point of order?

**Mr. Oloo-Aringo:** Mr. Speaker, Sir, we have raised three questions and we have required specific answers. Is it proper that the Minister avoids answering the questions by saying that it takes this Government since August, 1999, to study this Report in order to release it to the public? Is that the level of mediocrity or what does it demonstrate? This Question is not going to go away.

**Mr. Speaker:** Next Question, Mr. Ojode!

#### *Question No.016*

#### DISBURSEMENT OF FUEL LEVY FUND

**Mr. Ojode** asked the Minister for Roads and Public Works:-

- (a) what the total amount of money from the Fuel Levy Fund which was set aside for maintenance and gravelling of roads in 1998/99 financial year is; and,
- (b) if he could give a breakdown of the allocations per province and district.

**The Minister for Roads and Public Works** (Eng. Kiptoon): Mr. Speaker, Sir, I beg to reply.

(a) The total amount of money from the Fuel Levy Fund which was set aside for maintenance and gravelling of roads in 1998/99 Financial Year amounted to Kshs5.3 billion.

(b) The allocations per province for the major maintenance activities was as follows:-

<u>Province</u>	<u>Kshs</u>
Nyanza	201,761,900
Western	361,237,099
Rift Valley	630,386,199
Eastern	267,730,900
Nairobi	20,178,800
(plus the amount given to the City Council)	
Coast	108,506,400
North Eastern	116,876,000
Central	235,555,900

**Mr. Ojode:** Mr. Speaker, Sir, you will agree with me that the figures that have been given by the Minister to this House are cooked up. Last year alone, his Ministry gave Kshs1.2 million to each district. Some districts got a mere Kshs800,000, but the Minister has now brought to this House cooked up figures. On behalf of my colleagues, I will not

accept those figures because they are not genuine.

**Mr. Speaker:** Order! Mr. Ojode, you have two options. If you do not want to accept those figures, you should either sit down or ask the Minister a question.

**Mr. Ojode:** Mr. Speaker, Sir, you will agree with me that potholes are found everywhere within this country's main roads. Last week alone, about 105 lives were lost as a result of potholes. The figures given by the Minister do not reflect the true position.

**Mr. Speaker:** Order, Mr. Ojode! Why do you not ask him a question, then?

**Mr. Ojode:** Mr. Speaker, Sir, the Minister has alleged that he gave Homa Bay District alone Kshs11 million. Could he come up and tell us where in Homa Bay that money was used?

**Eng. Kiptoon:** Mr. Speaker, Sir, Kshs11 million is the cost of the work done in Homa May District. Our records show that the Kshs5.3 billion was spent as follows: Some payments in respect of pending bills for projects, some of which were undertaken in Homa Bay District, totalling Kshs985 million, were made; maintenance of all trunk roads, some of which lead to Homa Bay District, cost Kshs1.5 billion; maintenance of rural roads cost Kshs1.6 billion; repair and maintenance of bridges, including fitting in new culverts, cost Kshs349 million, among other expenses.

**Mr. Gitonga:** On a point of order, Mr. Speaker, Sir. The Minister is not answering the question. He has been asked to tell the House the particular roads the Kshs11 million was spent on.

**Eng. Kiptoon:** Mr. Speaker, Sir, according to my records, routine maintenance of all the roads in Homa Bay District cost Kshs11,016,000. There were paved roads in that district when the maintenance work was carried out. Bridges and culverts cost about Kshs500,000. This brings the total amount of money spent on road maintenance in the district to Kshs11.5 million.

**Mr. Katuku:** Mr. Speaker, Sir, the Minister is giving very lucrative figures; I wish that what he is telling us was practical. This Minister has admitted severally that he has been betrayed by his officers. Could he take this issue seriously and give us particulars. For example, nothing has been done in Machakos District and Nairobi Area; nothing has been done even in your area, and he has been telling us that the---

**Mr. Speaker:** Order! Order! Mr. Katuku, the Chair has no area!

*(Laughter)*

**Mr. Katuku:** Mr. Speaker, Sir, I meant hon. Kiunjuri's area. So, could the Minister be serious this time round and ensure that hon. Members are provided with the details of where money allocated for road maintenance will be spent, so that we can monitor the same and report to this House?

**Eng. Kiptoon:** Mr. Speaker, Sir, I would like to assure the hon. Member that I am very serious, and that we will keep hon. Members informed whenever money is dispatched to their home districts.

**Mr. Anyona:** Mr. Speaker, Sir, this is one of the most important Questions before this House today, partly because of the amount of money that has been spent and the role of roads in this country. The Question covers the whole country; it is very difficult for any particular Question to satisfy the wishes of hon. Members. Would it not be in order if the Minister was required to bring to this House the total breakdown, on a province-to-province, and district-to-district basis, showing how the money was spent? That is the only way by which we can do justice to this Question.

**Mr. Speaker:** Hon. Anyona, I thought that, that is what the hon. Questioner asked for.

**Mr. Anyona:** Mr. Speaker, Sir, from the answers we are getting---

**Mr. Speaker:** Mr. Anyona, part "b" of the Question asks: "Could the Minister give a breakdown of the allocations per province and district?"

**Mr. Anyona:** Mr. Speaker, Sir, since, in the Minister's verbal replies, the desired message is not coming out, could he be required to bring to this House a written paper containing all these details, so that we can study it and establish whether the money has been spent?

**Eng. Kiptoon:** Mr. Speaker, Sir, the best I can do is to table the list containing the breakdown on a district-to-district basis, so as to satisfy hon. Members.

**Hon. Members:** No! The breakdown should be on a road to road basis.

**Eng. Kiptoon:** Mr. Speaker, Sir, I can table the list containing the breakdown on a district-to-district basis.

**Mr. Speaker:** Order! Order! Hon. Members, if you really want to get the information from the Minister, it is only fair that we give him a chance to say something. Mr. Minister, would you like to continue?

**Eng. Kiptoon:** Thank you, Mr. Speaker, Sir. I was saying that the breakdown that I have here shows how the money was spent per district, and not per road. If we were to produce a breakdown showing the amount of money spent on each road, it would take us much longer to get those details. However, if that is the wish of hon. Members, the exercise would be very tedious.

**Mr. Twaha:** Mr. Speaker, Sir, could the Minister explain why the Coast Province was allocated only Kshs100 million, and the Rift Valley Province, Kshs600 million?

**Eng. Kiptoon:** Mr. Speaker, Sir, I think the decision on how much money was to be allocated to which area depended on the amount of work that had to be done in each area during that particular year. The figures we have given here represent the requirements put forward by each province.

**Mr. Mwenje:** Mr. Speaker, Sir, you have heard that Nairobi Area was allocated only Kshs20 million out of the Kshs5 billion. Nearly the entire amount of money was collected from Nairobi-based motorists. What criteria did the Minister use to allocate us a paltry Kshs20 million when we contributed most of that money? Could that anomalously be rectified, so that we could be allocated the right amount of money that is due to us?

**Eng. Kiptoon:** Mr. Speaker, Sir, there was an arrangement that 17 per cent of the Fuel Levy Fund (FLF) money is given to local authorities. In fact, "local authorities" means, mostly, Nairobi. So, that figure catered for Nairobi. The Kshs20 million catered only for the environment, which falls under the Provincial Works Officer.

**Dr. Ochuodho:** Mr. Speaker, Sir, as the "head of state" read out "Homa Bay", I can testify that no single cent was spent from the FLF---

*(Laughter)*

**Mr. Speaker:** Order! Dr. Ochuodho, could you be a little serious?

**Dr. Ochuodho:** Mr. Speaker, Sir, I am confirming to the House that no single coin from the FLF was spent for repairing roads in Homa Bay District. So, if there are claims that some money from that Fund was spent on roads in that district for that kind of work, I would like to assure the Minister that the contrary is the case. My question is this: Could the Minister tell us whether that money was meant for just paying pending bills, or whether it was meant for repairing roads? Could he tell us how much of that money has been used for repairing any road, including the Kericho-Nairobi Road, on which we lost about 100 people in the recent past?

**Eng. Kiptoon:** Mr. Speaker, Sir, it is not true that no funds were spent in Homa Bay District because, as you know, all roads in that district are passable and, therefore, some maintenance must have been undertaken.

**Mr. Ojode:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Would you like him to answer his other question?

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

Order, hon. Members! We cannot make progress if, every time the Minister utters one sentence, we stop him with a point of order.

**Mr. Muite:** Mr. Speaker, Sir, could the Chair kindly get the Minister to elaborate to this House the criteria that his Ministry uses in distributing this money to the different provinces? Does the criteria depend on the total number of kilometres of a road in a particular province, population, amount of money raised in that province, rainfall; for example, some areas have got a lot of rainfall and, therefore, they require all-weather roads? What criteria does he use to distribute this money to the provinces?

**Eng. Kiptoon:** Mr. Speaker, Sir, we do have officers who sit down to prioritise the development of roads in the country. For example, it is not possible to just distribute money per land mass; we have to look at the roads that have to be developed in those particular areas. So, the amount of money that is sent to a province actually reflects the number of projects that are on-going in those particular areas. I think I can remember alluding to the fact that in the past, there has been a lot of concentration on the western part of Mount Kenya, and we are trying to rectify that situation so that the whole country can get its road network attended to. So, I would like to say that there has been a very fair and reasonable method of distributing these funds throughout the country.

**Mr. Speaker:** Mr. Mwangi Kiunjuri!

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

**Mr. Speaker:** I have given that chance to Mr. Kiunjuri.

*(Dr. Ochuodho stood up in his place)*

Order! Order, Dr. Ochuodho! The roads and the problems of roads go beyond Migori District; they are countrywide. As you can see, your colleagues in this House are all interested in this Question, and it is my business to apportion the little time I have, and not the money that the Minister apportions, to the population of this House, so that

you do not ask me the criteria I use in recognising hon. Members.

Mr. Kiunjuri!

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

**Mr. Speaker:** Overruled!

**Mr. Kiunjuri:** Mr. Speaker, Sir, it seems as if the Minister got a paper showing how the money was spent. All these hon. Members who are on the ground are telling him that, that money was not spent. We have not even been told the amount of work that was done from the Government allocation on roads, and the amount of money that was spent to repair roads damaged by the *El Nino* rains and feeder roads.

In order for us to get the truth, could the Minister consider sending out committees to every constituency to investigate and give him a report on how that money was used? That committee should include hon. Members of Parliament from every constituency.

**Eng. Kiptoon:** Mr. Speaker, Sir, there have been committees going round, mainly made up of officers from my Ministry, the CID and the KACA, and they are about to come up with a report as to what is going on. But as you all know, from July, hon. Members of Parliament will receive disbursements as per their constituencies and districts. So, it will be up to hon. Members to ensure that monies sent to the districts are properly spent.

**Mr. Ojode:** Mr. Speaker, Sir, my last question is this: Out of the Kshs5.3 billion which was collected in the 1998/99 financial year, how much money was used to pay pending bills and how much money went to the actual work within the district?

**Eng. Kiptoon:** Mr. Speaker, Sir, I am happy, at least, the hon. Member has asked a question rather than making a wild statement to the effect that the Government has Kshs4 billion hidden somewhere, which he did last time. I did mention that--

**Mr. Ojode:** On a point of order, Mr. Speaker, Sir. The Minister knows very well, and he wants to mislead this House, that since October, last year, they have not disbursed even a single cent to your district, and not only to my district and those of my colleagues.

**Mr. Speaker:** Order! What was your question?

*(Laughter)*

**Mr. Ojode:** Mr. Speaker, Sir, is it in order for the Minister to mislead the House by saying that Kshs4 billion has already been disbursed and, yet, we know that it has not?

**Mr. Speaker:** Order! There are two things here. Mr. Minister, hon. Members do not make wild statements, but they make rational statements in the House.

*(Applause)*

Indeed, it is their duty to question you about the use of public funds. So, they are quite entitled to that. Secondly, Mr. Ojode, he could you also let the Minister say his bit?

**Eng. Kiptoon:** Thank you, Mr. Speaker, Sir. I think the hon. Member wanted to know the amount of money that was spent on pending bills as at that time. The figure I have here shows that Kshs985,000,817 was spent on pending bills, while the rest of the amount was spent on on-going works.

**Mr. Speaker:** Very well, let us move on to the next Question.

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

Order! Order, hon. Members! Apparently, today, all the Questions that are on the Order Paper seem to be eliciting very interesting responses from hon. Members but, unfortunately, I have got to finish all the Questions by 3.30 p.m. as we are going to Supplementary Estimates. Unfortunately, we will not give as much time as hon. Members will require. So, we will go to the next Question by hon. Nyagah.

**Mr. Angwenyi:** On a point of order, Mr. Speaker, Sir. Is the Minister in order to tell us the amount of money that was used in road construction when, in fact, the total amount of money he gave us is Kshs2 billion, and Kshs1 billion for payment of debts? Where was the Kshs2.3 billion remaining used? The amount of money he gave us adds up to Kshs2 billion, and he has said that about Kshs1 billion was used to pay debts. Where is the balance of Kshs2.3 billion?

**Eng. Kiptoon:** Mr. Speaker, Sir, I do not know whether the hon. Member got the figures, but I can recall that

I was interjected when I was half-way reading the answer. So, if the hon. member wishes to hear the balance of the amount of money, I am obliged to read that out.

As I said earlier on, the payment of pending bills took about Kshs985 million; maintenance of trunk roads - Kshs1.5 billion; maintenance of rural access roads - Kshs1.4 billion; repair and maintenance of bridges - Kshs49 million; maintenance of KWS roads - Kshs30 million; repair and maintenance of equipment - Kshs140 million; axle-load control -Kshs48 million; headquarters support services - Kshs21 million; special programmes and maintenance of the environment - Kshs20 million; Kenya National Roads Board - Kshs10 million; road safety - Kshs12 million; emergency road works - Kshs10 million, and the collection cost to the Kenya Revenue Authority on transit goods and what have you - Kshs116 million. All that totalled to Kshs5.3 billion.

**Mr. Speaker:** Do you want to table that report?

**Eng. Kiptoon:** Yes, Mr. Speaker, Sir.

**Mr. Speaker:** I think it will be interesting for hon. Members to study it.

*(Eng. Kiptoon laid the document on the Table)*

*Question No.028*

#### GAZETTEMENT OF GIKOMBA MARKET

**Mr. N. Nyagah** asked the Minister for Local Government:-

(a) why he has not gazetted Gikomba Market to protect it from being allocated to individuals as was recently attempted; and,

(b) since a small portion of Gikomba Market was recently allocated to a Women Group, whether he could inform the House when gazettlement will be undertaken.

**The Assistant Minister for Local Government** (Mr. Kiangoi): Mr. Speaker, Sir, I was not happy with the answer I received from my department. I would request for the Question to be deferred to a near future date, maybe, Tuesday, when I can go into it and give an appropriate answer.

**Mr. N. Nyagah:** Mr. Speaker, Sir, because of the sincerity that has been displayed in the past by this Assistant Minister, I am prepared to take that.

**Mr. Speaker:** The Question is deferred to Tuesday.

*(Question deferred)*

*Question No.032*

#### IMPLEMENTATION OF MOTION ON PROVINCIAL ADMINISTRATION

**Mr. Obwocha** asked the Minister for Local Government, in view of the fact that the House passed a Motion in 1998 to bar the provincial administration from being nominated as councillors, why he has declined to implement the said resolution.

**The Minister for Local Government** (Mr. Kamotho): Mr. Speaker, Sir, I wish to say as follows: I never refused to comply with the resolution of this House that DCs, DOs and PCs be revoked as councillors in various local government authorities. I have been consulting with various relevant bodies like the Attorney-General's Chambers, the Electoral Commission of Kenya and the Law Reform Commission. The Local Government Act, Cap.265, was not amended and we are in the process of bringing about a reform of that Act in order to comply. Therefore, I wish to assure this House that since we have finished this consultation, I will be taking appropriate action as soon as possible.

**Mr. Obwocha:** Mr. Speaker, Sir, for the first time I want to say that the Minister has tried.

*(Laughter)*

When this Motion was passed in this House, part of the resolution agreed was that the interpretation of the word "public officer" should be looked at by the Minister. Currently, he is looking at the issue of the Provincial Commissioners and the District Commissioners. Because of the problems they have brought in councils, we had suggested that the public officers who are nominated should be professionals like District Agricultural Officers, and



District Works Officers who can offer professional advice to the councils. Meanwhile, why does the Minister not replace these DCs and PCs when he is looking at that Act?

**Mr. Kamotho:** Mr. Speaker, Sir, the Motion was asking the Minister to amend the Local Government Act; Sections 26(1)b, 39(1)c and 46(b) of Local Government Act, Cap.265, which mandated the Minister to nominate councillors to represent Government interests in local authorities. The Motion was very clear, and that is why I did not want to rush and do things in a haphazard manner, because Government interests must be protected in these local authorities. For effective governance, the Government has a right to know what is happening in every public organisation operating in the country. Even when if FORD(K) - if at all a time like that will come - wins an election after 100 years or 200, they will want that.

**Mr. Oloo-Aringo:** Thank you, Mr. Speaker, Sir. I am sad about the last provocation, but I had very kind words for the Minister because he has handled City Hall matters very well in the last few months. His answer is very conciliatory and I would like to urge more Ministers to imitate hon. Kamotho because he has demonstrated---

**Mr. Speaker:** That is a speech now!

**Mr. Oloo-Aringo:** Mr. Speaker, Sir, can the Minister assure this House that he will bring this as quickly as possible? Please, assure us on that and we will let you go.

**Mr. Kamotho:** Mr. Speaker, Sir, I would like to repeat that assurance because, as I said, I have done adequate consultations and I am satisfied. We are doing a very comprehensive reform of the Local Government Act, Cap.265. Therefore, I wish to repeat that assurance, that as soon as the documentation is ready, I will be right here.

*Question No.023*

SETTLEMENT OF LATE ISABELLA  
KERUBO NYARECHA'S CLAIM

**Mr. Anyona** asked the Attorney-General:-

- (a) if he is aware that the High Court of Kenya has not paid death gratuity and other benefits of the late Isabella Kerubo Nyarecha since 1997;
- (b) what was the cause of the delay in the settlement of the claim; and,
- (c) when the full settlement of the claim will be finalised.

**The Attorney-General** (Mr. Wako): Mr. Speaker, Sir, I beg to reply.

- (a) I am aware that the High court of Kenya has not paid death gratuity to the late Isabella Kerubo Nyarecha.
- (b) The delay in payment has been caused by the delay in the beneficiaries obtaining and submitting letters of administration.

- (c) The cheque for the final payment will be ready for collection by 20th April, 2000.

**Mr. Anyona:** Mr. Speaker, Sir, the Attorney-General says that the delay has been caused by failure to provide letters of administration, then he says the payment will be made by 30th April. I do not know whether that means, therefore, that he does have the letters of administration. I have here with me a letter from Homa Bay Resident Magistrate, forwarding the letters of administration. The letter is dated 19th January, 1999, which is more than a year ago. The Attorney-General's office has had these papers sitting there and nothing has been done. Can he explain why, and can this poor family be paid their dues?

**Mr. Wako:** First of all, I do not think that letter is with the Attorney-General's office. This is a matter for the Judiciary. The letters of administration were submitted to the Judiciary, but there was some technical problem in that the interdiction had to be lifted because the lady passed away when she was under interdiction. She was under interdiction because she was facing a criminal trial. Now, the Judiciary has bent over backwards to uplift that interdiction, and I think they have taken the right action in the circumstances.

**Mr. Anyona:** Mr. Speaker, Sir, I do not know why the Attorney-General is going round in circles. Among these documents is the letter lifting the interdiction. This is a complete docket since January last year, and nothing has been done.

I beg to table these documents.

*(Mr. Anyona laid the documents on the Table)*

Can the Attorney-General now assure us that by 30th of this month, the family will get their dues?

**Mr. Wako:** Mr. Speaker, Sir, my information is that the interdiction was lifted posthumously on 25th May,

1999. I can assure you that it will be paid by 20th April, 2000.

### QUESTIONS BY PRIVATE NOTICE

#### ERADICATION OF DRUG TRAFFICKING IN COAST PROVINCE

**(Ms. Matano)** to ask the Minister of State, Office of the President, the following Question by Private Notice:

What action is the Government taking to eradicate drug trafficking in Coast Province?

**Mr. Speaker:** Is Ms. Matano not here?

**Mr. Maitha:** Mr. Speaker, Sir, hon. Matano said she would be late this afternoon. Therefore, I would like to ask this Question on her behalf.

**Mr. Speaker:** Order! Mr. Maitha, you cannot do that. The Question is dropped.

*(Question dropped)*

**Mr. Maitha:** It is unfair!

**Mr. Speaker:** Order! I wish to warn hon. Members very seriously against all the time, hon. Members saying to Mr. Speaker "it is unfair." Unfair to who? The rule says she must ask that Question herself. So, please, do not accuse the Chair all the time. Be warned.

Next Question.

#### ASSETS AND LIABILITIES OF KCC

**Mr. Anyona:** Mr. Speaker, Sir, before I ask the Question by Private Notice, I would like to bring to the attention of the Chair that since we started this new Session, Ministers have not been able to supply us with written answers. I did not have a written answer to the previous Question, and now this one. Could they be so reminded? However, I beg to ask the Minister for Agriculture the following Question by Private Notice.

(a) What are the assets and liabilities of KCC and how many employees were laid off by the Joint Receiver Managers in August, 1999?

(b) How much money does KCC owe the employees and when will they be paid their terminal benefits?

**Mr. Speaker:** Very well. I would ask Ministers, to make work easier for the House, just to follow the Standing Orders and supply answers to hon. Members in good time, so that they too, can look at your answers and cross-check with what they have. This will make our work a lot easier.

Proceed, Mr. Assistant Minister.

**The Assistant Minister for Agriculture and Rural Development (Mr. Ruto):** Mr. Speaker, Sir, I wish to apologise and accept that the hon. Member has not been supplied with a copy of the written answer. We will make sure that we rectify the situation and avoid its recurrence in future.

However, I beg to reply.

(a) The value of KCC's current fixed assets is estimated as Kshs5.6 billion.

As regards liabilities of KCC, the true position remain unclear as many of the creditors are yet to submit their claims. However, a task force formed mid-last year found KCC to be indebted to its creditors by over Kshs4.5 billion as at 30th June, 1999. A total of 1,063 employees were laid off in August, 1999.

(b) KCC owes the retrenched employees a total of Kshs97,628,530. The employees' dues form part of unsecured credit that is currently frozen, and unlike any other creditors, the employees' terminal benefits will be settled when KCC generates enough funds to pay them.

**Mr. Anyona:** Mr. Speaker, Sir, the collapse of KCC is not only a big blow to the economy, but a tremendous misery to the families who were working there. Could the Assistant Minister tell us how much, if anything, those employees were paid as interim benefits before they were sent away?

**Mr. Ruto:** Mr. Speaker, Sir, KCC is under receivership. As at the time the current receiver managers moved in, there was hardly any cash available for that exercise.

**Mr. Murungaru:** Mr. Speaker, Sir, the Minister has promised that as soon as the official receiver manager has generated adequate funds, he is going to pay those employees. Perhaps, of even greater importance is the money

that is owed to farmers for more than one and half years, that has crippled the dairy industry in this country. Could the Assistant Minister inform this House what steps the official receiver has taken to generate adequate funds to pay, not only the employees, but also dairy farmers of what they are owed?

**Mr. Ruto:** Mr. Speaker, Sir, KCC is currently making a lot of progress and the main focus of the receiver is to put KCC back on course and to ensure that it gets back to its former position, so that it can make some money to be able to pay the debt that it owes the farmers. The current management considers payments to farmers and employees as a top priority. As of now, there has been a lot of improvement since the current managers moved in.

**Mr. Twaha:** Mr. Speaker, Sir, could the Assistant Minister for Agriculture and Rural Development tell this House when the Government planted mangrove trees in Lamu and why it is stopping our people from cutting them?

**Mr. Speaker:** Is that part of KCC? Order! Order! Mr. Twaha, the Question before the House is on the liabilities and assets of KCC. I am just inquiring whether mangroves are part of KCC. Is it milk?

*(Laughter)*

**Mrs. Mugo:** Mr. Speaker, Sir, could the Assistant Minister confirm or deny that there is a lot of talk that KCC is being sold up for peanuts and the receivers who were put there, originally, have been asked to quit? Is it true that somebody is fronting to buy it at very little money, so that farmers are going to lose whatever is owed by KCC?

**Mr. Ruto:** Mr. Speaker, Sir, certainly, KCC is not up for sale. As I have mentioned, it is under receivership. Nobody is discussing any possibilities of sale of KCC. Therefore, the hon. Member's question does not arise.

**Mr. Speaker:** Final question, Mr. Anyona.

**Mr. Anyona:** Mr. Speaker, Sir, as I said, KCC is vital to the rural economy particularly, and nobody would like to see it collapse. Could the Assistant Minister tell us what plans the Government has to make sure that KCC is, either restructured or whatever you call it, but kept alive and afloat?

**Mr. Ruto:** Mr. Speaker, Sir, the Government is committed to ensuring KCC survives as a corporate body that is able to buy and process milk and play the role it is supposed to play for the benefit of farmers. Part of the mandate of the current managers is to revive KCC as a going concern, but not to liquidate it. That underscores the importance the Government attaches to its survival.

**Mr. Speaker:** That is the end of Question Time. Where is Mr. Mwenje?

## POINT OF ORDER

### SHORTAGE OF WATER IN DANDORA AND KOROGOCHO

**Dr. Mwenje:** Mr. Speaker, Sir, as I stand here, there are a lot of problems in some estates in Nairobi. I would like to give an example of Dandora Estate where residents have gone without water for the last seven days. Residents of Korogocho Estate do not also have water at the moment. I want to request the Minister for Local Government, whom I had alerted to wait and listen, to tell us what is happening with water in those two estates, because it is likely that cholera might break out any time. The Minister for Water Development is here and since Nairobi City Council is only an agent of supplying water, he should tell us why there is a shortage of water in those two estates. Why has that situation gone on like that unchecked?

## COMMITTEE OF SUPPLY

*(Order for Committee read)*

*[Mr. Speaker left the Chair]*

### IN THE COMMITTEE

*(Mr. Deputy Chairman took the Chair)*

## MOTION

APPROVAL OF 1999/2000 SUPPLEMENTARY  
ESTIMATES AND STATEMENT OF EXCESSES

**The Minister for Finance** (Mr. Okemo): Mr. Deputy Chairman, Sir, I am sure by now hon. Members have already received their copies of the Printed Books containing the Supplementary Estimates of Recurrent and Development Expenditure for the year 1999/2000 and the Statement of Excesses No.1 of 1995/1996---

**Mr. Deputy Chairman:** Order, Mr. Okemo! You must move the Motions before you make any statement. Otherwise, you are out of order. What are you talking about?

**The Minister for Finance** (Mr. Okemo): Thank you very much, Mr. Deputy Chairman, Sir. I beg to move:- THAT, a sum not exceeding K£197,853,288 be granted from the Consolidated Fund to meet expenditure during the year---

**Mr. Oloo-Aringo:** On a point of order, Mr. Deputy Chairman, Sir. The Minister is talking about K£197,000, instead of K£197,853,288. Is he in order? I know that the Minister is in a hurry, but could you help him to read out the correct figure for the purpose of keeping proper records of this House?

**Mr. Deputy Chairman:** Order! Actually, these are very serious Motions and have financial implications. By the way, Mr. Oloo-Aringo, we are not in a hurry. I will give the Minister adequate time to move his Motion. Mr. Minister, take your time and move the Motion slowly.

*(Laughter)*

**The Minister for Finance** (Mr. Okemo): Thank you very much, Mr. Deputy Chairman, Sir. If Messrs. Anyona and Oloo-Aringo could give me time, I would go slowly and read out the figures as printed out in the Motions. Mr. Deputy Chairman, Sir, I beg to move the following Motions:-

- (a) THAT, a sum not exceeding K£197,853,288 be granted from the Consolidated Fund to meet expenditure during the year ending 30th June, 2000 in respect of Supplementary Estimates of 1999/2000 (Recurrent) having regard to the proposed reduction of K£201,924,020, therein appearing.
- (b) THAT, a sum not exceeding K£29,122,607 be granted from the Consolidated Fund to meet expenditure during the year ending 30th June, 2000 in respect of Supplementary Estimates of 1999/2000 (Development) having regard to the proposed reduction of K£152,785,557, therein appearing.
- (c) THAT, a sum not exceeding K£20,544,723-01 shilling and 75 cents be granted from the Consolidated Fund to meet expenditure during the year ending 30th June, 1996 in respect of Statement of Excesses No.1 of 1995/1996.

Mr. Deputy Chairman, Sir---

**Mr. Deputy Chairman:** Order! Mr. Minister, it is absolutely important as by law that you read the words in bracket.

**The Minister for Finance** (Mr. Okemo): Mr. Deputy Chairman, Sir, I oblige.

*(His Excellency the President has signified  
his consent to these Motions)*

Mr. Deputy Chairman, Sir, hon. Members have already received their copies of the Printed Books containing the Supplementary Estimates of Recurrent and Development Expenditure for the year 1999/2000 and the Statement of Excesses No.1 of 1995/1996. Before I go into details I would like to appraise the hon. Members on the performance of the economy during the past one year. Available statistics show that the economy grew only by 1.4 per cent in 1999. This compares very unfavourably to the target of 3 per cent that we had projected at the beginning of the Fiscal Year. The continuing slow-down in the economy is attributed to many factors, including our dilapidated infrastructure which raises the cost of doing business and discourages investments, the drought conditions that continue to adversely affect the performance of the agricultural sector and the increased insecurity which discourages tourism and lowers investor confidence. In addition, the high cost of borrowing remains a major constraint to private sector investment.

Mr. Deputy Chairman, Sir, the slow-down in our economy had very adverse impact on Government revenues. As the economy slows down, and private enterprises continue to announce poor profit performance, Government tax receipts have been falling. In the first six months of the Fiscal Year, July to December, ordinary tax revenue was about Kshs77.1 billion, compared to our target of Kshs81.5 billion. It is important to note that this revenue was substantially

lower than the revenue that was collected by the Government in the period of July to December, 1998. An analysis of the composition of our revenue reveals that most tax categories were below our target. VAT and Import Duty were below by Kshs302 million and Kshs634 million respectively. Excise Duty was below by Kshs1,041,000,000. Other income taxes, mostly Corporate Tax was below by Kshs3.464 billion.

Mr. Deputy Speaker, Sir, we expect that the slow-down in economic activity will continue to affect the realisation of Government revenues from January to June, 2000. Ordinary revenues are likely to decline by about Kshs6.725 billion from the amount projected at the beginning of the 1999/2000 Fiscal Year. This shortfall will partially be off-set by the receipt of Kshs3.976 billion that we realised from the privatisation programme, namely the licence fee for the second cellular operator. As a result of the declining revenue, during the July to December 1999 period, we had to curtail Government expenditure. Government expenditure was Kshs5.696 billion below our target, because of revenue shortfalls. In the second half of the year, the Government will continue to curtail expenditure if Government revenues continue to decline.

Mr Speaker, Sir, good progress continues to be made in containing inflationary pressures. The average annual inflationary rates declined from 5.6 per cent in January 1999 to 4.8 per cent in February, 2000 and five per cent in March, 2000. That reflects the tight monetary policy which is being pursued by the Central Bank of Kenya. As a result of that and on the account of eased Government borrowing, the interest rate on the 91-day Treasury Bills has declined from about 19 per cent in December 1999 to 12.39 per cent in March, 2000 and about 12.73 per cent today. That has resulted in slight reduction in the interest rates charged by commercial banks on their loans, averaging about 22.58 per cent in March, 2000.

Although the declining bank interest rates are not significant, this is nonetheless encouraging development and should spur increased investment, particularly during the remaining part of the year.

Mr. Deputy Chairman, Sir, I will now come to the Supplementary Estimates. The Supplementary Estimates of Recurrent Expenditure shows a net increase of Kshs3.957 billion under certain votes and the decrease of Kshs4.038 billion in others. The development Expenditure shows a net increase of Kshs582 million in some votes and a decrease of Kshs3,055,000,000 in others. Overall, the Recurrent Estimates show a decrease of Kshs81.4 million, while the Development Estimates have been reduced by Kshs2,473,000,000.

Mr. Deputy Chairman, Sir, let me now explain the reasons for these increases and decreases in the Recurrent and Development Expenditures. The major increases in Recurrent Expenditure are accounted for, amongst other things by the following:-

First, Kshs1.9 billion to meet the shortfall in teachers salaries and allowances. Nineteen thousand teachers were expected to be retrenched, but this did not happen, hence the shortfall.

Second, Kshs500 million for the purchase of maize for distribution to famine stricken areas.

Third, Kshs96 million for the expenses of KACA.

Fourth, Kshs40 million for the Land Law Reform Commission.

Fifth, Kshs462.9 million being the cost of visa fees waiver by the Government.

Sixth, Kshs400 million---

**Mr. Michuki:** On a point of order, Mr. Deputy Chairman, Sir. Is the Minister in order to begin giving the figures in Kenya shillings when his Motion is in Kenya Pounds? He could easily be consistent in referring to the Kenya pound.

**Mr. Deputy Chairman:** I actually do not know what to say, because I have never seen a Kenyan pound. Proceed!

**The Minister for Finance (Mr. Okemo):** Thank you for your help, Mr. Deputy Chairman, Sir. I will continue in the unit of account that is familiar to us.

Sixth, Kshs400 million being additional cost of the National Population census.

Seventh, Kshs436 million for mileage claims for Members of Parliament.

Eighth, Kshs94 million for implementing the terms and conditions of service of the staff of the National Security Intelligence Service.

Ninth, Kshs100 million for renovation and partitioning of Continental House.

The rest of the Recurrent Expenditure increases were allowed on various operations and maintenance items, to enable Ministries and departments to continue rendering services up to the end of the Financial Year.

Mr. Deputy Chairman, Sir, the decreases in the Recurrent Vote were as a result of a cross the board cuts effected as a measure to reduce the budget deficits due to the declining revenue. Elsewhere in the votes, the reductions reflect re-allocation of funds from low priority areas to finance high priority and critical services within Ministries and departments.

Mr. Deputy Chairman, Sir, in the Development Votes, the main increases are accounted for, by additional donor funding of on-going development projects and programmes. Notable increases are, for instance, evidenced in

programmes which are funded by the World Bank, Japan, UNDP, European Community, IFAD and Italy. Increases in 100 per cent Government of Kenya funded projects are accounted for as follows:-

First, Kshs50 million for acquisition of a chancery in Berlin, the new setting of the German Government.

Second, Kshs91.8 million to be paid to four audit firms who undertook the verification and audit exercise of pending bills, and third, Kshs35 million advanced to Utalii College, as a loan for refurbishment of its physical facilities.

Mr. Deputy Chairman, Sir, the decreases in Development votes is due to reduction of donor support for certain development programmes, and also the inability to implement some of the Government funded programmes due to declining revenue.

Mr. Deputy Chairman, Sir, the Statement of Excesses No.1 of 1995/96 were recommended by the Public Accounts Committee. They were adopted by Parliament on 13th October, 1999 without any amendments. I do not, therefore, wish to dwell on them again, as the matter was exhaustively discussed and adopted by the House.

Mr. Deputy Chairman, Sir, having appraised the House on the intentions of the Motion before it, I now wish to call upon hon. Members to pass this Motion to enable Ministries and departments access to the funds to carry out the various services up to 30th June, 2000. It will also enable accounting entries to be made, to make good of the excesses.

With those few remarks, I beg to move.

**The Minister for Tourism, Trade and Industry** (Mr. Biwott): Mr. Deputy Chairman, Sir, I rise to second this Motion.

In seconding the Motion, I would like to congratulate the Minister for Finance, for bringing these Supplementary Estimates for passage in this House, because the services at the moment require funding. Unless it is done, some of the urgent sectors, such as tourism could be endangered. We are at the moment in need of refurbishing and upgrading the facilities such as the one mentioned in respect of Utalii College.

Mr. Deputy Chairman, Sir, among the reasons accounting for the shortage of money which need to be supplemented, there are, perhaps, two which I would like to comment on. First is maize. This is required in the dry areas where famine is acute at the moment, and where attention of the Government is necessary in order to enable the people to have enough food before the rains come. I would like to urge the Minister to intensify every effort in order to reach out to all those who are in need of famine relief, especially in the Kerio Valley, some areas in North Eastern, Turkana and anywhere else where there is need for food. Food is very important before anything else.

Mr. Deputy Chairman, Sir, there was also the question of the visa, which my Ministry raised concern on. In fact, I inherited this problem when I became the Minister for Tourism, Trade and Industry. The visa was being used by tourists as an excuse for not coming to Kenya. As a Government, we thought, if that was necessary to boost tourism, then let it be removed. It was removed, but the Minister was wise enough to re-introduce the same revenue source via the VAT, the air tickets and other airport taxes. So, I believe the Minister should be able to raise more money than he is losing by removing that tax. That, indeed, is innovative, and he deserves congratulations.

Mr. Deputy Chairman, Sir, there is need to pay attention to the cause of the perennial shortage of revenue. The real cause of this, is lack of economic activity. For us to induce economic activities and get a tax base, we have to do something fundamental in our taxation structure. We have to remove---

**Mr. Muite:** The current regime!

**The Minister for Tourism, Trade and Industry** (Mr. Biwott): We have to remove all the unbearable taxes on raw materials, and perhaps, ensure that the likes of hon. Muite are not allowed to get away with issues that will not contribute to the economy. There is nothing wrong with the management of this country. I think, it is in order and only requires support by everybody.

Mr. Deputy Chairman, Sir, today we are taxing raw materials to the tune of about 15 per cent. That makes our industries unable to compete effectively. We need to remove that tax to zero per cent and transfer that revenue to VAT. In this case, we will catch up with anybody else who is importing goods into this country. What has actually killed our industries is dumping and this dumping is taking place because our own products are expensive. This is not because those who are producing them are incapable of producing cheaply, but it is because we are loading them with unnecessary expenditures, for example, by imposing high taxation at the raw materials level. The excessive cost of electricity is also killing the local industry. We also need to do something about electricity. The high interest rate being charged is impossible and we have to look out for a way in which we can assist the local industry to flourish. I am being asked why we have not done it. Of course, we have not done it because the hon. Members from the opposite side are out to make so much noise and scare investors to the extent that they cannot come to this country. If only the hon. Members from the opposite side can join us---

**Mr. Kariuki:** On a point of order, Mr. Deputy Chairman, Sir. Is it in order for the hon. Minister to allege that this side makes noise? What type of noise is he referring to?

**Mr. Deputy Chairman:** Do hon. Members make noise?

**The Minister for Tourism, Trade and Industry** (Mr. Biwott): Mr. Deputy Chairman, Sir, of course, the hon. Members cannot make noise. They are here to contribute very seriously to national issues. All I am saying is that we should get support from the hon. Members on the opposite side whenever it comes to matters of development. We need this country to develop so that together we can go out there and compete politically. This will enable us to see who has the greatest support arising from whatever political management or strategies each party has. But, of course, you know that this side is very experienced and very capable. So, for the other side to compete with it, it may take quite a lot of time.

There are a few things which we need to look into, as far as our society is concerned. As you know, the process of reviving the East African Community is now in the final stages. We need to ratify the Treaty in order to make it complete. I will be coming to this House for the necessary passage of the Bill which will enable the Treaty to be ratified and we only have one year to go. The Common Market for Eastern and Southern Africa (COMESA), of course, is in line, but once the East African Community will be in place, we will still have to struggle to ensure that all the other members harmonise the tariffs at zero rating in order for us to have a meaningful community. But the one which is, perhaps, coming faster than we thought is the COMESA.

I attended the meeting of the COMESA members in Mauritius about two weeks ago with the Minister for Finance. We were surprised to see how many countries are ready to go to zero tariffs on 30th October, this year. If that will happen, then it will be very urgent for Kenya to adjust to the measures that are necessary to compete within this region. I know that if some of our hon. Members across had not crossed over and decided to abdicate from their responsibilities as they have done since they are capable of performing, we, perhaps, might have done a lot much more. I know a few who have actually done something concrete which they can be proud of. I am quite sure that with reason--

**Mr. Gatabaki:** On a point of order, Mr. Deputy Chairman, Sir. Is it in order for the hon. Minister, who seems to know very well about what he is talking about, to mislead this House that everything is okay about COMESA when he knows that we have a lot of problems with Tanzania which is pulling out of COMESA? We also have serious problems with Egypt regarding the importation of our factory products by her and indeed this regional body seems not to be working. Is it in order for him to keep on misleading the House?

**The Minister for Tourism, Trade and Industry** (Mr. Biwott): Mr. Deputy Chairman, Sir, I have told nothing, but the truth. If the hon. Member was to care to give me suggestions that will assist in ensuring that Kenya triumphs in this competitive world, I would be very pleased to listen to him. However, at the moment, he needs a lot more time to concentrate on what really COMESA means. This will enable him to understand and catch up with us, so that we can move on together.

**Dr. Kituyi:** On a point of order, Mr. Deputy Chairman, Sir. Is it in order for the hon. Nicholas Biwott to denigrate the significance of a very fundamental matter raised by his colleague in the House, namely; about the teething problems of Kenya's involvement in COMESA? He raised very genuine matters. These are the crisis between Kenya and Egypt on the problem of pontification of rules of origin on the high seas, and about South East Asian imports coming here from Egypt and corruption which is making the cost of the Kenyan sugar too expensive to compete with the imported sugar. Are these matters a joke or are they a reality? Are these not the problems facing the Kenya economy caused by COMESA?

**The Minister for Tourism, Trade and Industry** (Mr. Biwott): Mr. Deputy Chairman, Sir I am quite sure that the hon. Member was concentrating somewhere else. I have already mentioned the problem of competitiveness at zero tariff rating. The Egyptians are at zero tariff rating and this is why they are able to compete. Those Egyptian industries that are competing with our own goods which are actually developed by the companies which exist in this country. For example, M/s General Motors went from Nairobi here to Cairo to set up an assembly plant. It has continued to manufacture because it was given all those facilities.

Mr. Deputy Chairman, Sir, I have also talked about dumping. This is one of the things which are killing the Jua Kali sector, for example, the mitumba clothes. I have not really belittled my colleague's point, but all I said was that if the hon. Member was to take more time to update himself with what has been going on in the COMESA, he would be in a position to understand the position as it is at the moment, as I have just explained.

**Mr. Gatabaki:** On a point of information, Mr. Deputy Chairman, Sir.

**Mr. Deputy Chairman:** Would you like to be informed?

**The Minister of Tourism, Trade and Industry** (Mr. Biwott): No, Mr. Deputy Chairman, Sir. I do not want to be informed because I am the one who is informing him. I am the one who is informing the House and so there is nothing that he can inform me.

**Mr. Gatabaki:** On a point of order, Mr. Deputy Chairman, Sir. Is it in order for the hon. Biwott to insinuate that the hon. Gatabaki is not aware of what is going on in COMESA while he is so well informed? I have talked about

the problems of the East African Community and COMESA in various publications. Hon. Biwott is known as the biggest dumper and one of the most corrupt persons, who has been responsible for the destruction of this economy.

**Mr. Deputy Chairman:** Order! Mr. Gatabaki, I am sure that Dr. Kituyi cannot now defend you. On that one, you have gone overboard. You have no business insulting an hon. Member in this House and I now ask you to withdraw those insults and apologise.

**Mr. Gatabaki:** Mr. Deputy Chairman, Sir, I beg to withdraw that hon. Biwott is not corrupt; but we will have to change the dictionary.

**Mr. Deputy Chairman:** Order! Mr. Gatabaki, do not take the Chair for a ride. The Chair does understand English properly. You did not say that the hon. Biwott is not corrupt, but you said that he is corrupt. That is what I am asking you to withdraw and apologise. So, will you now go ahead and do so! Those are the little things that actually go on to "eat" into the foundation of this House. That is why people are saying that this House has no integrity. Can we bring it back? Now, please withdraw and apologise!

**Mr. Gatabaki:** Mr. Deputy Chairman, Sir, I rise to seek your guidance. Is it not in order for an hon. Member of this august House to speak honestly and truthfully about another hon. Member?

**Mr. Deputy Chairman:** Order! Yes, indeed, it is demanded, but only when you bring a specific Motion to discuss the Member! But otherwise, the only thing I would allow you to say, or allow hon. Biwott to say of you, is in way of a compliment. I have no problem with that. But I have a problem with anything that is adverse. In the meantime, can we not take any further time? Will you now comply with my direction?

**Mr. Gatabaki:** Mr. Deputy Chairman, Sir, I wish to take this opportunity to put it in record that, hon. Biwott is not the most corrupt man in Kenyan history!

**Mr. Deputy Chairman:** Order! I asked you to withdraw the remarks and apologise! I do not want to go to those records. We generate too much record every day. So, please make the work easier for the House! We are all anxious to contribute! Please, make our work easier!

**Mr. Gatabaki:** Mr. Deputy Chairman, Sir, to set the records correct, I wish to state that, Mr. Deputy Chairman forced me to withdraw the statement that, hon. Biwott is not corrupt!

**The Minister for Tourism, Trade and Industry (Mr. Biwott):** Mr. Deputy speaker, Sir, I am not surprised because hon. Gatabaki is known for what he is! So, let me conclude by requesting hon. Members to assist us by supplying us with any information, suggestions and innovative ideas that will help us to boost tourism. Tourism will increase by 25 per cent this year. The industry is beginning to turn around. However, we need to do major adjustments, which I hope the Minister for Finance will do something.

I would also like to urge the Minister for Finance to re-look at the envelopes which he has introduced in the budgeting system. I discovered that in my own Ministry, they have brought in an envelop which contains the Government Printer. The Government Printer has nothing to do with industry, tourism, regional development and trade.

With those few remarks, I beg to second.

*(Question proposed)*

**Mr. Deputy Chairman:** Hon. Members, before I allow the next speaker, you all know the Standing Orders. We have to deal with this business and finish it today. But because hon. Members are very interested in making contributions even in the Supplementary Estimates, I am suggesting that, apart from the Official Responder, the House doth agree, if it is your wish, that every other Member contributing should take ten minutes, so that we can access as many Members as possible. Is that agreeable to the House?

**Hon. Members:** Yes!

**Mr. Deputy Chairman:** Very well! So, be so! Could we hear hon. Mwiraria!

**Mr. Mwiraria:** Thank you, Mr. Deputy Chairman, Sir, for giving me this opportunity to speak on this Motion. Let me start off by making a few preliminary remarks on the state of the economy.

Mr. Deputy Chairman, Sir, the Minister for Finance has admitted to this House that, in fact, what he is asking the House to do, is to assist him to reduce the Budget, which was approved early this Financial Year. I believe this is the first time in Independent Kenya's history that, the Minister has asked for less money in the Supplementary Estimates. This is because the Government is unable to collect the revenue it had anticipated! Why is this the case? The reason is not far to find. The present Government has run the economy to the ground! If anything, the economy is gradually grinding to a halt! It is very gratifying to hear the Minister for Tourism, Trade and Industry accepting that, the Government has made, and continues to make inexcusable and unforgivable mistakes. If we look at the Kenyan industry, it is in almost every respect, winding up. The reason for this is that, we have thrown open the flood gates and



allowed dumping of all manner of goods. We have stopped thinking of industries as an activity beneficial to the Kenyan people. These days, we think more of what so and so gets out of a certain action. If it was not for that, the whole country would not be filled with "mitumbas" of old shoes, cars, clothes, televisions, fridges and others. Everything in Kenya has a "mtumba" for it! The "mitumbas" are allowed to come in to compete with our industries. Hon. Biwott gave us a beautiful example of General Motors here in Kenya. It started to assemble motor vehicles many years ago. At one stage, the General Motors Assembly in Kenya was using 40 per cent of local content on the vehicles that they assembled. Today, most of the factories which used to manufacture radiators, batteries, exhaust pipes, tyres, vehicle rims and so forth, have wound up! This is because we have allowed private individuals to import these items and *mitumba* cars. Who benefits from these imports? It is the individuals. Hon. Dr. Mukhisa Kituyi mentioned the sugar industry. We know that even today, sugar imports are coming in without payment of duty. Is it not a shame, therefore, for the Minister to come to us and tell us: "I am unable to collect revenue and, therefore, I am reducing the budget?" What I am saying is that the time is long gone when the Government should have started thinking of what is good for Kenya and not what is good for trader so-and-so and, therefore, brought under control importation of goods so that the economy could grow and develop.

Mr. Deputy Chairman, Sir, another example is that if you go to any of our supermarkets, you can buy powder soap from Egypt at a cheaper price than powder soap from our East African Industries (EAI). We have had instances where it was possible to buy eggs in our supermarkets from outside Kenya at a cheaper price than Kenyans eggs. Does this Government not have an obligation to protect Kenyan manufacturers, farmers and citizens?

**An hon. Member:** It is a *mitumba* Government!

**Mr. Mwiraria:** Mr. Deputy Chairman, Sir, a colleague at the back here says that it has become a *mitumba* Government. That is true because after all, the whole economy is flooded with *mitumba*.

Mr. Deputy Chairman, Sir, in the Supplementary Estimates, we are being asked to approve a reduction of over K£127 million. Unfortunately, I have not yet learnt to think in shillings because under the Central Bank Act, there is the Kenya pound which is made up of Kshs20. So, I shall be forgiven if I do not follow the Minister's example and speak in shillings. I think what is important is not the amount being reduced or the amount being added. It is whether those amounts are really placed in the right places.

Mr. Deputy Chairman, Sir, let me comment on the first item where the Minister said he wants over Kshs1.8 billion to pay salaries of teachers because there was no provision made, the assumption being that 19,000 of them would have been retired. Why does our Government not accept the fact that Kenya is not the United Kingdom (UK)? It is very easy for the World Bank to come and tell us: "In UK, the teacher-pupil ratio is 1 to 40 and in Kenya it is 1 to 30". However, what they are forgetting is that our country is not evenly populated. Here, we have to accept that in the most remote rural areas, schools will have a very low teacher-pupil ratio. In towns, we have, in fact, teachers teaching as many as 60 students. Yes, we have even in secondary schools. I can see a hon. Member shaking his head and I am ready to take him to a class with 60 children. So, when we get advice from the World Bank, we are duty-bound to tell them: "You cannot compare unlike items". We have to tell them: "We want to compare similar items". We have to tell them: "In Turkana, if we have 10 to 20 children in a class, we are doing very well or most of North Eastern Province or even some of the dry semi-arid area I represent". So, we do not have to accept that just because when you work out statistics, we appear to have too many teachers and we have to reduce them.

Mr. Deputy Chairman, Sir, so, I am glad that the Minister is now agreeing to retain the teachers. I was also glad to hear hon. Kalonzo Musyoka stating that they are going to employ more teachers to make sure that our services do not suffer.

**An hon. Member:** We want it today!

**Mr. Mwiraria:** Mr. Deputy Chairman, Sir, I did not want to stir the hornet's nest, but the Kenya National Union of Teachers (KNUT) last year went on strike for salary increases and the Minister has made no mention of that. Is it assumed that you have talked and agreed or are we hiding our heads under the sand that there will be no request from teachers for higher salaries?

Mr. Deputy Chairman, Sir, the other Ministry which stands to benefit by increased Supplementary Estimates is the Ministry of Foreign Affairs and International Co-operation. They are going to get an additional K£37 million. Now, this K£37 million is required to cover lost Appropriations-in-Aid (A-in-A) of K£16 million and hon. Biwott talked about it. I think, here by getting rid of the visa fees, we have cut our noses to spite our faces. Why am I saying this? This is because the Minister for Tourism, Trade and Industry admitted that although they removed visa fees, there has been no increase in tourism.

The question that I wanted to pose to the Minister is: Which is better? To remove visa fees which was earning the Ministry of Foreign Affairs and International Co-operation foreign exchange in the countries where they are so that we reduce the foreign currencies we transmit abroad, or is it, perhaps, better to remove the other taxes which are clearly hurting the tourist industry? If you take the passenger tax fee which today stands at \$40 per person, although it

is hidden in the airfare, it is, at least, twice what all the African states south of the Sahara including South Africa, charge. Are we being really wise? Are we being wise when we charge the highest landing fees in the region? Should these not be the taxes that you address when you want to attract tourists? I think, in all fairness, and I hope we will see it in the coming budget, the Minister should re-introduce visa fees so that the Ministry of Foreign Affairs and International Co-operation can have that additional K£17 million which at times of problems is the only money those people have particularly when we are unable to send foreign exchange out in a hurry.

Mr. Deputy Chairman, Sir, the same Ministry has also got to be subsidised because of the de-valuation of the shilling, in fact, to the tune of Kshs16 million. So, the weak economy I mentioned earlier is also affecting our budget.

Mr. Deputy Chairman, Sir, I will leave that issue for another day. I wanted to talk about devaluation viz-a-vis foreign loan repayments. Perhaps, I will spare that for another time because the Speaker asked us to be brief in our contributions.

Mr. Deputy Chairman, Sir, there is one rather unusual Item under the Ministry of Foreign Affairs and International Co-operation. There is an increase of K£5.5 million included in the Supplementary Estimates of the Ministry of Foreign Affairs and International Co-operation to meet the expenses of Presidential visits abroad. That is more than twice what was provided in the earlier Budget. Why should the expenses of the Presidential visits abroad go up this year when we know that the President has his own Vote under State House, which he uses to travel and to pay for everybody---

**An hon. Member:** And a jet!

**Mr. Mwiraria:** Including a jet and so on and so forth. What is this amount intended to do? In any case, there is one thing we do not do as a nation. We need to be informed in this House what benefits we reap from visits abroad. Our President has made some visits abroad recently and I am sure they are worthwhile. But why are we kept in the dark? What were the results of the Cairo visit, for instance? Should we be left to depend on what is seen in the newspapers when we are spending public funds to finance these trips?

*(Applause)*

Mr. Deputy Chairman, Sir, I was happy to notice that the Minister is providing over K£22 million for the purchase of maize for the provision of famine relief to drought-stricken areas and also a small increase in the Disaster and Famine Fund. But, I think time has come for us as Kenyans to be realistic. This amount of money, K£25 million, is not going to alleviate famine. This is the third year when we have had poor rainfall. The present season is also a disaster season. Does the Minister consider K£25 million adequate? In my view, certainly not. I think, in all fairness, the time has come for the Government to think about the poor man; the man whom we represent in this House and the man who elected us to come here and the man whose lot we should be trying to improve by our activities as Members of Parliament and as the leading citizens. On that one, I am saying: "Heko Bw. Waziri", but, this is not enough. We need a little more.

Mr. Deputy Chairman, Sir, I was really disturbed to notice that, in an attempt to make savings in the Office of the President, the funds for the Police have been reduced by K£7 million. I do not think this country has ever been as insecure as it is today. Back home in Meru, people cannot sleep at night. In the last one week, around my home in Meru Municipality, there have been four burglaries and people were beaten, clobbered and so on and so forth. In the larger constituency, I will not bother to count. Surely, is this the right time for us to be reducing the police budget?

**An hon. Member:** No! No!

**Mr. Mwiraria:** Mr. Deputy Chairman, Sir, if I cannot get any service from the police because they do not have petrol and then we go and reduce their money, surely, what are we getting at?

Mr. Deputy Chairman, Sir, the Minister was very brief in his remarks. He refused to tell the House how he expects the Immigration Department to increase its Appropriations-in-Aid by over K£16 million. Is it because you have eliminated corruption or are Kenyans running away from the country and, therefore, getting passports due to poor economic circumstances? I think the Minister should, in all fairness, tell the House what is actually happening.

There is one disturbing feature I have noticed in the last two years in our Supplementary Estimates. There is always a big saving in the Ministry of Finance Planning. The Item from which they saved last year and they have saved this year, is called "Salary Adjustments." Is this Item put there to hide some money for a rainy day? If so, why do we not have an Item which we know is for the savings for the rainy day, instead of calling it a name which we will not suspect? I think the Minister has a duty to tell us why the same Item last year, and this year and it has always got K£150 million--- So, when the time for Supplementary Estimates come, he has a large sum to save and use for other purposes.

Mr. Deputy Chairman, Sir, in Supplementary Estimates, I think the Government has given away a secret. Under the Attorney-General's Vote, they are showing a saving of K£16.4 million. That amount was what was intended

to be grants to the Constitutional Review Commission. Now, before we even debate the Raila Report to know whether it will be accepted or not, the Government has assumed that it is going to be passed and there will be very little need for the three-tier-system with many commissioners and, therefore, they can reduce this amount to K£16.4 million and it was only K£20 million.

**Mr. Michuki:** Mambo ya himla! Itafanywa kwa kihimla!

**Mr. Mwiraria:** Surely, if really the Government has a secret agenda, why can it not make it more secret?

**Mr. Michuki:** It will be done by force not by use of money!

**Mr. Mwiraria:** Mr. Deputy Chairman, Sir, as I went through the Budget, I must say that, I had my sad moments. The saddest Item I noticed is that, the Ministry of Health is going to suffer a reduction of K£12 million and this money is coming out of Curative Health. Not only is it coming out of Curative Health, it is going to come out of purchase of drugs! People are dying due to lack of drugs in our hospitals!

**Hon. Members:** Ohoo! Shame!

**Mr. Mwiraria:** Has the Government completely stopped caring for its people? The more I look at what is happening now, the more convinced I get that the KANU Government is no longer caring for the mwananchi in this country.

Mr. Deputy Chairman, Sir, at the moment, although we are suffering due to lack of rainfall, we all know that one of the main reasons why there is so little rainfall around Mt. Kenya and around all our mountains, is because we have completely destroyed our forests.

**An hon. Member:** Yes, indeed!

**Mr. Mwiraria:** Mr. Deputy Chairman, Sir, when we passed the Budget last year, I was very encouraged to see that, we had a little bit of money for forestry development. Today, we are being asked to remove all that money.

Mr. Deputy Chairman, Sir, when we go to the forests, there are no trees! What are we going to do to renew our forests? What priority is the Government following? What I am saying is true of the Development Expenditure because whatever was provided for forestry development has been removed. Whatever was provided for development in health has also been removed. So, it is really a very sad story.

In conclusion, let me say that the Government has failed totally in looking after the welfare of this nation. The Government cannot run away from protecting infant industries. It does not matter what the World Bank, the IMF or anybody else says; there has been no economy in the World which has developed without protection. I challenge the Minister to give me one example because we must really accept that as Kenyans, we have a duty to bring about development in this nation; provide security, health facilities and education to our people. The Supplementary Estimates do not give the impression that the Government is conscious or even interested in this matter.

With those few remarks, I beg to support.

**The Minister of State, Office of the President** (Mr. ole Ntimama): Thank you very much, Mr. Mr. Deputy Chairman, Sir, for giving me this opportunity to make a few comments on the Supplementary Estimates.

Mr. Deputy Chairman, Sir, I wish to support the Motion, thank and congratulate the Minister for Finance for bringing this very well thought, well planned and well prepared Estimates. I have two comments to make about these Estimates. Considering the state of our economy which is not as vibrant as we would like it to be - it is, indeed, pretty fragile. We are now releasing a colossal amount of money to the Minister for Finance to be spent on various items of Recurrent and Development Expenditures. This is money which we must be careful in spending. In our Ministries and Government departments there are people, who I normally call reckless spenders. Those are people who over-spend and divert funds from what they are supposed to be spent on to other items that are not in the Budget. This kind of behaviour must stop. If we do not stop this behaviour of over-expenditure and general recklessness, then we are not serious about revamping this economy.

Mr. Mr. Deputy Chairman, Sir, the Minister for Finance has got some Accounting Officers in all the Ministries. These people have been posted to every Ministry to monitor expenditure and to make sure that money is spent on what has been budgeted for. The Minister should continue to support its Accounting Officers and to make sure that they bring in the right reports and make sure that we do not over-spend. This is one of the poor characteristics of our senior officers in the finance departments. If we check some of these things, we will be able to save a lot of money and probably spend the money that we are supposed to spend rightly without diverting it to other areas where we are not supposed to.

Mr. Deputy Chairman, Sir, I know that we do not have a Parliamentary Departmental Budgetary Committee which is supposed to advise the Minister for Finance on some budgetary provisions. I know that the Public Accounts Committee has no business in trying to look into budgetary provisions or advise the Minister for Finance on anything budgetary at all and so is the Public Investments Committee. I am not an expert on finance at all, like some my colleagues, but I have been able to find out that in most developed countries, there is a Budget Committee which is

supposed to advise the Minister for Finance on the Budget and to make sure that those important items are included in the Budget and also in the Supplementary Estimates like these ones. I think the Minister should consider incorporating a Budgetary Committee which will include experts and people with knowledge. I do not care where they come from, provided that they are Kenyans who are professionals and who have the country at heart.

*(The red light was turned on)*

Mr. Deputy Chairman, Sir, I thought we had no limitation on this debate?

**Mr. Deputy Chairman:** We do. Maybe, you were absent when did agree to a limit of ten minutes.

**The Minister of State, Office of the President (Mr. ole Ntimama):** Now that I have been completely thrown out of balance because I thought I was going to have half-an-hour to contribute, I want to briefly talk about equitable distribution of resources. I want to focus on the Arid and Semi-Arid (ASAL) areas of this country. Every time I talk, some people think I am joking or I am over-emphasising on the fact that those people have been discriminated and alienated. But they have been, since the colonial time! Even in our two successive independent African Governments, I always feel that development has been nominal and token. It is time that we channelled funds to some of these areas to close up the development gap. Unless we do it, those people will continue to be left behind. Look at for example, the poverty eradication strategy. It is said that 50 per cent of the 30 million people in this country are below the poverty line. 50 per cent of those people who are suffering are those in the ASAL areas. It is a question of taking water, dams and the infrastructure there to open up these areas. How do you eradicate poverty without doing some of these things, especially, the infrastructure?

Mr. Deputy Chairman, Sir, there is also the question of access to basic primary education and primary health care. If you educate somebody, you empower him to be able to deal with some of the problems which will even help him out of the slavery of ignorance; to know what he is able to do for himself, his family and his community. But these things have been very, very difficult because of the inequitable distribution of resources and people not having access to some of these things. How do you eradicate poverty, if people have not been empowered with a little education, at least, to be able to write and read? There was the Kenyatta Government before this one which did nothing at all. I can tell you that, they were worse.

*[Mr. Deputy Chairman left the Chair]*

*[Mr. Chairman took the Chair]*

Mr. Chairman, Sir, I am only talking about the accessibility to some of these things, like basic primary education and the infrastructure. You cannot have any meaningful development anywhere unless the infrastructure is developed. In some of these ASAL areas, the infrastructure is literally none existent. How do you do it? We are talking about water and I do not want to blame anybody, but sometimes, this equitable distribution must be taken care of; I am telling the Minister this. For example, the boreholes, I understand the Japanese Government donated a lot of money for boreholes to be spread all over this country; but I do not know whether, at least, in Nark and Cadged, we have never seen a single borehole. So, we do not know what happened. Even the Egyptians by trying to pacify and be friends to us, so, that we do not divert water from the rivers that go into the lake and disturb the flow of the Nile; they have given us some money for the boreholes. Even those, we have not seen those funds and we are the needy people. Some of these things should go to the needy people. This is again, the unjustified distribution of resources. I want to emphasize this fact because it should be looked at, in the national focus and not necessarily from a party line or whatever.

Mr. Chairman, Sir, as I said, I have been completely thrown off balance in this one. However, I think, I want to just emphasize this fact of---If this thing was changed when I was not there, it is very unfortunate!

**Mr. Chairman:** Order! Your time is up!

**Mr. Michuki:** Thank you very much, Mr. Chairman, Sir, for granting me the opportunity to also contribute to this Motion presented by the Minister for Finance, namely; the Estimates, now before us.

First of all, I want to say that, the monies that we are discussing at this moment are monies which have already been voted out of the Consolidated Fund by this Parliament. So, there is no new monies that we are discussing. Indeed, the Minister has given his reasons, even going as far as making history in the reduction of the total Estimates by about K£107 million, because he has no revenue with which to meet that expenditure if it remains. So, basically, what the Minister is saying is that; we carry out what is known as veerments, namely; allocations between Votes, within the money already voted. In that exercise, due to lack of money, we scale down the Budget. Otherwise, if it was aimed at the reduction of the deficit, we would be congratulating the Minister. But I am afraid, I have to withhold my congratulations on that side because there are no savings as such.

Mr. Chairman, Sir, one of my colleague here has spoken about how monies have been reduced in some of the most vital areas, like forestry and hospitals, where I thought the aim would have been to save us from all these Harambees that we have to hold, because people cannot afford medicine, although they are sick or have died in various circumstances. I thought there would be the chipping in, at least, on the medicine side where people can be provided with medicine which is not available in our health centres and hospitals and here, we are making reductions in such vital areas. I think, what one can say is: I wish there was some reduction in the huge expenses we are incurring to maintain an Army in a country that has no enemies that are known. At least, no such enemies have ever been declared in this House by the Government. Therefore, we have gone wrong; the Government has gone wrong in setting out priorities for the scarce resources that we have.

It is my conviction obtained out of experience that, in this country, there is nothing that we cannot do. What the Minister for Finance ought to realise is that, we cannot do everything at the same time. Hence, the need for priorities. The priority appears to be the so-called eradication of poverty. We do not see any monies being taken from non-priority areas to help to reduce that poverty. I think, this Government, if it wants to turn this economy round, must begin thinking in terms of priorities, based on demand for services by the people. The questions that come into this House every year are a very good guiding light, as to where the principles of priority should be applied. These questions arise from the people we represent in matters of health, roads, water and education. All these things should be a guiding principle to the Government, in setting its own priorities.

Mr. Chairman, Sir, unfortunately, because this Government is oblivious, it does not want to listen to the voice of its citizens. We will continue to have these problems until we reach a point where we will not reverse this country's economy. When I was contributing to the Motion on the Presidential Address, I threw a challenge to the Minister for Finance, to tell us the way forward in terms of lowering bank interest rates, even if he were to tell us that the reduction in the interest rate of Treasury Bills is temporary. The Minister ought to issue a Statement, so that we may know where we are heading to. The fact that the Government has no money is evidenced by the Supplementary Estimates before the House. We should be assured of the place to run to when the problem gets out of hand, specially, whether we should go to the banks. We should also be told what to expect in case we go to the banks.

Therefore, I think the Minister for Finance is being unfair to the people of this country; he is not guiding them properly. He must say something about bank interest rates, because banks are making "obscene" profits, because of the Government's failure to make decisions. We cannot be placed in a position where there is no money to be spent on the services required by the Government, and yet, on our own, we cannot finance where the Government has failed because we have no source of credit. No farmer has any source of credit in this country. Business people cannot borrow. Even those who earn salaries cannot raise even small loans due to lack of prudent monetary policies in this country. Inflation in this country is said to have been reduced to five per cent, and this does not make any sense; we know that all figures are doctored in this country. We can no longer rely on any figures that are released by the Government. Is inflation a holy cow that must be nursed and, perhaps, massaged? Is inflation an end in itself? Does inflation have to be contained by punishing children, and those other people who are starving in this country?

Mr. Chairman, Sir, all that I am pleading for is guidance. Could we know how to help ourselves since the Government cannot help us? What about the areas hon. ole Ntimama was talking about? What about the Central Province, which has been assumed to be a rich region, but where poverty is now in abundance; which was not allocated even a single cent from the World Bank-funded *El Nino* Emergency Infrastructure Rehabilitation Programme, and yet the El Nino rains destroyed roads and bridges in that Province? Where shall we get assistance from? Will this Government, which seems to have come to power to punish the Kikuyu community, help us?

It is true that this Government has decided to punish us until we resort to using bicycles instead of the motorcars that we are using currently, but, I am afraid to say that God will not allow that to happen. We continue to pay tax and, therefore, we would like the Government to guide us on whether we should help ourselves, or whether it will help us.

Mr. Chairman, Sir, this Government cannot raise money. All the industries that were once vibrant in this country have now collapsed. Consequently, there is this vicious cycle, which has been brought about by---

**Mr. Chairman:** I am sorry, Mr. Michuki, for your time is up. Could Mr. Hajji take the Floor, now?

**The Assistant Minister, Office of the President (Mr. Hajji):** Thank you, Mr Chairman, Sir, for giving me this opportunity; I rise to support this Motion. It is always very difficult for one to have it both ways. My "brothers" and "sisters" on the Opposition side of this House are the ones who clamoured for the liberalisation of this country's economy. The Government forewarned us against rushing this country into liberalisation since the process would have some side effects, but we did not listen.

Mr. Chairman, Sir, I would like to take this early opportunity and thank his Excellency the President for opening this country's border with the former People's Republic of Somalia. We know that, as a nation, Somalia is no longer there and that, the people of that country have suffered for the last 10 years, and that it is only through the good

will of a sisterly country such as Kenya, and other neighbouring countries, that the people of that country can survive. I believe that, with the opening of the border, this country will earn some money and make up for the shortfalls that the Minister for Finance has just mentioned. We export a lot of *miraa* to that country and import a lot of cattle from that country, on which our people feed. All that is required of us is for the Kenya Revenue Authority (KRA) to tighten its operations and ensure that whatever commodities enter or leave this country are taxed in accordance with the laws of this country.

We are talking about poverty eradication in this country. Unfortunately, some very responsible and learned people, who are also leaders, are calling for mass action in this country. How can we expect foreigners to come and invest in this country when we talk of championing acts of lawlessness everyday? I would say that liberalisation has brought certain good things into this country. Hon. Members in this House are smartly dressed in suits which used to be sold for Kshs100,000, previously, but which are now being sold for Kshs3,000, due to courtesy of liberalisation. When this country's economy was closed and controlled, only multinationals and companies with joint ventures with this country were making a lot of profits at the expense of ordinary Kenyans. Today, Kenyans can afford to buy cars very cheaply because some of them can import directly, this is a fact, which must be noted.

Many hon. Members have talked about this country's sugar industry. Sugar companies in this country make huge profits at the expense of the sugar-cane farmer, who are paid very little for their crop. Most of the profits that are realised from the sale of sugar go to those companies. If those companies could reduce their profit margins and improve payments to farmers, definitely, local sugar would compete with imported sugar, favourably, on the Kenyan market. So, I would like to disagree, totally, that liberalisation is bad. Liberalisation is good, because it awakens people; it has taught an ordinary Kenyan how to go and import a motor vehicle from any part of the world. Before the liberalisation of this country's economy, the motor vehicle business was a preserve of white men and Asians. I believe that if our people continue with this spirit, they will replace most of those people, who are now "strangling" this country.

Mr. Chairman, Sir, I would like to agree with hon. ole Ntimama, that, some of this country's resources should be directed towards the development of the less fortunate areas of this country. We know that pupils in the North Eastern Province, and other hardship areas, always lead from the bottom in national examinations, simply, because, the people in those areas cannot afford to pay school fees and buy textbooks for their children due to the high levels of poverty that are prevalent in those areas. When we allocate this country's resources according to population alone, I think we are doing a de-service to those areas with low population densities. We want to see a situation where allocation of resources will be done on the basis of poverty levels of specific areas, and where poorer areas will be allocated more of those resources. Giving more money on the basis of the population is just like a drop in the ocean. When you give a lot of money to a few people, they will come up and be at par with their brothers and sisters in the country. So, I would like to appeal to the Minister for Finance and Planning and other Ministries that when they will be making their budgets to consider giving some of these resources to the less fortunate areas of our country.

With those remarks, Mr. Chairman, Sir, I support the Motion.

**Mr. Ndicho:** Thank you very much, Mr. Chairman, Sir. I would like to comment on a few things arising from the Minister's request that this House does grant him the money that he is asking for. It is true that the Government must run and civil servants and such other people who work for the Government must be paid. It is also true that development in our country must continue. What is at stake is where this money will come from and, if, and when it is available, how it will be expended. As we are talking here today, and everybody is talking about alleviation of poverty in this country, we must look at means of production as one of the ways of helping Kenyans generate revenue for this country.

To start with, I have in mind interest rates charged by banks. Today, if you deposit some money in a bank and you want them to pay you interest, the amount of money they pay you is 2.5 per cent. If you want to borrow the money, they will lend you at 20 per cent. If we have to help our people to go into business and production of various items, including the Jua Kali sector, we must enact a law in this House where we must control the Kenyan banks. This is because for a long time the Government and this House have left the commercial banks in this country free to do whatever they want. In a way, we can say that it is the commercial banks which have contributed to the collapse of our economy, because they are not controlled. I think it is immoral for you to put your money in a bank and then they give you interest at 2.5 per cent, and when your brother goes to borrow the same money you banked there, he is charged 20 per cent interest rate. So, we must enact a law in this House to control the interest rates charged by banks if we have to help Kenyans. If the Government is serious about eradicating poverty and generation of revenue, then the first step it has to take is to control the commercial banks.

Who controls our economy? It is not Kenyans who control their economy, because they have no means to control it. Who controls the coffee industry? It is the foreigners who control it. Who controls the tea industry, the tourism sector that hon. Biwott was talking about and the sugar industry that hon. Haji has talked about? Who controls

transport and horticulture? These sectors are controlled by people who are foreigners in this country and after reaping all the money they generate, it goes to their mother country. So, there is no way we will allow the Minister to come here and ask the House to allow him to reduce money for Recurrent and Development Expenditures instead of coming here to ask us to increase money so that development can be speeded up. The Minister and hon. Members from ASAL areas, I think this is the last time we will give the Minister money.

Mr. Chairman, Sir, I must also say that there are other companies in this country where our people are completely marginalised and the Government must come in to help them. I have in mind a company like Del Monte in Thika Town which pays Kshs1.50 per acre as rates to the Government and, yet, the amount of money they generate from it in form of pineapples which are exported to Europe, and which money never comes back to this country--- It is completely immoral for us to give our land for Kshs1.50 per acre per year and then whatever is produced there is exported to Europe and that money never comes back. That is why something must be done.

We must also look into ways and means of reviewing the salaries of the people who work in the agricultural sector, for example, those who work for tea and coffee plantations. There is no way those people can earn less than Kshs2,000 per month and be expected to be decent Kenyans. The Ministry of Labour and Human Resource Development must bring a Bill in this House to review the salaries of those people who are constantly being underpaid since the time of *Mzungu*. I have so many estates in my constituency and workers still live in the same round, grass-thatched and mud-walled huts that were built by *Mzungu* in 1950s. The Ministry of Labour and Human Resource Development must intervene in this matter.

I would like to repeat what hon. Michuki said. Why do we spend a lot of money on our Army when we have no real enemies to attack us? Could the Minister for Finance and Planning confirm or deny in his reply that about three weeks ago about Kshs1.5 billion was paid to Mr. Ibrahim Zakim, to convert the military communication equipment from analog to digital and, yet, the Minister is now coming here to ask us to approve this money, when that money was expended the House was not asked to approve? When the Minister tried to raise that question through other people, he was reprimanded as making some noise with the Governor of the Central Bank of Kenya (CBK). We must be told the person who authorised that money to be paid. Why do we have to spend Kshs1.5 billion for the military and, yet, there are some civilians who say that when the equipment finally comes, they want to have the hand set? What do they want to hear and listen to when the military personnel communicate from North-Eastern Province to Nairobi? We have the names of those people. That is why the President had to go to the School of Monetary Studies and tell the Minister: "*Hapana zozana---*" We must be told this.

About the "Dream Team", we have been told that they have been paid Kshs1.25 million excluding other allowances; Dr. Leakey gets Kshs3.8 million per month. All this money is taken to Washington and debited to the perceived loans and it is said that when our things will be okay, we will be given that loan. All the money that the "Dream Team" is expending today, including Dr. Leakey, will be deducted from that anticipated loan. Let the Minister confirm that. You can see that he knows the truth.

All we are saying is that the Government is not serious. It is also immoral for a Permanent Secretary to be paid Kshs1.2 million when a fellow Permanent Secretary in another Ministry gets only Kshs100,000. What we are doing is to demoralise the other Permanent Secretaries.

**The Assistant Minister for Tourism, Trade and Industry** (Mr. Sankori): On a point of order, Mr. Chairman, Sir. Is it in order for hon. Ndicho to allege that some Permanent Secretaries are paid Kshs1.2 million? Can he substantiate?

**Mr. Chairman:** Order! Hon. Ndicho did, in fact, challenge the Minister to confirm or deny that!

**Mr. Ndicho:** Mr. Chairman, Sir, all I am saying is that the Permanent Secretary for Finance is, in fact, paid more than his Minister. How does the Minister feel about this? This is demoralising to the Minister!

**Mr. Chairman:** Order! Your time is up.

**The Minister of State, Office of the President** (Mr. Nassir): Bw. Naibu Spika, ningependa kuzungumza juu ya pesa za Kenya ambazo saa nyingine hata sisi hatuzipati. Tunapitisha Hoja hii kwa sababu watu wengine walijua Kenya wakati ilikuwa na watu 60 elfu. Leo Kenya ina watu 30 million na hata pesa hizi zinazopitishwa hazitoshi pia. Katika nchi hii ni lazima tupitishie pesa zaidi na kukopa zaidi kwa sababu hatuna kisima cha mafuta wala mashimo ya kuchimba madini. Kwa hivyo, tutakuwa na taabu kwa kukopa na kutaka pesa ziongezwe kwa sababu mahitaji ni mengi. Watu ambao hawaendi kuona vitongoji wana taabu. Ningemuomba Waziri wa Fedha wakati atakapopewa ruhusa kuzitumia pesa hizi aangalie kila mkoa na kila wilaya. Hao wanaopinga ndio wanaopata pesa nyingi. Lakini sisi ambao tunapata shilingi kumi au shilingi tano tunanyamaza.

Ni lazima tufikirie sana wakati huu ambao Kenya ina taabu. Watu ambao hawana pesa za kulipia karo ya shule, watu ambao hawana nyumba na watu wasio na kazi ni lazima wafikiriwe zaidi wakati tunaposikia bajeti---

**Mr. Munyao:** Jambo la nidhamu, Bw. Naibu Spika. Itatubidi tubadilishe lugha tunayotumia hapa. Lakini sijui tutaitumia lugha gani kwa sababu tumeongea kwa Kiswahili, Kiingereza na lugha zote. What other language can

we use so that this hon. Member can understand because he is now making insinuations and bringing other ideas to the House? Nobody has blocked what he said.

**An hon. Member:** Ongea Kikamba!

**The Minister of State, Office of the President** (Mr. Nassir): Bw. Naibu Spika, hata kama ukisema Kikamba, nitasikia kwa sababu kuna Wakamba wengi Mombasa. Ni lazima tufikirie sana wakati wa kuweka risala ya bajeti na pesa za watu. Tunafaa tufikirie juu ya wale watu waliokuwa zamani na sasa. Tunahitaji pesa nyingi na tunataka misaada mingi. Pia, ninakariri kuwa umefika wakati wa wale waliopata mambo mengi wapige breki. Mweka hazina anafaa apige breki ikiwa hakuna daraja au barabara inatengenezwa. Tangu tupate Uhuru hakuna shule ya upili au chuo kikuu kimoja tuliojengewa na Serikali huko Mombasa. Leo ninasikitika kuwasikia wale waliopata baraka ya Mungu ya Kenya na ya pesa wakafanyiwa kila kitu ndio wanaopinga.

Ningependa pesa kama hizi zipitishwe na watu waende katika sehemu zao kuchunguza jinsi zinavyotumiwa. Tukipitisha Hoja hii, nitaenda Mombasa kuangalia kama mashule na wavuvi wamepata pesa kidogo. Pesa zimetolewa huko Taveta. Wale wanaofuga wanyama wamepewa pesa za kuweza kuendelea biashara ya nyama. Kwa hivyo, tuna taabu na ni lazima tusaidiane. Kukajeli, kukataa na kusema kuna wivu mwingi si uhodari, lakini kufanya ndio kazi kubwa. Ninaiunga mkono Hoja hii na ninafikiria watu wenye ujuzi wa mambo ya pesa kama Mhe. Kibaki aliyekuwa katika Wizara ya Fedha kwa miaka mingi, anajua kuwa wakati ule Kenya ilikuwa na watu 19 milioni na leo wamefika 30 milioni. Tutafanya nini?

Kwa hayo mafupi, ninaunga mkono.

**Mr. Muite:** Mr. Chairman, Sir, this Motion is asking us to approve a sum of over K£20 million which was spent clearly as at 30th June, 1996, and we are now in the year 2000. So, this House is being asked to ratify an over-expenditure that this Government permitted to be incurred without the authority of this House. Why did they not ask us to ratify this in 1997 or even in 1998? Why did they have to wait until that over-expenditure was discovered and exposed by the PIC? These are some of the things that are not permissible. Nothing is more important than the control of money by this House. One of our most fundamental responsibilities to the Kenyan nation as a National Assembly is to control expenditure by the Executive. If we are going to do that effectively, I would submit that time has come when we really need to reorganise the management of debate in this House on important issues like this one.

It is not fair for this House to ask us to vet these Supplementary Estimates for only three hours. It is a very fundamental issue. In other Parliaments, this is the sort of thing that can be debated up to midnight so that we can effectively get this Government to account for funds. Since we have now got more independence as a House, let us also be flexible in the allocation of time. The next time we have got an important matter like this one, let us very quickly agree that it will be debated up to 8.00 o'clock or 9.00 o'clock, until everybody has spoken as effectively as possible.

Secondly, I want to support very strongly what---

**Mr. Chairman:** Hon. Muite, there is nothing to stop the House from resolving to continue beyond the normal rising hour. It is entirely within the power of the House to do so. Proceed.

**Mr. Muite:** Mr. Chairman, Sir, I am saying as practical measures, we know that the House Business Committee, obviously, has got a majority of hon. Members from the other side. I am saying that we should be non-partisan when it comes to a matter like this one. In fact, we should allocate more time, as a matter of principle, when we have an important matter like this one. I want to support what my neighbour, hon. ole Ntimama, Member for Narok North, which borders Kabete Constituency, said that we have got two volumes of books here; that is, the recurrent and the development expenditures. They are two huge volumes with a lot of figures. We cannot, as a House here, be able to do justice in terms of putting this Government to task. This needs a small committee of experts. We need to subject Supplementary Estimates to a Finance, Planning and Trade Committee for scrutiny, before they are brought to this House for debate.

Regrettably, we need now again to re-think on the provision of the Standing Order No.101(4) which exempts Supplementary Appropriation Bill from the scrutiny by the Finance, Planning and Trade Committee. That proviso excludes the Supplementary Estimates from being discussed by that Committee. That particular Standing Order needs to be looked into again. We need to make a requirement that before any Supplementary Estimates are brought into this House, they must be scrutinised by that committee which will consist of hon. Members who have got particular expertise in finance. Hon. Members who can even summon civil servants with financial expertise, so that they can go through each figure and compare the annual Budget passed by this House and see how that money was spent before we are asked to approve Supplementary Estimates. This is because when these estimates are not scrutinised by that Committee, then we truly become a rubber stamp. It is the last thing we would like to do. We want to scrutinise each figure in every Vote.

Mr. Chairman, Sir, the next point I would like to make is on the expenditure by this Government. We had it repeatedly said here that Government has no money. It is true. Everybody knows that this Government does not have



money. One of the things that has impacted very seriously to the absence of money is the number of Ministries in this country. There are far too many and yet, Section 16 of Kenya Constitution is very clear; that, it is this House which should fix the number of Ministries. But we have never fixed it. I would urge the Attorney-General to bring a Bill to this House, in order to comply with Section 16 of Kenya Constitution, so that we, as the House, can debate and agree on the number of appropriate Ministries for this nation. That will be one way of reducing expenditure.

Mr. Chairman, Sir, a number of hon. colleagues have talked about liberalisation. I am not against it. But I want to submit this: Liberalisation must be regulated. It cannot be left without regulations. This is because when that is done, we are going to be overrun by the multinationals. When I was a small boy in Thika High School, the Del Monte Company was known as Kenya canners. But I used to visit parents of my school friends around Mang'u, Gatundu and the other surrounding areas. There were colleagues in high school whose school fees were paid by their parents from the proceeds of pineapples. This is because there were small-scale-pineapples growers around that area, until this multinational, Del Monte Company came and completely killed the small-scale-pineapple growers. When I talk about regulation of liberalisation and if this Government had the policy of economically empowering our farmers, they would tell Del Monte: "Fine, we have given you thousands of hectares of land, but for every 10 hectares of pineapples that you grow, you must support two hectares of outgrowers in Ukambani, Murang'a, Mangu and other surrounding areas. Support those farmers with quality seeds, extension services and marketing of their pineapples." That is the way to economically empower a large number of people. If you want the economy to grow, you must aim at economically empowering as many people as possible. Today, all those small-scale-pineapple growers are no more. It is only Del Monte Company. What do they do? As hon. Ndicho said, they are paying peanuts as land rates. They even have a subsidiary company outside this country that does the marketing of their pineapples. They offer that company different prices. I would like the Minister for Finance to tell us: How much tax Del Monte has paid in the last three years? What they do is to access cheap labour from our people. If you examine the people who have been working for that company, none of them really has been able to rise above poverty. Workers there are not being paid sufficient salaries. So, they are not being economically empowered. This is the ugly side of the multinational companies.

Mr. Chairman, Sir, because of the way this Government has destroyed the economy, it is not in a position to negotiate with the World Bank and IMF on the conditionalities. They cannot say they will not fulfil those conditions. Whatever they are told to do, if it is supported by Dr. Richard Leakey and other people in Britain, they implement it. Time has come for us to negotiate those terms with the donors. They are now being told that co-operative movement, as an institution, must be dismantled. Probably, they will agree to do so. Even in USA, there are co-operative movements. It is not possible for a small tea or coffee grower to access to international market on their own. They have to do it through co-operative movements.

Mr. Chairman, Sir, with those few remarks, I beg to support.

**Mr. Badawy:** Asante sana, Bw. Naibu Spika. Nimesimama kuunga mkono Hoja hii, hasa wakati huu kuna upungufu mkubwa katika matumizi ya pesa za Serikali. Dhihirisho la upungufu huo tunaweza kuona athari zake, hata katika shughuli za Bunge hili. Kwa mfano, katika shughuli za Kamati za Bunge na harakati za waheshimiwa Wabunge, zimezoroteka kwa sababu hakuna pesa za kutosha. Inawezekana kwamba upungufu huo umetokana na udhaifu katika kutayarisha makadirio na matumizi ya pesa za Serikali katika Bajeti yetu ya kila mwaka. Lakini kama idara mbali mbali na sekta nyingi za uendeshaji shughuli za wa Serikali wangetumia pesa zao vizuri, basi hakungekuwa na haja ya kuletwa makadirio haya ya ziada. Ni vizuri Waziri wa Fedha ameungama kwamba hakukuwa na ukusanyaji wa ushuru kama ilivyokadiriwa. Pengine, upungufu huu ulitokana na makadirio yasiyokuwa ya sawa wakati wa kutayarisha Bajeti yetu ya kila mwaka. Kuzorota kwa ukusanyaji wa ushuru kumetokana na ulegevu wa maofisa wa ushuru; kwa mfano, katika Idara ya Forodha. Na pia, utumiaji mbaya wa ushuru unaokusanywa. Ni aibu kubwa kuona ushuru unaokusanywa unaingia katika mifuko ya watu binafsi badala ya Hazina ya Serikali. Jambo hili linatokana na masikilizano baina ya wananchi ambao wanahitajika kulipa ushuru kiasi sawa na maofisa wanahusika na ukusanyaji wake.

Bw. Naibu Spika, kwa upande wa ushuru wa forodha, bandari ya Mombasa inajulikana kwa kuipa Serikali yetu ushuru mwingi sana. Serikali yetu hupata ushuru mwingi sana kupitia idara ya forodha. Hata hivyo, hatuelewi kama ni kwa maksudi au ni kwa sababu gani, vifaa ambavyo vingetumiwa na watalaamu wa kuhakikisha ushuru unakusanywa kikamilifu havitumiwi. Kwa mfano, kuna mashua ambazo zina ala hata zile za radar na zinamilikiwa na Idara ya Forodha na zimekaa bila kutumiwa kwa miaka mingi sana mpaka zikaharibika. Aliyekuwa Msaidizi wa Komishina wa Idara ya Ushuru aliyafanyia marekebisho mashua hizo kwa gharama kubwa sana. Na hata baada ya kuyafanyiwa marekebisho hayo kwa pesa nyingi, mashua hizo hazitumiwi na bandari ya Mombasa.

Ni mashua hizo ambazo zina mashini kubwa na zingewekwa kwenye mipaka ya bahari zetu. Sheria zingewekwa ili kuzuia na kukamata wale wanaoendesha biashara za magendo, ambazo hazijakoma mpaka dakika hii. Mashua zilizoko, kwa ushirikiano na Idara ya Forodha na polisi, zingeweza kukomesha uingizaji wa madawa ya

kulevywa ambayo Serikali haijaweza kukomesha mpaka sasa, kama nilivyosema juzi. Kitu cha kusikitisha ni kwamba wale maofisa wa forodha ambao wanajitolea kukusanya ushuru na ambao wanataja na kuonyesha zile sehemu ambazo ushuru hazikuchukuliwa ndio mara nyingi huadhibiwa. Kuna maofisa ambao niko tayari kuleta majina yao Bungeni siku nyingine, ambao walisimamishwa kazi na hatia yao ni kwamba walionyesha sehemu zile ambazo ushuru ulikosa kuchukuliwa kwa watu ambao wanastahili kuchukuliwa kwao. Badala yake, walisimamishwa kazi ili kuwezesha watu fulani kuficha mambo yao na kesi zao zilisimamishwa ili zisiendelee na halafu zikafungwa. Hata hawa wafanyi kazi baadaye walirudishwa kazini na wakalipwa ridhaa na mishahara yao ya muda ule ambao walikuwa wamesimamishwa kazi.

Bw. Naibu Spika, ukusanyaji wa VAT nao pia haufanywi kwa njia sawa. Mji kama Malindi, naweza kumhakikishia Bw. Waziri kwamba maofisa wake wa VAT wanazikusanya sehemu kubwa ya pesa hizo kwa njia ya vitisho. VAT ni pesa za halali, au sio? VAT ni pesa za halali ambazo zinastahili kulipwa na wafanyi biashara. Sehemu kubwa ya pesa hizo zinaingia mifukoni mwa maofisa hao na wanaendelea kunyanyasa wananchi na wafanyi biashara wa Malindi. Badala ya wafanyi biashara kubembelezwa ili wawe na uzalendo wa kuelewa ya kwamba Serikali yetu hii inaendeshwa na ushuru, hao maofisa huwafanya wafanyi biashara wawe na roho ya kukataa kulipa ushuru. Badala yake wanaona kwamba ushuru ni kitu cha lazima na kuleta manufaa; wanaona ya kwamba ni mateso. Hii ni kwa sababu ya mateso na kula rushwa kwingi ambako kunaendelea.

Bw. Naibu Spika, nimefurahi kumsikia Waziri anayehusika na mambo ya utalii akisema ya kwamba kuna matumaini kwamba sekta ya utalii itapata nyongeza ya asilimia 25 katika kipindi kinachokuja. Hiyo ni habari nzuri, lakini ningependa kuhakikishia Bunge hili kuwa inawezakana sekta ya utalii kupata maendeleo na marekebisho zaidi ya asilimia 25 iwapo kutakuwa na usimamizi mzuri. Mpaka sasa tunajiuliza: Hii Kenya Tourism Board inafanya kazi mpaka sasa? Tumeipatia pesa za kutosha katika Makadirio yaliyo mbele yetu na tuna nia ya kuipatia pesa zaidi katika sehemu ya uendeshaji wa utangazi wa biashara ya utalii na ukaribishaji wa wenye kuweka rasilimali katika sekta ya utalii.

Kuna mambo ambayo yanayoendelea mpaka leo katika sekta ya utalii kwa sababu ya ukosefu wa utaalumu katika usimamizi wa hiyo sekta. Mpaka leo, miaka kadhaa baada ya maafa yaliyotokea Likoni, Mombasa, na sisemi ya kwamba si maafa ambayo yaliadhiri utalii kwani ilikuwa pigo sana katika mambo ya utalii. Tunatazama jambo hilo kama ndilo jambo pekee ambalo limeharibu katika sekta ya utalii huko Mkoa wa Pwani, ili hali kuna mambo mengine kadha wa kadha ambayo yameharibu. Jambo kubwa ni ukosefu wa ujuzi wa utaalumu katika usimamizi wa mambo ya utalii, hasa kwa upande wa uuzaji.

Bw. Naibu Spika, leo huku tukizungumzia juu ya jambo la usalama katika sekta ya utalii, sidhani kama hali yetu ni kubwa zaidi kuliko ukosefu wa usalama ulioonekana katika Misri. Lakini kwa nini hata leo watalii wakipigwa bomu au risasi huko Misri, au basi nzima la watalii likishambuliwa, baada ya wiki moja tu, au siku chache, watalii waliotoroka nchini wanarudi? Leo karibu miaka minne baada ya vita kule Likoni, Mombasa, tunaambiwa ya kwamba sababu ya watalii kutoroka Pwani ni kwa sababu ya hivyo vita. Nakubaliana na hilo jambo, lakini basi kwani hakuna marekebisho yaliyofanywa?

Bw. Naibu Spika, katika sekta ya utalii, kuna mambo ambayo labda tunazingatia kuwa ni madogo sana, lakini jinsi wawekaji rasilimali katika sekta hii wanasumbuliwa Pwani, kutokea maofisa wa utalii, polisi na wafanyikazi wa Serikali tofauti tofauti--- Wanawekewa vikwazo hivi na vile, rasmi na ambavyo si vya halali, na hivi ndivyo vitu vinawavyofukuza watalii na wawekaji wa rasilimali kutoka Pwani. Kuna watu ambao kazi yao ni kuwa pale kuhakikisha ya kwamba wamepata pesa zao kwa njia isiyokuwa halali; kwa kuwasumbua watalii. Hawapati kibali cha kufanya kazi na kujiendeleza vizuri bila ya kupitia kwa watu kama hawa, ambao wakikosa kuangalia maslahi yao, basi wanawatafutia kila sababu ili wawapeleke polisi au wasumbuliwe na idara nyingine yote ya Serikali mpaka wapate kile kinawawezesha hao kuishi kwa njia isiyokuwa halali.

Bw. Naibu Spika, kama tunataka kukuza sekta ya utalii, na ninazungumzia hasa Malindi--- Ninasikitika ya kwamba hata katika Makadirio, inaonekana ile kazi ambayo ingekuwa imeanza ya kupatia ridhaa kwa wale ambao wana ardhi pande hizo za uwanja wa Malindi haiwezi kupanuliwa, kwani haikukadiriwa. Siongei juu ya zile pesa zinazokadiriwa sasa. Ni matumaini yangu kwamba Wizara ya Fedha itaweka pesa za kutosha mara hii na hatutaambiwa kwamba pesa hizo zimepelekwa mahali pengine. Tulihakikishiwa ya kwamba kulitengwa pesa za kupanua uwanja wa ndege wa Malindi na baadaye tuliambiwa ilionekana ya kwamba uwanja wa ndege wa Wilson ulikuwa na haja zaidi. Eti kwa sababu ya usalama, pesa hizo zitumike kwa hicho kiwanja. Hivi sasa, pesa chungu nzima, mabilioni ya pesa, zinatumiwa katika Jomo Kenyatta International Airport, pesa ambazo hatuwezi kuelezewa na hazijapitishwa na Bunge hili. Pesa hizo zilitumiwa kwa vifaa vya usalama na vifaa vingine, ambazo zingekuwa hata ni duni kulinganishwa na zile zilizotengewa kwa upanuzi wa uwanja wa ndege wa Malindi, ambao ukipanuliwa utaleta upanuzi wa utalii kwa hali ya juu kabisa.

Bw. Naibu Spika, ikiwa tunataka kupambana na umaskini na tuondoe, naunga mkono yaliyosemwa na mfano wa mhe. Ntimama, mhe. Muite na mhe. Nassir, kwa kusema ya kwamba lazima kuwe na ugawanaji wa

rasilmali na matunda ya nchi hii sawa sawa katika sehemu zote za Kenya, badala ya kuangaliwa upande mmoja tu. Ikiwa ni kukadiria viwanja vya ndege, viangaliwe vyote; nafasi ya kwanza ipatiwe kile ambacho kitaleta maslahi zaidi. Kama ni mambo ya kuondoa umaskini, tusingalie upande moja tu.

Kama nilivyosema mara kwa mara, kazi ya uvuvi katika Pwani imekufa kabisa. Bali na yale matrola, hakuna vifaa vya kisasa vya uvuvi ambavyo vingepewa wavuvi wetu. Hii ni kutokana kukosekana na utaalamu tofauti katika Wizara. Hata katika Wizara ya Kilimo, wale wataalamu na washauri ambao wangukuwa wakizungumzia wakulima na kushauri juu ya ustawi na ukulima wema wamefungua sasa.

Bw. Naibu Spika, naunga mkono Hoja hii.

**Mr. Keriri:** Thank you, Mr. Deputy Speaker, Sir. I want to start by supporting my colleagues who have proposed that we should have an Estimates Committee in this House. If we have got to do justice to the taxpayer, and the mwananchi who requires services from this Government, and to this House which approves the Budget presented by the Minister for Finance, three hours of debate in this House are not enough. We need to have a Committee of people who understand these things, so that they can help the Minister. It will not be a Committee to put the Minister to task. In fact, it is bound to be a Committee to help the Minister prepare these Estimates, and more importantly, the normal Estimates which are much more involved than these ones. So, let us do some homework before we come to this House so that the Minister's job is made much easier and this House does justice to the taxpayer and the mwananchi who needs to get services from us.

Mr. Chairman, Sir, having said that, I would like to say that the Minister for Finance has been made to earn a very unfortunate distinction by being the first Minister to ask for a reduction of the Estimates. It is unfortunate, but I do not think we should blame him. It is just that the circumstances are such that, he must do that. He has admitted very sincerely that the reason he is doing this, is because the growth of the economy has declined. It is in fact, going down every year. He has mentioned some of the reasons why that has happened. One of the reasons, is, I do not think this Government has established the correct priorities for our development programmes. For example, I do not think this Government has done anything to give agriculture priority, because our economy is based on it. We have not assisted the farmer to buy inputs, prepare his land and buy the correct seed. The farmer cannot borrow money, because the rate of interest is too high. Banks have been allowed to charge very high interest rates and the farmer has no recourse. We have destroyed the institutions that the farmer could go to for loans, such as the AFC and the Cereals and Finance Corporation. More so, we are trying to destroy the farmer by turning against the co-operative movement. It is now understood, that foreigners have been busy advising this Government that the co-operative movement in agriculture is not useful. I hope the Minister for Agriculture, Livestock and Rural Development will resist this.

**The Minister for Agriculture, Livestock and Rural Development** (Mr. Obure): On a point of order, Mr. Deputy Speaker, Sir. This is not the first time I have heard this statement being made. Is it in order for the hon. Member to say that the Government is in the process of dismantling the co-operative movement when in fact, the Government policy on co-operative movement and agriculture is very well-known? That is sheer speculation.

**Mr. Keriri:** Mr. Chairman, Sir, the Minister will be able to tell us that, when he comes up to speak about it. The earlier he takes heed of our warning, the better for him, so that he can protect us.

Mr. Chairman, Sir, there is also speculation that the same foreigners are advising us against the central coffee auction.

**Mr. Muite:** On a point of information, Mr. Deputy Speaker, Sir.

**Mr. Keriri:** No, my time is almost over.

**Mr. Chairman:** Mr. Keriri, if you have factual information, the House will be better served if you gave it.

**Mr. Keriri:** Mr. Chairman, Sir, I have a few minutes to finish my contribution, and I may not be having sufficient information at the moment.

**Mr. Chairman:** Do not use those few minutes to peddle what you have heard from outside the Chamber.

**Mr. Keriri:** Mr. Chairman, Sir, we have read letters from the World Bank and listened to speeches by the World Bank representatives, which we could table later, that the central coffee auction is being discouraged, so that there can be people to buy direct from the farmer.

**The Minister for Agriculture, Livestock and Rural Development** (Mr. Obure): On a point of order, Mr. Deputy Speaker, Sir. I think hon. Keriri's statements are objectionable. We cannot rely on hearsay or what we have read as views of the World Bank or any other institution, as changes of major policies. The central auction system is here to stay.

**Mr. Keriri:** Mr. Chairman, Sir, that is what I expected the Minister to say, and I am grateful that he will resist the advice of those misguided people, because we do not want our coffee to go to the dogs. I hope he will stick to that policy. I only mentioned it because it has been talked about and I would like him to take care of it.

Mr. Chairman, Sir, we have very high rates of interest for borrowers. One of the reasons for this is because

the domestic borrowing has continued to rise. This has led to banks raising their rates of interest. This then leads to the developer to have no chance of raising money from financial institutions, because of the rates of interest. Therefore, the economy cannot develop. I would like to urge the Minister for Finance, not just to tell us that he will make sure local borrowing will be reduced, but take the cue and start reducing it by spending the money we have wisely. If they want to reduce a deficit, they have to spend the money we have wisely.

We have to help the economy grow by developing the infrastructure which has been completely destroyed. This includes roads and telecommunications. I am happy because yesterday the Minister for Information, Transport and Communications came up with a proposal to privatise Telkom Kenya Limited. This had taken too long. I would like to commend the Minister for this good turn of events. Maybe by being the new Minister has come as a blessing. It has taken very long, because priorities were not taken into consideration. The privatization of Telkom Kenya Limited will enable us have better services. At the moment, if you made a call from Parliament, you would have to wait for 20 minutes before you are connected to whoever you are calling.

Mr. Chairman, Sir, there are certain roads which are always prioritised, but they are never repaired. For example, money was allocated for Mombasa Road, but it is now three years and it has not been done. The same applies to roads in Murang'a, Nyeri and Kirinyaga which were allocated Kshs2.2 billion, but we are still stuck, just because the Ministerial Tender Board has not met. When will this tender board meet? Why do we delay things when money has been voted for them? We would like to have roads for the farmer to get to the market points, for businessmen to be able to move their goods about and for the industrialists to flourish.

There is also the issue of taxation. I hope when the Minister comes back to the House in another two months to read the Budget, he will reduce taxation which is killing the investor. Kenya is one of the highest taxed countries in the world I know of.

**Mr. Angwenyi:** Thank you, Mr. Chairman, Sir, for giving me a chance to contribute to this Motion.

Revised Estimates are supposed to reflect the actual situation that has been experienced since the Budget was passed. As you can see, we are reducing allocations to various activities of Government in both the Recurrent and Development expenditures of Government. The Revised Estimates should also indicate where we are heading to. They should indicate, for example, that we want to reduce poverty, improve our infrastructure and support those areas with the highest potential to improve the economy of this country.

Today the most important issue in this country is the economy. I do not know whether you have had a chance to walk around the streets of Nairobi and looked at the faces of our people. They are people who do not have any hope of even getting a meal at the end of the day. These Supplementary Estimates and Statement of Excess should reflect how we will tackle the problem of "hopelessness" in our people. These Revised Statements should have shown increased activities in agriculture because that is where we have got the highest potential to improve our economy. That is where we can create jobs for our people.

Mr. Chairman, Sir, we congratulate ourselves for producing 10,000 graduates in our local universities. But what is the need of producing 10,000 graduates from our universities if they will go back home without jobs? I have not seen an economy like ours and I have travelled to quite a number of economies; ours is an economy where a company makes profits and yet, it declares its workers redundant. It makes a profit of Kshs40 million and yet, it declares our people redundant. Our Budget and our revised statements should endeavour to create jobs for our people. It is the responsibility of the Government to see that jobs opportunities are availed to our people. The Government should not allow those companies that are making exorbitant profits, which they repatriate to their mother countries, to declare our people redundant.

Mr. Chairman, Sir, one of the most expensive activities of our Government is to pay for interest rates. The interest rate expense of the Government consumes close to Kshs40 billion per year. This happens because the Government has allowed interest rates to increase to such a level that they are prohibiting proper investment. Today, banks are not assisting our farmers and manufacturers to produce more. They have engaged solely on the purchase and sale of Treasury Bills. The money that we tax our poor people is used to pay for loans from the banks; the Government pays interest rates to the tune of Kshs40 billion per year.

I would have thought that the Minister would propose that we have to control banks' interest rates in this country to reasonable levels. If the Treasury Bills are being sold at 12 per cent interest rate, then I could imagine that the banks should lend to our people at a 15 per cent interest rate. These banks, and especially foreign banks, are minting money out of our taxpayers and they repatriate those funds overseas.

Mr. Chairman, Sir, the other aspect that worries me is foreign exchange transactions. We have decontrolled our foreign exchange transactions and so, today a person or an organisation can come into this country and manufacture goods, export them and the law requires that he repatriates those funds back to this country. The only foreign exchange earnings that we get in this country are from the agricultural activities, for example, sale of tea, coffee, horticulture produce, pyrethrum, sugar and a bit of tourism. The Minister should look at those activities. He

should look at how funds could be repatriated back into this country.

The Government has said that it cannot get money, but it has not shown in these Supplementary Estimates and Statement of Excess how much it has recouped from the people who have looted our national coffers. People have looted billions of shillings from our national coffers. They are known because they have been mentioned in the watchdog Committees' Reports, the Auditor-General (Corporations) Reports and even the Kenya Anti-Corruption Authority (KACA) has now identified some of them. When will we get to a point whereby these people are forced to pay back to the Treasury what they have looted? This could be a source of funds for our development.

Mr. Chairman, Sir, as everybody has said our infrastructure is in a terrible state. In those areas where we produce most, especially the agricultural areas, the produce cannot be taken to the market and so it is left to rot. For example, tea and coffee rots in the farms thereby, increasing poverty to our people. I sincerely hope that the Minister, in his annual Budget, will address the question of infrastructure, assist farmers to produce more, improve security so that we have more tourists and make sure that foreign exchange earnings are brought back into this country. He should also assist farmers with donor fertilizer. Currently, we get donor fertilizers, but we sell it to Asians and they go out there and make a fortune out of our poor farmers. These Asians who buy the donor fertilizers are given either 180 days credit, but they do not give credit to our farmers. I have not seen a Government that does not take care of the people who have elected it: A Government that takes away from the people who have elected it and gives to the people who have not elected it. All these Asians in town get the best contracts in this country and yet, they produce nothing. They repatriate all the funds to Canada, the United Kingdom, America, Australia and yet we give them contracts. Maybe we should pass a law that states that the donor fertilizer should be sold only to Africans. It should be sold to only Africans and they be given that 180 days credit.

Mr. Chairman, Sir, next time we should have comparative figures showing what we have spent, why we have not spent the much we should have spent, where we have over spent and why, and what we will do in the future. We should not just get figures here which you cannot make tails or heads out of, so that when we make a decision here in this Parliament, we know what we are making a decision on.

Finally, I want to refer to the welfare of the Members of Parliament. Those funds have been set aside for the welfare of the Members of Parliament. The Members of Parliament these days have become hand-outs prone. If somebody promises you Kshs1,000 so that you can use it for your petrol home, you will stay in his office for six to seven hours waiting for Kshs1,000. I hope that the Minister in his annual Budget will allocate adequate funds to the welfare of Members of Parliament, so that they do not become beggars. Even some Ministers go to other Ministers' offices to look for money. When the Minister allocates adequate funds for the welfare of the Members of Parliament, even those Members of Parliament who do not go home for a whole year will go home.

With those few remarks, I beg to support.

**Mr. Odoyo:** Thank you, Mr. Deputy Speaker, Sir. I would like to add my voice to my fellow colleagues who have insisted that the Budget, including the Supplementary Estimates, should be in Kenya shillings. In this regard, I request the Minister for Finance to bring the June Budget in Kenya shillings. On the Supplementary Estimates, beginning with the Recurrent Vote, the Minister has saved Kshs4 billion. He is requesting the House for about Kshs4 billion. It appears as if the Minister is asking for a re-allocation of some of the funds voted by this House.

On Government bonds, there is a big saving which resulted from the deficit in revenue. The problem of this country lies here in the sense that all our money is spent on Recurrent Vote. There is very little money on the Development Vote. When it comes to saving, the Minister chops the Development Vote even further. When are we going to turn this country round and start investing? The Development Vote represents the investments in this country. The Government is not investing. We are paying salaries and beyond that, we are not investing. So, with inflation and other vagaries, the economy is declining because we do not have a fall-back position, which arises out of investment through the Development Vote.

Mr. Chairman, Sir, talking about the investments, agriculture, which the past speaker referred to, is the backbone of this country. In agriculture, food is produced. In the past, food used to come from the Rift Valley Province. Those who remember the White Highlands, maize used to come from there in millions of bags. Where is the granary of Kenya today? In Central Province, tea-growing has failed! The cash crop of coffee has also failed. The rice in Mwea is rotting! The maize in Kitale is in a mess! My proposal is that we must have a granary in this country. That granary should be seriously considered in the lake basin area. This is the minute to start considering serious agricultural investment in the lake basin. Water from Lake Victoria is utilised in Egypt for irrigation. It is about time the Minister considers where the granary of this country should be.

Mr. Chairman, Sir, if one looks at the third request on Excess Votes, the Minister has asked for Kshs400 million. The Excess Vote occurred in 1995. That is five years ago. Why is the Minister asking us five years later to approve an Excess Vote of Kshs400 million? Be that as it may, one should pose this question: What were the comments of the Public Accounts Committee (PAC) on this particular fiscal year expenditure? Perhaps, before the

Minister removes any money from the Consolidated Fund, he should take a look at the PAC Report. This is to ensure that this House is not being taken for a ride. Someone at the Treasury has told the Minister this: "Please, now that Parliament has forgotten, let them approve this particular Excess Vote". I request the Minister not to remove the Kshs400 million from the Consolidated Fund until the PAC Report has been validated.

Mr. Chairman, Sir, looking at the areas which the Minister has reduced funding, the HIV/AIDS is a major problem. We have already heard that Kshs240 million has been reduced from the Vote of the Ministry of Health. The Supplementary Vote does not reflect the emergency and the crisis nature of the HIV/AIDS. It has neither reflected the poverty reduction strategy. Some of the requests from this House, which include the funding of political parties, has not been reflected. One wonders about the priority mechanism utilised by the Minister for Finance.

On what basis does the Minister use to prioritise funding? It appears that, we are using simple incremental values. The Minister has simply taken the Budget of 1963, and added five per cent, three per cent and two per cent here and there. There is no emphasis on priority. The Development Vote has nothing on infrastructure like roads. It has nothing to reflect the seriousness. It has nothing to show for the *El Nino* funds. It has nothing to show that, we are seriously considering rehabilitating our roads. Perhaps, it is time the Minister listened to what the hon. Members say in terms of priority. The prioritisation of the funding mechanism is not working. One wonders how our Minister is allocating funds.

Mr. Chairman, Sir, I wish to commend the Minister for doing a lot for the financial sector, even though interest rates are still very high. I wish to commend him on the policies that he has put in place for the financial sector. If only he could do to agriculture what he has done for the financial sector, we will get somewhere. Nobody is talking about fertiliser and financial assistant to farmers. I request the Minister that in his tabling and reply to this particular Motion, to put his argument in Kenya shillings. It is about time this country knew that when the Minister talks about Kshs18 billion, what it means for this country. The Kshs18 billion is equivalent to all the income tax that is paid by everybody in this country. So, when somebody talks about the Goldenberg, it is equivalent to all the income tax paid in this country for a whole year! It is time we started speaking in Kenya shillings and not in British pounds. As far as this House is concerned, the Kenya pound ceased to exist.

Finally, Mr. Chairman, Sir, I wish to take this opportunity to complain about the shortage of discussion. As a Member of the Finance Committee of the House, I believe the Supplementary Estimates should be brought to us first, so that we can take the Minister to task on specific items. It is not possible to give proper guidance to this House as Members of that Committee unless we are able to discuss the Supplementary Estimates at the Committee Stage. I wish to point out that the economy is not growing. It is a fact that the time to do something is now!

**The Assistant Minister for Roads and Public Works** (Mr. Mwakalu): Mr. Chairman, Sir, thank you very much. I am going to be very brief by making a few observations. To start with, through cautionary and advisory statements here and there, and conclude by supporting the Motion.

Mr. Chairman, Sir, there is probably something wrong in our structural set-up in this august House which allows for weaknesses to infiltrate the budgetary cycle. It seems from the very start that the processes through which the budget is modelled; that is the processes of estimates and allocations, tendering systems up to the funds being made available to the project, a problem arises. Money arrives at the level of the Authority to Incur Expenditure when only two months to the end for expiry of the financial year is knocking at the door. So, a rush to spend the money starts. The year ends and projects started are not completed and money goes back to the Treasury. This hurts and has hurt since 1963 but, somehow, we have not come up with the mechanisms for rectifying that structural problem. In fact, the watchdog role of the Parliament has not been very effective in following through this budgetary cycle in order to arrest and redress weaknesses when and wherever they occur.

Mr. Chairman, Sir, semantics and sophistries aside, this economy is in bad weather. There is a general economic crisis in this country that is biting and that is generally true. Only, I would disagree with those who want to sectionalise that problem by adducing a thesis or insinuating that sections of the Kenyan economy are being punished more than others. I think, I have heard it in this House that, probably, the bad performance of the economy is punishing the Kikuyu community more than anybody else. I think that is incorrect.

**Mr. Chairman:** Order! Hon. Members, as you will recall, this Motion is supposed to be debated only this afternoon. Though there was a ruling as to how many minutes each Member ought to contribute, there was not any ruling as regards the time allowed for the Mover to reply. Ordinarily, the Mover would have had limitless time and because of the interest shown in the Motion, we have restricted him to less than limitless time. I have noted the sentiments expressed by Members, particularly with regard to the lifting of restrictions of our Standing Order 101 (4) and also the need for Supplementary Estimates to be afforded more time for Members to be able to discuss them in depth. I will bring these issues and concerns to the House Business Committee. However, for the time being, unfortunately, I can only go by what the Standing Orders require me to do. If a Member had asked me earlier to exercise my power to extend the sitting hours, I would have done so, but unfortunately nobody did and, therefore, I

will now call upon the Mover to reply.

**The Minister for Finance** (Mr. Okemo): Mr. Chairman, Sir, thank you very much.

I will take the very earliest opportunity to thank all hon. Members for their very valuable contributions to this Motion. A lot of the comments that I have heard will be also very useful in the preparation of the estimates for the budget 2000/2001. Unfortunately, we are dealing with history because this budget was put together some time last year. So, we are now trying to try to address some of the shortcomings that may have been apparent in putting together that budget.

One hon. Member rightly said that we have been having incremental budgets. That is very true indeed and I think it has been one of the weaknesses of our budget or budgetary process in this country. Incremental budgets merely mean that you look at one year and you put a percentage over the previous year and then arrive at a figure and you call that the budget. Unfortunately, that is the way all the budgets, right from Independence, have been put together even during the time of hon. Michuki in the Treasury. Now, if you start off from that basic weakness, then a lot of the criticisms that follow are automatically explained.

Now, the real thrust of these Supplementary Estimates is to avoid spending money that we do not have. We have said that we want to "live within the limits". Unfortunately, the revenue estimates were over-optimistic because we started off with the assumption that the economy will grow at 3 per cent. The reality is that, according to the latest estimates, the economy will grow by about half that rate. Therefore, the capacity of the economy to produce the revenue that was projected is limited. Since we realise that, then we are saying let us restrict our expenditures to the revenues that are available and that is the thrust of these Supplementary Estimates.

Mr. Chairman, Sir, in many forums that I have had a chance to address, we have talked about trying to aim for a balanced budget. Why are we asking for a balanced budget? This is so that we do not end up with the same problem that we have inherited which is the situation of high domestic debts. Now, what I am attempting to do here is to make sure that we do not increase our domestic debts beyond the level where it is today so that that does not then lead to the Government having to go out into the banking sector to borrow in order to finance the estimates that are provided for in the budget 1999/2000.

Mr. Chairman, Sir, I would also like to take this opportunity to mention to hon. Members here that when we talk about liberalisation, it means that we are operating within a certain framework. Kenya is not an isolated nation. We do not live in outer space. We live among other nations and if you talk about the World Trade Organisation (WTO) and all the protocols that relate to liberalised trade, then you can understand the limitations of liberalisation vis-a-vis protection of our infant industries. Textbook economics tells us, like many hon. Members will appreciate, that infants have this bad habit of never growing up if you continue protecting them. They will always remain infants if you continue protecting them. So, this argument about protection of infant industries has a limit.

Mr. Chairman, Sir, when you talk about protection, you must also be looking at competitiveness. So, we must be able to be competitive within the world trade framework. If you are not competitive, then you cannot talk about international trade, because there is no such thing as international trade for Kenya, it is international trade for all nations. If you are trading within that realm, then you must be able to compete in terms of your prices vis-a-vis other prices. Therefore, I would like to tell hon. Members that, protection of local industries is relevant, it is good, it needs to be done but within defined limits.

Mr. Chairman, Sir, I would like to address the issue of interest rates and monetary policy which hon. Michuki and hon. Keriri raised and asked what we are doing about controlling the lending rates because there are many interest rates. So, you have to be very specific. I think what we are referring to here is commercial lending rates. This is because we have inter-bank interest rates, but I do not think that is the relevant interest rates that hon. Members are interested in. I am saying here that there is a big linkage between fiscal policy and monetary policy. That is why I would like to emphasize to hon. Members that by these Supplementary Estimates, I aim to balance the Budget so that the Government does not have to go out to banking sector to borrow more money in order to put pressure on interest rates. I think, many of you have already begun to observe that, the interest rates have come down. But, we also believe that they have come down so fast because there are two things that are happening at the same time. As the Government is going out to borrow money from the banking sector, at the same time the Central Bank of Kenya who have the specific function of carrying out open market operations, as part of their monetary policy, are also doing the same thing. The two effects together, will have the effect of either lowering or increasing interest rates and, at the same time, stabilising them, because we have two problems today. It is not just the level of interest rates we are talking about but we are also talking about the sustainability and predictability of interest rates.

So, we are saying that, if the Central Bank of Kenya together with Government operating in the money market going for Treasury Bills, work together and harmonise their policies, then we shall be able to achieve the twin objective of having lower interest rates and also making sure that they are sustainable and predictable. We do hope that, in the near future, we should see general lending rates coming down because we intend to keep the interest rates

charged on Treasury Bills in the band between 12 and 15 per cent. Part of the reasons why it cannot go below 15 per cent is to look at the structure of the banking sector. Today, the banking sector has a problem of their unit operating cost because of two things: One, they have very huge overhead costs because of salaries and wages which have been brought about by unions. If you look at the structure of the cost in the bank, you will find that, more than 35 per cent; in fact, a bigger percentage, is due to salaries and wages. The second thing is because of the high level of non-performing loans. In other words, they have lent out money and the money is not forth coming. So, that is a cost which they have to pass on to the good customers, but that is just banking business.

So, together with that, the level of inflation is also a factor. So, if you put these three factors together, it will explain to you the level of interest rates where we are today.

Mr. Chairman, Sir, I thought I should bring that out so as to make hon. Members understand the linkage between these estimates and interest rates because they are directly related.

In winding up, I would like to mention that I have taken note of hon. Members' views regarding the next Budget, particularly on the question of prioritisation. That is very important; we have defined the economy to be split into about six sectors and we are going to have each sector having its own priorities and we are also going to have infrastructural priorities. Out of that, many, many projects that have been referred to by hon. Members here ought to be captured. The number one priority as far as we are concerned is the agricultural sector.

**Dr. Kituyi:** On a point of order, Mr. Deputy Speaker, Sir. I hate to interrupt the hon. Minister, but something he is talking about worries me. He is talking about the way they are going to prioritise, which is a very nice thing and it sounds very good because we expect the Government to sit together and prioritise. Is it not a bit worrisome that, as the Minister for Finance tells us how they are going to prioritize, he is aware that his colleagues; the Ministers, have not had any direct input in the Supplementary Estimates presented today? How will they prioritize, or is it the persons who prepared the current Supplementary Estimates who prioritize and how does that relate to Parliamentary democracy?

**The Minister for Finance** (Mr. Okemo): Mr. Chairman, Sir, I wish hon. Dr. Kituyi would have responded to our invitation to come to the Kenya School of Monetary Studies where we really covered this subject very exhaustively, and I think his ideas would have been captured.

**Dr. Kituyi:** On a point of order, Mr. Deputy Speaker, Sir. The hon. Minister is repeating a mistake the President made! We were not invited to go to the meeting at the Kenya School of Monetary Studies!

*(Applause)*

Only Chairmen of Committees were invited. Why is he repeating that mistake? Why were we not invited?

**The Minister for Finance** (Mr. Okemo): Mr. Chairman, Sir, I think I would like to believe that Chairmen of Committees of Parliament are very important and I think we would not have invited every Member of Parliament to attend the session because we felt that the Committees were adequately representative.

Having said that, I would like to finish by saying that, that was not the first and last consultative forum. There are going to be other consultative forums which will be carried out between now and the next two years, where exactly the same exercise that we carried out at the Kenya School of Monetary Studies will be repeated. Please, hon. Members, if you care to come, we shall be very grateful indeed, so that we can have the value of your experience and ideas because it is easier to capture them at such a forum.

In concluding, I would like to suggest to hon. Members that, we support this very historical move where, for the first time, we are asking for a reduction because that is in recognition of the past mistakes that we have made.

With those last remarks, I wish to move.

**Mr. Chairman:** Well, Mr. Minister, you are the first to supplement by a reduction!

*(Question put and agreed to)*

## ADJOURNMENT

**Mr. Chairman:** Hon. Members, it is now time for the interruption of the business of the House. Therefore, the House stands adjourned until tomorrow, Thursday, 13th April, 2000, at 2.30 p.m.

*The House rose at 6.30 p.m.*