

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 21st April, 1998.

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

Mr. N. Nyagah: On a point of order, Mr. Speaker, Sir. I stand to move a Motion of my intention to extend time---

Mr. Speaker: Order, Mr. Nyagah! I think the Motion you have in mind will come later, not now. Next Order!

ORAL ANSWERS TO QUESTIONS

Question No.007

CAUSE OF CLASHES IN LIKONI

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

(a) what was the cause of the clashes that affected the Likoni area in 1997;

(b) if he could table a list of all the victims of the clashes; and,

(c) how many people were arrested, charged and convicted for the offence of masterminding and executing these clashes.

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

(a) Investigations conducted by the Government indicate that the causes of the clashes were:-

(i) Alleged inequitable distribution of land in favour of upcountry people against the indigenous coastal people.

(ii) Alleged domination of job opportunities by upcountry people at the expense of indigenous coastal people.

(iii) Alleged domination of business by upcountry people at the expense of the indigenous coastal people.

(b) I hereby beg to table the list of all the victims of the clashes.

So far, 10 security officers, 12 raiders and 61 civilians have been killed.

(c) A total of 702 people have been arrested and interrogated. 350 suspects have now been charged before the Mombasa Chief Magistrate for unlawful oath-taking, robbery with violence, arson or being in possession of offensive weapons. The cases are pending before the court. 360 suspects have either been released or have had the charges against them withdrawn.

(Maj. Madoka laid the list on the Table)

Dr. Oburu: On a point of order, Mr. Speaker, Sir. Is it in order for the Minister to make allegations under part "a" of his reply to the Question about the causes of the clashes when he should be telling us exactly what caused the clashes? That was the question. He should not be telling us what was alleged to have caused the clashes.

Maj. Madoka: Mr. Speaker, Sir, what we have established is what I have read out.

Dr. Kituyi: On a point of order, Mr. Speaker, Sir!

Mr. Speaker: Order! What is it, Dr. Kituyi?

Dr. Kituyi: Thank you, Mr. Speaker, Sir. This is a very serious matter of national concern. We want the Government to tell us what it believes were the causes of the clashes, particularly now that they are recurring. In the last Parliament, the previous Minister said that he was still doing investigations. The current Minister now seems to have completed investigations since he is giving us a reply and yet he is reading a list of allegations.

Could you order the Minister to tell the House what are the causes established by the Government but not allegations or rumours!

Maj. Madoka: Thank you, Mr. Speaker, Sir. The Government has conducted those investigations and this is what has been established. The inequitable distribution of resources--- I withdraw the word "alleged".

Mr. Achola: Mr. Speaker, Sir, you can see that we are dealing with a really new person in this House. It could have been better for Mr. Biwott or Mr. Sunkuli to answer this question.

(Laughter)

Mr. Speaker: Mr. Achola, since when were you given the responsibility of appointing Ministers?

(Laughter)

Mr. Achola: If they are not able to do their work properly, we might be forced to suggest so.

Mr. Speaker: Proceed and ask your question.

Mr. Achola: Mr. Speaker, Sir, my question was very specific. What we would like to know is who masterminded the whole exercise.

Even though he might have removed the word "alleged", he still seems to know the root causes of the problem! Could the Minister tell this House who was the mastermind of these heinous acts?

Maj. Madoka: Mr. Speaker, Sir, as I said, 702 people were arrested. We have continued to investigate who the major perpetrators of the incident were and you will recall that, in fact, one of the Opposition Members in this very House was considered to be one of the perpetrators.

Hon. Members: Hon. Maitha!

Mr. Maitha: On a point of order, Mr. Speaker, Sir. The Minister should come out with the real truth; that it was the KANU Government which perpetrated and started this war. I was arrested not because of the Likoni violence, but because the KANU Government did not want me to contest the Kisauni seat and that is why they put me in. Now, if they cannot give the facts, I will make my own personal statement over this issue.

Mr. Speaker: Order, hon. Members! For the benefit of new hon. Members, you do not stand up at Question Time to give your views or opinions. You stand up to ask supplementary questions. Do you understand, Mr. Maitha?

Mr. Maitha: Yes, Mr. Speaker, Sir.

Dr. Kituyi: Now, that the Government says the root cause of clashes at the Coast is unequal distribution of resources, the domination of the economy by upcountry people and so on, this then means that, according to the Government, that is a crime. What is the policy of the Government for dealing with the root cause of violence at the Coast?

Maj. Madoka: Mr. Speaker, Sir, the Kenya Constitution is very clear on that. As far as we are concerned, any Kenyan can live anywhere in the country. That is guaranteed by the Kenya Constitution and the Government will abide by it.

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

Mr. Speaker: Order, hon. Members! We have 15 Questions every day for one hour. If you divide 60 minutes by 15 Questions, it comes to four minutes to a Question. On a day like today, when we have Supplementary Estimates, business must commence at 3.30 p.m. Today, I have no option, but to begin business at 3.30 p.m. So, I mind the time. It will help hon. Members if they also become precise when asking questions.

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

Mr. Speaker: Order, Mr. Maore! This is not a baraza!

Dr. Kituyi: Mr. Speaker, Sir, while appreciating the anxiety of hon. Members over this very grievous statement by the Government---

Mr. Speaker: Indeed, I know, but there is nothing I can do about it.

Question No.003

FRAUDULENT DEDUCTIONS FROM CANE FARMERS

Dr. Kituyi asked the Minister for Agriculture:-

(a) if he is aware that Mumias Sugar Company is fraudulently escalating deductions from cane collected from farmers leading to high profits for the company and its contractors while impoverishing farmers; and,

(b) what measures he is planning to take to make this factory a source of prosperity and not poverty for the farmers of the area.

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

(a) I am not aware that Mumias Sugar Company is fraudulently escalating deductions from cane collected from farmers.

I would also like to state that Mumias Sugar Company acts as an agent for Mumias Outgrowers Company (MOC) in effecting deductions from farmers' earnings from cane in respect of services rendered to farmers on mutual agreement with Mumias Outgrowers Company. For the benefit of the House, these services are land preparation, survey, supply of seed cane, supply of fertilisers, field extension services, harvesting of cane and transportation.

(b) The measures that the Ministry is putting in place to ensure that the factory continues to be a source of prosperity to the farmers include the following:-

(i) It will give the farmers an active role in the running of the factory during the privatisation process so that they can purchase a substantial amount of the shares in the factory;

(ii) The Ministry is preparing a regulatory Bill for the sugar industry, which will provide a more regulatory framework for the sugar industry as a whole. This Bill shall be brought to this House for discussion.

(iii) The Ministry is liaising with other arms of the Government, such as the Ministry of Finance, to ensure that dumping of imported sugar in the local market, which tends to depress the market for local sugar, is curbed.

(iv) We are working to make sure that cane harvesting is done on a timely basis; that is after 24 months for the main crop and often 18 months for the ratoon. This will reduce the length of time during which interest is chargeable on the rendered services.

(v) This Ministry is in full support of the argument that the presumptive income tax charged on the farmers should be removed.

Dr. Kituyi: Mr. Speaker, Sir, notwithstanding the good intentions of the hon. Minister for Agriculture, I do not want to mention the fact that some pledges were made here earlier. When the hon. Mudavadi was the Minister for Finance, he knew of some "holy cows" which could not be stopped from dumping uncustomed sugar into the country. Ask Mr. Dalmas Otieno what happened to him when he touched hon. Sajjad over sugar. But besides that, my question primarily concerns the interest of the farmers of sugar-cane. The Minister has said that Mumias Sugar Factory is working for the prosperity of the farmers. I have two documents which I wish to lay on the Table. These are annual statements of the accounts of two sugar-cane farmers. One of these farmers had a gross income from his sugar-cane of Kshs71,000 in one year. After deductions, he had borrowed Kshs5,000 in the course of the year from the factory, his net pay was minus Kshs11,000. He did not take home a cent, and in the next crop, after 20 months, he will pay the factory Kshs11,000. A second a farmer had a gross income of Kshs79,000. After deductions, which included Kshs16,430 for transportation, the net payment to the farmer was Kshs8,500. If I own a tractor and carry your sugar-cane, I am paid twice as much as you are paid for the sugar-cane. Is the Minister satisfied that this is evidence of a company which is working for the interests of the farmers?

(Dr. Kituyi laid the documents on the Table)

Mr. Mudavadi: Mr. Speaker, Sir, I will have an opportunity to look at the certificate statements. The point that I am trying to put across is that I am not aware of any fraudulent escalation of those rates. We have talked to Mumias Outgrowers Company, and looked at what it costs to produce sugar-cane on a hectare. When you look at the cost of production of cane on a hectare you will acknowledge that in certain cases the cost of providing these services could be lower. This does not mean that we have evidence of fraudulent escalation of deductions. The point I am putting across is that we have stressed to the Mumias Outgrowers company that they must look at ways of rendering these services, which the farmers need, at more efficient rates than they are doing at the moment.

Mr. Osundwa: Mr. Speaker, Sir, while appreciating the answer from the Minister, I want him to agree with me that the contract which MOC signed with Mumias Sugar Company expired a long time ago. That is why MOC has surrendered provision of all services to the miller. That is the reason why the Company is charging for these services at will.

Mr. Mudavadi: Mr. Speaker, Sir, we are not aware that MOC has terminated its arrangement with Mumias Sugar Factory. I have responded to the Question on the basis of information that we have; that MOC still have an arrangement with Mumias Sugar Factory to effect those deductions on their behalf.

The Member for Saboti (Mr. Wamalwa): Mr. Speaker, Sir, I am sure the Minister is aware that there is a lot of loss of cane in the process of transportation between the farms and the factory. A lot of cane is dropped on the road, and then this loss is visited upon the farmers. Could the Minister consider introducing a scheme whereby a farmer's sugar-cane is weighed at his farm's gate and whatever loss is incurred as a result of cane dropping through careless transportation by the transporter is visited upon the transporter and the factory?

Mr. Mudavadi: Thank you, Mr. Speaker, Sir. All I can say is that, that is a sound proposition which needs to be looked into. It is true that I come from a sugar growing area and I have seen the wastage that takes place when cane is dropped on the road. I think that is something that we will look into.

Dr. Omamo: Mr. Speaker, Sir, while I agree with the Minister for Agriculture that the Government is going to try to do everything not to impoverish the cane farmer, could he tell the House whether the farmer is going to be invited when the decision is being made regarding privatisation, particularly with regard to the percentage of shares that will be allocated to the farmers? If this is not done, then this decision is going to descend from above and fall on farmers, and instead of empowering them, they will become poorer. Could the Minister assure the House that the farmer is going to be involved in that decision making?

Mr. Mudavadi: Mr. Speaker, Sir, I would like to assure the hon. Member that the farmer will be involved. There has been a lot of debate here on the privatisation of the Mumias Sugar Company. Indeed, we have talked severally with the farmers through the Mumias Out growers Company on the level of participation that they are going to have within the Mumias Sugar Company.

Dr. Kituyi: Mr. Speaker, Sir, in response to the second part of my question, the Minister announced before the House that the Government is now going to take measures to stop the dumping of uncustomed sugar on the market, and that it will also make sure that sugar-cane is harvested when it becomes mature. We know the persons who have been importing uncustomed sugar into this country, and we have been tabling documents in this House about Josin Enterprises, Bawazir and Sajjad, and the Minister for Agriculture knows that. Can the Minister now tell us what has happened either to the Government or the sugar-cane smugglers to make it possible for this Government now to stop them when it has failed to stop them for five years? What has happened to you to enable you to stop Sajjad?

Mr. Mudavadi: Mr. Speaker, Sir, I think that should be the subject of a more substantive question. As far as I know, it is a question of the Kenya Revenue Authority becoming firmer in the surveillance of sugar that comes into the country. Secondly, the Ministry of Agriculture, through the Kenya Sugar Authority, should also jointly monitor the imports that are coming into this country. Therefore, I would want to simply say that as far as I know, if there are any issues or any questions on somebody who has not paid his duty, then it is important that a substantive question be brought with respect to that person.

Question No.006

SUPPLY OF UNTREATED WATER THROUGH NOL-TURESH

Mr. Sankori asked the Minister for Water Resources what steps the Government is taking to safeguard the lives of the users of the Nol-Turesh Water Pipeline, considering that the water supplied to Loitokitok, Kajiado, Machakos and Athi River through the pipeline is not treated.

The Minister for Water Resources (Mr. Ng'eny): Mr. Speaker, Sir, I beg to reply.

The water that is provided to Loitokitok, Kajiado, Machakos and Athi River towns through Nol-Turesh Water Pipeline, is treated through chlorination; twice at the source works, 125 kilometres from the Kiima Booster Station. In view of this, the lives of the consumers are safeguarded because the crystal clear water is tapped from a natural spring under very high hygienic conditions and it is also treated with chlorine, in case of any contamination along the pipeline.

Mr. Sankori: Mr. Speaker Sir, this pipeline has been in existence for the last 44 years. When it was under the Kenya Railways Corporation, that water used to be treated. But, immediately it was taken over by the National Water Corporation Pipeline, they stopped treating that water. I am talking from experience because I have been using this water from 1955 to date. Can the Minister for Water Resources confirm or deny that he is not aware?

Mr. Ng'eny: Mr. Speaker, Sir, I confirm that the water is being treated nicely.

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. Is the hon. Minister for Water Resources in order to mislead this House that, that water is treated when I know very well that it is not treated? I was locked up at Kajiado Police Station three weeks ago. The police officers there warned me that the water they were giving me was not treated and that I was taking it at my own risk. They said that they do not take it until they have boiled it. Is he in order to mislead the House that the water is treated when it is not? I had to seek medical treatment for typhoid.

Mr. Ng'eny: Mr. Speaker, Sir, as far as I am concerned, all the water which the Ministry handles is being treated, and this includes the water from Nol-Turesh.

Mr. Munyao: Thank you, Mr. Speaker, Sir. Perhaps the Minister is not aware, but I am informing him now that this water used to be treated when it was reserved for use by animals and human beings. But now that the use has been extended to flowers, the water is no longer treated using chemicals because they are not good for flowers' growth. If the Minister is not aware of this, he could take time to go and check and confirm this to the House because we are the inhabitants of that area and we know it.

Mr. Ng'eny: Mr. Speaker, Sir, if the hon. Member is not satisfied, then I would like to ask the hon. Members to go and verify at the very source. Thank you.

Mr. Munyao: On a point of order, Mr. Speaker, Sir. I think that the Chair should help here. It is not a question of the Member being satisfied. I was imparting information which is very important. If the Minister is not aware, all he can do is to take time to go and check and then come back to the House and certify that what I am saying is the truth.

Mr. Speaker: By the way, it is not for the Member questioning to be satisfied. It is for the House to be satisfied. Do you want to respond to that, Mr. Ng'eny?

Mr. Ng'eny: Mr. Speaker, Sir, I would like to assure this House that the water in Nol-Turesh is treated.

Mr. Sambu: Mr. Speaker, Sir, in view of the fact that the Ministry has lost control over the National Pipeline Corporation, which handles water, would he consider allowing the municipalities and the local authorities to run their water projects? Would he also stop any purported or intended privatisation of water projects because I hear that the Eldoret Municipality intends to privatise the water supply system and give it to some individuals here?

Mr. Ng'eny: Mr. Speaker, Sir, the Ministry controls all the water in this country. The Ministry is also in control of water in the municipalities, although certain municipalities have been given what is called undertakership. In other words, they undertake to be the takers of the water. To that extent, the Ministry is fully in control of all waters.

Dr. Leakey: Mr. Speaker, Sir, could the hon. Minister not accept that he is seriously misleading, not only this House, but the country and the world, that he and his Ministry control all the water in our Republic? This is utter nonsense!

Mr. Speaker: Order! Order! I am afraid, Dr. Leakey, you may wish to express strongly your disagreement with the Minister, but, you are certainly not allowed to use the words you used. I now order that you swallow them by withdrawing and apologising to the House.

Dr. Leakey: Mr. Speaker, Sir, I will certainly withdraw and apologise unreservedly. I did not intend to disrespect the Minister, but I would suggest that we be a little more cautious in answering important Questions.

Mr. Sankori: Mr. Speaker, Sir, is the Minister aware that Nol-Turesh Pipeline water is soon going to be no more? This is because the Maasai are charged urban rates which they are not able to pay. The Minister should take note that, unless we are charged rural rates we shall not be able to pay.

Mr. Ng'eny: Mr. Speaker, Sir, that is a very positive suggestion and the Ministry will definitely consider that proposal.

Mr. Speaker: Next Question, by hon. Michuki!

Question No.001

LACK OF SUFFICIENT WATER IN KANGEMA TOWNSHIP

Mr. Michuki asked the Minister for water Resources:-

- (a) whether he is aware that Kangema Township area has lacked clean drinking water for several years now;
- (b) what he intends to do to provide sufficient water to the over 10,000 inhabitants of the area, both for their consumption and sanitation; and,

(c) when he is going to take action on the issues raised in "a" and "b" above.

The Minister for Water Resources (Mr. Ng'eny): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that Kangema Township lacks sufficient drinking water, because the demand for water outstrips the supply.

(b) My Ministry plans to rehabilitate and augment phases I, II and III of the Kahuti Water Project to supplement Kangema Urban Water Supply. Studies of the augmentation and rehabilitation of Kahuti Water Project have already been carried out under the Second Mombasa and Coastal Water Supply Engineering and Rehabilitation Project. They are now complete and ready for implementation.

(c) Currently, negotiations are going on with a development partner to fund the implementation of the Kahuti Water Project.

Mr. Michuki: Mr. Speaker, Sir, this Question was brought before this House way back in 1993, during the Seventh Parliament. This is what the Minister partly said in so far as the Kangema Water Supply was concerned:-

"Kahuti and Kangema Urban Water Projects will be rehabilitated and augmented through a World Bank credit, extended to the National Water Conservation and Pipeline Corporation. Studies and designs of the desired improvement have been started".

Mr. Speaker, Sir, from 1993 to 1998, this problem has been highlighted to the Ministry, and yet, we are still being told that there are studies going on. In particular, the World Bank was referred to at that time. We are now learning from the Minister that he is creating another partnership with somebody else. Could he tell us who this partner is, because, I understand you are negotiating with some French company.

Mr. Speaker, Sir, could the Minister ask these people to augment this water because these years are very many for people who were used to water before?

Mr. Ng'eny: Mr. Speaker, Sir, I appreciate the sentiments expressed by the hon. Member. I would like to assure him that all the three stages of investigation and design have already been completed. We are now in the final stage of implementation and are negotiating for funds for the project so that Kangema people can have water as soon as possible.

Mr. Keriri: Mr. Speaker, Sir, the Minister first of all said that he is trying to get a partner with whom to implement the recommendations for augmenting this water project. Then, hon. Michuki pointed out that, earlier on, the Ministry had confirmed that the water was going to be augmented through World Bank assistance. Could the Minister tell us what happened to the money that was available from the World Bank?

Mr. Ng'eny: Mr. Speaker, Sir, it is true, as the hon. Member said, that money was available from the World Bank through Mombasa and Coastal Engineering and Rehabilitation Project. But that was for survey and design, and not for implementation of the project. That is why we are negotiating with a French company for the implementation of the project.

Mr. Ndwigwa: Mr. Speaker, Sir, could the Minister confirm or deny in this House - perhaps he might not know, because he is a new Minister - that this "animal" called National Water Conservation and Pipeline Corporation is the one which has mismanaged water development in this country? In major towns, the Corporation cannot provide water. For example, in Embu Town, we sometimes go without water for a whole month, because the National Water Conservation and Pipeline Corporation is a centre of corruption and mismanagement.

QUESTIONS BY PRIVATE NOTICE

LIQUIDATION OF AFRICAN TOURS AND HOTELS

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

Could the Minister confirm or deny that the African Tours and Hotels Limited is being placed under receivership despite having substantial security for loans because it is the target of private investors who want to acquire the hotel chain' at a throw-away price?

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

Yes, it is true that the African Tours and Hotels Limited is being placed under receivership. This is because the hotel chains loans are not adequately secured and, indeed, the company is technically insolvent. On the other hand, the Government is not aware of any private investor who wants to purchase the hotel chain at a throw-away price.

Mr. Speaker, Sir, in view of the large public interest in this issue, I would like to state the following over the privatisation of African Tours and Hotels Limited. The Government has been preparing the African Tours and Hotels for privatisation over the last one year or so. At the beginning of the exercise, the Government believed it could divest itself of its shareholding in the company, which is held through the Kenya Tourist Development Corporation and the Industrial Development Bank, by floating it on the Nairobi Stock Exchange, where it was already quoted. However, the extent of financial problems facing the company were yet to become apparent. The Government appointed Barclays Merchants Finance Limited as the merchant bankers to advise on the then anticipated floatation. The preliminary report by these consultants, prepared in conjunction with M/s Price Waterhouse, stated that the company was bankrupt and was Kshs375 million in the red. The Government further appointed another audit firm by the name M/s Earnest Young to review the company's accounts and confirm its position. The report of M/s Earnest Young, dated 30th June, 1997, confirmed the company's insolvency. This insolvency has even been confirmed by the company's own management, in their response to the report of Barclays Merchants Finance Limited.

Mr. Speaker, Sir, the African Tours and Hotels Limited does not have adequate security, as alleged, over the Kshs75 million it owes in the form of loans. Only Kshs40 million is secured, and it has exhausted its Kshs60 million overdraft. It owes Trade Creditors, at least Kshs130 million and Kshs300 million to the Kenya Revenue Authority. Its financial report for the year ended 30th June, 1997, shows a loss of Kshs166 million. After considering various options about the future of African Tours and Hotels Limited, it has been decided that the debenture holders, the Kenya Commercial Bank and the Kenya Commercial Finance Company, should effect a controlled receivership of this company. The aim of the receivership is to ensure that there is the widest consultation in an attempt to turn round the group, as it is clear that goodwill, from all parties concerned in this saga, will be vital to rescue this company.

Mr. Speaker, Sir, I have made this a bit lengthy because for the last one and half months, the Press has been covering this issue. I had to do a lot of homework and I ask you to give me two more minutes.

Mr. Speaker: Order, Mr. Nyachae! As a general advice to hon. Members, hon. you are all invited to look at Standing Orders 34 to 38, which are on Questions. It is a question of an hon. Member asking a Question and you replying as precisely as possible. You could have asked me to give you time to give a Ministerial Statement. I could be able to accommodate you in 10 or so minutes. As you can see, I am constrained for time. So, please, finish quickly because I also want three or so hon. Members to question you.

Mr. Nyachae: Thank you, Mr. Speaker, Sir, for being so kind. In two minutes' time, I will clear this.

The hon Questioner is also a difficult man to handle. So, I had to prepare myself properly. All the controversy that has been played out in the media for the last few weeks arose because an intransigent management has decided to politicise the whole issue for their own ends, without paying heed to the long-term interests of the African Tours and Hotels Limited. They have created the impression that there is a battle between them and the ESTU of my Ministry. The ESTU is an arm of the Parastatal Reform Committee, which I chair. It only implements decisions of that committee. The Government is satisfied with all the technical work done on the African Tours and Hotels Limited, and the ESTU role in ensuring that, that work was done professionally.

Mr. Orengo: Mr. Speaker, Sir, this could be another case of a very big rip-off. As you are aware, every year the Minister for Finance tables here reports under the Exchequer and Audit Act regarding several organisations, including the African Tours and Hotels Limited, which over the years has been audited by the Auditor-General (Corporations). The fact of the matter is: If the ESTU is involved in any process of this nature, there is a giant rip-off behind it. We know of the case of Firestone Company, where the ICDC was forced to sell its shares, which were making a lot of money for it. We also have the case of the Kenya Milling Corporation, which the Minister knows of very well. Can the Minister tell us how the Kenya Commercial Bank can now see the light of the day, when its own directors owe it over Kshs70 million which is not secured? This company has security for its loans in excess of the amount disclosed here by the Minister. In fact, it has security of over Kshs1 billion in the form of lodges all over the country. Can he tell this House that it is him who has directed this controlled receivership and not the Kenya Commercial Bank? The Bank has no problem with the African Tours and Hotels Limited. There are some "hyenas" behind this issue.

Mr. Nyachae: Mr. Speaker, Sir, the hon. Member has made a very serious allegation, which should not be allowed in this House. He has stated that when the ESTU handles anything, there is a rip-off behind it. I stated that I am the Chairman of this particular committee. Therefore, that is an allegation that I am connected with a rip-off. I will demand that substantive evidence be produced in this House to show that we, in that committee, which I chair, are involved in a rip-off.

Mr. Speaker: Order, all of you! Order! As I expressed my fear to Mr. Orengo and Mr. Nyachae, we have

taken more than 15 minutes on this Question. I want to read out to the House two pertinent Standing Orders about asking Questions. I want hon. Members to listen carefully.

Standing Order No. 35(2) reads as follows:

"A Question shall be of a genuinely interrogative character and its purpose shall be limited to seeking information or pressing for action."

Another Standing Order which hon. Orenge has flouted is Standing Order No.35(1) which reads: "Questions may be put to a Minister relating to public affairs with which he is officially connected, to proceedings in the House or to any matter of administration for which he is responsible."

So, I want hon. Members to observe those two Standing Orders. By doing this, we will be getting somewhere.

Mr. Nyachae: Mr. Speaker, Sir, I have made a request to you on the allegation that has been made by hon. Orenge. I would like to table the report of the consultants for hon. Members to read and verify the status of the African Tours and Hotels (AT&H).

(Mr. Nyachae laid the Report on the Table)

Mr. Michuki: Mr. Speaker, Sir, is the Minister aware that over a period of time, particularly when the shares of AT&H in the stock market were selling at between Kshs40 and Kshs50, it was due to the Question that was put before this House by hon. Orenge? At that time, those who are still pursuing those hotels bid those shares at prices as high as Kshs480 per share, until they discovered that there were no assets. In the process, they lost some money at that time.

Mr. Speaker: Hon. Michuki, I am running out of time!

Mr. Michuki: Mr. Speaker, Sir, is the Minister aware that this is not the beginning of pursuit and ambitions to buy those hotels because of the audit, and things started much earlier?

Mr. Nyachae: Mr. Speaker, Sir, I am aware of that. But this is a matter for the Capital Markets Authority and the Nairobi Stock Exchange. It is not for my Ministry. They are the people who admitted the AT&H shares to be put in the Nairobi Stock Exchange.

DE-GAZETTEMMENT OF *KAYA TIWI*

Dr. Leakey: Mr. Speaker, Sir, I beg to ask the Minister for Home Affairs, National Heritage, Culture and Social Services the following Question by Private Notice.

(a) Why was *Kaya Tiwi*, which is a historical site, de-gazetted as per Gazette Notice No.1552 of 18th February, 1998?

(b) Who is, or are the owners of the land?

The Assistant Minister for Home Affairs, National Heritage, Culture and Social Services (Ms. Mwachai): Mr. Speaker, Sir, I beg to reply.

(a) The gazettelement of *Kaya Tiwi*, which took place in 1992 among others, was made without any accurate survey that would have established the exact boundaries of the *Kaya*. Hence, many such *Kayas* today encroach on private land. The National Museums of Kenya has been carrying out survey of all the *Kayas*, so as to establish their exact boundaries.

The Ministry intends to correct the boundaries such that the conservation of the monuments does not become an impediment to private land ownership as enshrined in the Kenya Constitution. The incentive was to correct the boundaries of *Kaya Tiwi* and not to de-gazette it. This has now been corrected *vide* Gazette Notice No.1759 of 9th April, 1998, pending further consideration.

(b) The Ministry cannot comment on the ownership of the land as the gazettelement of a national monument does not change the ownership. It is suggested that the question of ownership be re-directed to the appropriate Ministry.

(Applause)

Mr. Leakey: Mr. Speaker, Sir, I am grateful for that answer. But I would like to suggest to the Assistant Minister some things that are missing in her reply; that on the issue of gazettelement, the requirement is that before gazettelement, the ownership of the land must be established, and the boundaries be determined. In the

first part of the Question, the Assistant Minister has agreed that the authorities which were concerned with the original gazettelement acted unprofessionally and need to be made aware that they should not act that way again.

Mr. Haji: On a point of order, Mr. Speaker, Sir. Is the hon. Member in order to mislead the House? What I know is that he was the director of the National Museums of Kenya and he is the one who initiated the gazettelement of the *Kayas*.

Mr. Leakey: On a point of order, Mr. Speaker, Sir. The hon. Member knows perfectly well that he was the Provincial Commissioner at the time, and that I ceased to be the Director of the National Museums of Kenya in 1989, and the gazettelement was done in 1992. He should read the newspapers!

Ms. Mwachai: Mr. Speaker, Sir, could hon. Leakey state his interest before I can answer his supplementary question? I am sure that I have elaborated very clearly to him. When it comes to land ownership, and this being a very sensitive issue, I cannot read his intentions. Can he, please, declare his interest?

Mr. Speaker: Apart from being a Member of Parliament?

Ms. Mwachai: He should declare his interest, apart from being a Member of Parliament.

Mr. Leakey: Mr. Speaker, Sir, taking cognisance of time, let me make it very clear that I have no personal interest. But in the Assistant Minister's reply, she said that all the *Kayas* were to be re-considered. That suggests to me that there may be something else going on. I am concerned, as a Kenyan, that, that should be stopped now.

(Applause)

Ms. Mwachai: Mr. Speaker, Sir, if at all the Government is aware that it is taking the interests of its own citizens into account, and it is there to safeguard the rights of its citizens, there is nothing more apart from what I have given as the answer. It was only a mistake that the survey was not accurately done. It is now the intention of the Ministry to do its surveys correctly without any hidden reasons.

Mr. Speaker: I suppose that will end the *Kaya* debate. Can we proceed to the next Order? Question Time is up and before we go to the next Order, I would like to make an appraisal to the House.

Today is a Supplementary Supply Day. Under the relevant Standing Orders, we ought to go straight to the Committee, without Question being put. So, in ordinary circumstances, upon the next Order being called, Mr. Speaker shall leave the Chair, and the Chairman of Committees comes to take over the Chair in Committee stage.

That will restrict the debate to the point of only saying whether or not certain amounts will be accepted or reduced. But what I have done in the past, and I wanted the House to understand, is to allow Members on a Supplementary Day, to have discussions as if the Question, that Mr. Speaker do leave the Chair, has been put. Obviously, this is because the limitation on the Minister for Finance on a Supplementary Day to answer on each Vote of all the over 20 Ministries is real. So, I want the House to understand that. If the House desires, and you can nod your heads if you desire, that I leave the Chair, we can take that procedure. But I would advise the House that we proceed in the way that we have followed in the past. Please, nod your heads if you want me to leave.

(No hon. Member nodded his head)

Mr. Speaker: There being no nodding, I am not leaving.

COMMITTEE OF SUPPLY

MOTION

SUPPLEMENTARY ESTIMATES: RECURRENT AND DEVELOPMENT

The Minister for Finance (Mr. Nyachae): Mr. Speaker, Sir, I beg to move the following Motion:-

(a) THAT, a sum---

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

Mr. Speaker: Yes! And by the way, Mr. Anyona, you are not in your usual place! Anyway, go ahead.

Mr. Anyona: That is not my usual place, but I thought I am a Member of this House and I can sit practically anywhere I want to sit, except in Mr. Speaker's Chair.

I just wanted to find out whether we are following the correct procedure. You have put the first point

correctly and I did consult with you just to be sure that we are still following the right procedure. The Minister is just about to move the Motion and at the moment we do not have any limitations as to how long it is going to take.

Usually, there is a limitation imposed by the House at the very beginning of the Budget. We are not in that position right now, and I do not think we want to give the Minister a blank cheque so that he can go on talking the whole afternoon. I was wondering whether the Chair could guide the House so that the Minister and the Members know how long it will take.

Thank you.

Mr. Speaker: Thank you very much, Mr. Anyona. I do appreciate your concern and I must say that I actually forgot about it. I was supposed to again ask the House to impose a limitation on itself, because the Motion, under Standing Order No. 143, is supposed to take one day unless the House orders otherwise. One day, if we go by the limitations set out by Standing Order No. 81, will allow very few Members to contribute. The practice of this House has been that Mr. Speaker does request, at the offset of debate, that the Members contributing be limited in the following manner; the Mover gets 20 minutes; every other Member gets 10 minutes and the Mover again takes another 20 minutes to reply to the Motion. Now, is that acceptable to the House? Any objection to it?

Hon. Members: No!

(Mr. Michuki stood up in his place)

Mr. Speaker: Order! Order! As a matter of fact, I cannot see you when I am on my feet and you are on your feet. I am incapable of seeing you; I am absolutely incapable. So, I have not seen you; in fact, I saw a mirage. Do you want to contribute?

(Laughter)

Mr. Michuki: On a point of order, Mr. Speaker, Sir. I am glad that your eye was able to notice me. I think the proposal that you have made about the extension of time is important. The Finance and Planning Committee of this House met for many hours, both amongst the Members of the Committee and also with the Minister and his staff.

Mr. Speaker: Are we communicating on the same wavelength?

Mr. Michuki: I thought we were, Mr. Speaker, Sir.

Mr. Speaker: No, I do not think so. You see, what you are talking about is extension of time and we have not talked about extension of time. I have talked about limitation of time, and the two are totally different. We are limiting the length of time a Member can take, but as to whether the debate should be extended or not, we will have to await until the issue has been proposed on the Floor of the House. So, if any Member, after the matter has been proposed on the Floor, follows the requisite Standing Order, we can extend the time. For now, the Question has not been proposed. So, can we first of all comply with Standing Order No. 143 by beginning our business at 3.30 p.m.? I will call the Minister, then we proceed. So, Mr. Michuki, if you want to extend time, do it after the question has been proposed.

Mr. Anyona: On a point of order, Mr. Speaker, Sir. I appreciate the 20 minutes' limitation you are suggesting, but I thought it would have been better to go by what normally happens which is that the Minister takes one hour to propose and then takes half an hour to reply. This is an important matter and 20 minutes will be not be enough for the Minister. That is normally the practice. During Budget time, the Minister has one hour to move and half an hour to reply.

Mr. Speaker: I am sure, hon. Nyachae can tell me whether that time is enough. Do you need 20 or 30 minutes?

The Minister for Finance (Mr. Nyachae): Mr. Speaker, Sir, I need 30 minutes.

Mr. Speaker: Thou shall have 30 minutes. Proceed.

Mr. Muite: On a point of order, Mr. Speaker, Sir. My reading of Standing Order No. 143 (3) clearly brings out the fact that if we commence this debate now, we are limited to three hours. In fact, we are required, half an hour before, to call on the Mover. So, if you are going to give adequate time to the other Members to contribute, this is the time to do it. In fact, in terms of Standing Order No. 45(i), one can move a Motion without any notice

Mr. Speaker: That is not an issue, Mr. Muite. In fact, after I have proposed the Question, we have already agreed that Mr. Nyagah is going to move a Motion. I know it and Mr. Nyagah knows it. So, can we, please

let him move his Motion and Mr. Nyagah will have his time to move a further Motion?

Proceed.

The Minister for Finance (Mr. Nyachae): Thank you, Mr. Speaker, Sir, and I beg to move the following Motion:-

- (a) THAT a sum not exceeding K£870,892,291 be granted from the Consolidated Fund to meet expenditure during the year ending 30th June, 1998, in respect of Supplementary Estimates of 1997/98 (Recurrent) having regard to the reduction of K£389,784,549, therein appearing.
- (b) THAT, a sum not exceeding K£39,380,874 be granted from the Consolidated Fund to meet expenditure during the year ending 30th June, 1998, in respect of Supplementary Estimates of 1997/98 (Development) having regard to the reduction of K£281,251,422, therein appearing.

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

Mr. Speaker, Sir, the Supplementary Estimates for the current Financial Year which have been tabled contain the changes in budgetary allocations for the Various Votes compared to the earlier approved Estimates of the year.

Mr. Speaker, Sir, I would like to explain briefly the four important financial developments during this fiscal year which necessitated these changes. First, in August 1997, within two months of the beginning of this financial year, the Enhanced Structural Adjustment Facility Programme (ESAF) of the International Monetary Fund (IMF) was suspended. This, in turn, led to the suspension of the budgetary support programme loan by the World Bank and the African Development Bank of about Kshs6 billion. Secondly, the suspension of the IMF programme also led to a dramatic increase in domestic interest rates on Treasury Bill from 19 per cent to 26 per cent, resulting in a 30 per cent increase in domestic interest payment from the budgeted level. Thirdly, there was a substantial increase in Government expenditure during the first half of this financial year on account of additional expenditures on teachers' salaries, conduct of elections and the food relief measures. Fourthly, as a result of a slow-down in economic activities during this financial year, the Government's revenue projections could not also be realised. Although I must say that with the additional taxation measures being implemented and the strong administrative improvements in the collection of taxes that I expect from the Kenya Revenue Authority, we may be much closer to the original target than we were four months ago.

Mr. Speaker, Sir, the cumulative effect of these developments was to increase substantially the resultant fiscal deficit in 1997/98 to 3.9 per cent of Gross Domestic Product compared to the original target of 1.7 per cent of the Gross Domestic Product. I am sure that hon. Members will agree with me that we can hardly afford any such increase given the critical domestic debt situation and the state of the economy. It is for this reason that the Government implemented some measures for additional taxation which are expected to raise ordinary revenue from Kshs159.888 in the Printed Estimates to about Kshs163.09 billion despite the slow-down in the economic activity.

Mr. Speaker, Sir, we have also to take into account the increases of Kshs9.86 billion in domestic interest payments this year from the projected level of Kshs21.57 billion in the Printed Estimates. Another factor taken into account in reviewing the expenditure levels was the shortfall of about Kshs6 billion in the net foreign financing which I referred to in my introductory remarks. It is as a result of these factors that I was forced to effect substantial deductions in Ministries' expenditures across the board. The revenue and expenditure reduction measures that we have implemented will have the effects of reducing the fiscal deficit down to 2.9 per cent of the Gross Domestic Product. Thus, the Supplementary Estimates reflect increases in expenditures where such increases cannot be avoided and decreases in areas where expenditures can be postponed till such time when the domestic debt situation is made sustainable.

Mr. Speaker, Sir, other increases and decreases in the Estimates represent transfer of services within the Government, from one Vote to another as a result of the recent re-organisation of the Government services.

Mr. Speaker, Sir, I would now like to highlight specific areas where I require additional funds to finance additional expenditure. By far, the most significant of these additional expenditures is the one resulting from the increases in the teachers' salaries. Hon. Members will recall that the Government approved last year an increase of between 150 per cent to 200 per cent of teachers' salaries. The additional budgetary requirements to finance this package is Kshs9.2 billion or K£460 million. This accounts for 53 per cent of the total Supplementary Recurrent Budget and it is reflected under Vote R31, Ministry of Education and Human Resource Development, and Vote R35 Ministry of Research and Technology. Increases in salaries for university staff are also reflected under the same vote and amount to Kshs52.6 million.

Mr. Speaker, Sir, another significant increase is of K£106,200,000, which is reflected under Vote R29, National Assembly. This expenditure was incurred in financing the recent General Elections. The election budget escalated more than earlier planned due to various reasons, and especially the following:-

(i) Increase in the number of parties hence more ballot papers were required.

(ii) *El Nino* rains which constrained the transportation of materials and personnel, thereby escalating costs.

(iii) Increases occasioned by an extra day of voting

(iv) Extension of registration of voters deadline

The additional cost was defrayed from the Recurrent Budget.

Mr. Speaker, Sir, additional funds sought under Vote R01, Office of the President, are for the purchase of maize to be distributed to drought stricken districts and flood victims as a result of the *El Nino* weather phenomenon that affected the entire country; purchase and replacement of police vehicles for the Police Department; settlement of pending bills at the office of the Government Printer; purchase of food and rations, uniforms and clothing for the National Youth Service; security operations and purchase of plant and equipment for the police.

Mr. Speaker, Sir, the funds required for State House are meant for transport operations and to meet a shortfall in the provision of entertainment.

Mr. Speaker, Sir, the additional funds required for the Ministry of Foreign Affairs are for payments of rent and rates arrears in the Paris Chancery and to meet a shortfall in foreign service allowances and other allowances occasioned by currency fluctuations.

Mr. Speaker, Sir, funds required to be voted under Vote R05; Ministry of Home Affairs and National Heritage, (Vote 181) Culture and Social Services; Vote R21, Ministry of Natural Resources, Vote R31, Ministry of Education and Human Resources; Development reflect the recent re-organisation of the Government.

In addition, funds required to be voted under Vote R09, Ministry of East African and Regional Cooperation; Vote R17, Ministry of Environmental Conservation; Vote R24, Ministry of Trade; Vote R32, Ministry of Industrial Development; and Vote R34, Ministry of Rural Development, are for the services and expenses of the new Ministries and, also partly, reflect a transfer of services from existing Ministries to the newly created ones.

Elsewhere, Mr. Speaker, Sir, funds required to be voted under Vote R11, Ministry of Health, are for the payment of new salaries and allowances for professional staff, transfer of the Government Chemist Department to the Ministry of Health, and for grants to the Kenya Medical Training College and Kenyatta National Hospital. Also, funds required to be voted under Vote R14, Ministry of Transport and Communications, constitute a provision to be passed on to the Kenya Ferry Services as compensation for non-paying human traffic, transfer of some of the activities from the Road Transport Branch back to the Ministry of Transport and Communications. Revenue earning sections will remain under the Kenya Revenue Authority. Other additional expenditures reflect the recent salaries and allowances awarded to the staff of the Directorate of Civil Aviation and the Meteorological Department.

Mr. Speaker, Sir, the funds being sought under Vote R19, Ministry of Information and Broadcasting, are additional provisions to meet expenses of covering the last general elections and the procurement of essential equipment for the same. Under Vote R21, Ministry of Natural Resources, the funds required to be voted represent a transfer of services of the Kenya Wildlife Services and the Fisheries Department from the Ministry of Tourism to this Vote. Funds required to be voted under Vote R26, Judicial Department, are for the computerisation of the department with a balance going to salaries and allowances, and for the replacement of motor vehicles. The other major increases in the Recurrent Supplementary Estimates under Vote R35, Ministry of Research and Technology, are for salary increases for teachers working in technical training institutions, and Vote R36, Ministry of Lands and Settlement, to meet the urgent needs of land adjudication and settlement expenses.

Mr. Speaker, Sir, the reductions appearing under Votes R03, R06, R07, R08, R12, R13, R15, R16, R20, R25, R27, R28 and R30, are partly to compensate for the increases mentioned above. The reductions in Vote R18, Ministry of Home Affairs, National Heritage, Culture and Social Services, and R23, Ministry of Trade, reflect the transfers to other existing and new Votes respectively.

In the development Votes, except for Vote D03, Directorate of Personnel Management, where the additional sum is required for Civil Service Reform and Rationalisation Process, the sums required to be voted under Vote D05, Ministry of Home Affairs, National Heritage, Culture and Social Services; Vote D17, Ministry of Environmental Conservation; Vote D21, Ministry of Natural Resources; Vote D24, Ministry of Trade; Vote D26, Judicial Department; Vote D32, Ministry of Industrial Development; and Vote D34, Ministry of Rural Development, reflect the recent re-organisation of Government Ministries or introduction of services under the

new Ministries.

Finally, Mr. Speaker, Sir, the reductions appearing under Votes D01, D04, D06, D07, D08, D10, D11, D12, D13, D14, D15, D16, D19, D20, D22, D25, D30, D31, D35 and D36, are mainly to compensate for the additional expenditure under the Recurrent Votes as a result of the reasons I have explained. Having appraised the hon. Members of the additional expenditures and new services required, I now seek Parliamentary approval to spend the funds before 30th June, 1998. I, therefore, urge hon. Members to pass this Motion.

Mr. Speaker, Sir, I beg to move the motion.

The Minister for Agriculture (Mr. Mudavadi): Thank you, Mr. Speaker. I stand to second the Motion that has been moved by the Minister for Finance and really stress that the House should give due indulgence to the issues that the Minister has raised, bearing in mind that we have just moved out of an election year and that at the same time, this is a year which has had a lot of vagaries in terms of bad weather, which resulted in a lot changes in Government expenditure. For instance, as to the question of the resources that need to be directed towards infrastructure, as the Minister for Finance has indicated, what had been programmed earlier could not be sustained. A lot of roads which were, prior to the presentation of the Budget, basically in a reasonable shape, have completely deteriorated, and this called for a major re-allocation of resources to try and patch up, in an emergency way, some of the infrastructures that have been devastated. I believe that one will see this when looking at some of the items in the estimates books.

Secondly, Mr Speaker, Sir, I think it is also important for me to highlight that it is critical that all Kenyans appreciated the required change in this country in terms of ensuring that the resources that we earn can be directed at priority areas. A classic area here is that the ratio of expenditure, in terms of Recurrent and Development, is heavily distorted in favour of Recurrent Expenditure. There is very little available for developmental activities. For instance, the salary increments that were awarded to teachers is something that we have to look into.

I would like to tell hon. Members that it is important that as a nation, we look at laws which sometimes can get the Government committed without adequate consultation or analysis of the financial position of the Government. And this is precisely what may have happened in the question of the teachers' salary increments awarded last year. We need to send the message across that if we have to pay higher salaries, we shall have to do so at the expense of something else. The teachers' salaries are going to eat heavily into the resources of this country because, as you were told, the teachers' wage bill is going to take up to about Kshs9.2 billion over a period of five years during which the salary adjustments will be effected. Now, this is extremely a heavy cost that will then be passed over to the individual taxpayer. This is extremely costly and painful, especially when we know that the demands of Kenyans on the Government and resources that we raise have become extremely dear.

I would also say that it is important that we also make a very clear analysis of the level of our economy on the dependency on international support. I think our level of dependency on international support is dangerous; it is something that we need to look into and find ways and means of raising more resources locally. The existence of the International Monetary Fund (IMF) and, by extension, other partners, in the international financing arena, can be extremely devastating for an economy that is still as fragile as the Kenyan economy. So, I hope that as we discuss this we should try to explain to the Kenya public that the consequences of reliance on international funding can be very heavy. But in the mid-term, it is something that we have to live with. If we have to live with that kind of support then we, as a nation, must also be committed to fulfilling the programmes that we enter into with our developmental partners. I think this is an issue that I thought needs to be stressed upon because the consequences of an on-and-off relationship can be very devastating to a country like ours.

Mr. Speaker, Sir, the other thing that I would like to point out is that, we also need--- After getting all the views that the Members may have, we need to request the Minister for Finance to bear in mind that many people are going to be very disappointed because a number of projects which had been earmarked for funding shall not receive that funding. These may be roads, water projects, health and so forth. I hope that, as we discuss these Supplementary Estimates, he shall take it upon himself that when he presents his Budget in June, he shall, as a matter of goodwill, first of all, reinstate the very projects that had been earmarked for funding by this very House, so that our electorate shall not be disappointed and complain that they have been ignored or cheated.

Mr. Speaker, Sir, the other thing that I would like to point out is that, now that we have had two elections through the Electoral Commission, I would urge that the Electoral Commission becomes more serious to be able to forecast what an election process will cost because it is highly unfair for this House to be subjected to a situation where they have to revisit, reconsider and re-allocate a lot resources which were earmarked for other things to cover election expenses. It goes without saying that there will always be variations, especially when you have bad weather and so forth. I think it is incumbent that the Electoral Commission be revamped and given qualified personnel, and people who can quantify and forecast the whole process a little more accurately, so that when the

Minister for Finance is at any other time presenting the Budget in this House, to ensure that elections are carried out smoothly, he is not too far off the mark. This is particularly important because the figures that the Minister has quoted in terms of re-allocation are quite substantial and that is something that we need to look at. Mr. Speaker, Sir, I would also want to urge that there is very little manoeuvre for the Government at this point. I am saying so because the domestic debt is extremely high and it is stifling the private sector. It is stifling growth and production and we must, therefore, make sure that we rationalise our expenditure very quickly. In fact, we should have done it yesterday, so to speak. We should make sure that we rationalise expenditure so that this big burden of the domestic debt can be lifted off our backs because we are all paying for it through high interest rates. We cannot borrow money for any commercial activities.

Hon. Members: But you were there, when all those debts were incurred!

The Minister for Agriculture (Mr. Mudavadi): It does not matter! It is not a question of who was there. It is a question of what is there. And what is there now, is that the domestic debt is heavy and we have to address it and deal with it. To deal with it calls for concerted efforts and it calls for the Government to rationalise its expenditure so that its level of borrowing from the general public through high or massive Treasury Bills is curtailed urgently. Otherwise, we shall not be able to sustain this economy.

Mr. Speaker, Sir, so while making those comments, I just want to say that it is important for us to support the Minister for Finance by definitely making critical remarks which can be used for corrective purposes while at the same time ensuring that the Motion is given due support to allow the Government to be able to meet its expenditure for the period up to 30th June, 1998.

With these few remarks, I beg to second.

(Question proposed)

Mr. Speaker: I think the right thing to do now is to allow Mr. Nyagah to move his Motion.

PROCEDURAL MOTION

EXTENSION OF DEBATE ON SUPPLEMENTARY ESTIMATES

Mr. N. Nyagah: Mr. Speaker, Sir, I beg to move the following Motion:-

THAT, pursuant to the provisions of Standing Order 143(3), this House orders that the debate on Supplementary Estimates be extended to a maximum of two days.

The Assistant Minister, Office of the President (Mr. Sunkuli) seconded.

((Question proposed))

Question put and agreed to)

Mr. Mwiraria: Mr. Speaker, Sir, I rise---

Mr. Anyona: On a point of order, Mr. Speaker, Sir. To comply with the spirit of the House, when we were imposing limitation on the Presidential Address, we did say that the Mover on the Government is given a certain limitation and we said---

Mr. Speaker: Mr. Anyona, I thought that in that same spirit, my earlier communication should be understood in that light and always for ever.

Mr. Anyona: Yes, Mr. Speaker, Sir. I just wanted---

Mr. Speaker: So, Mr. Mwiraria will have 30 minutes. He is the Minister for Finance in the Shadow Cabinet.

(Debate on the Supplementary Estimates resumed)

Mr. Mwiraria: Mr. Speaker, Sir, I rise to support the Minister for Finance for being very candid in presenting the financial position in this country.

It is really a sad day for us in Kenya now to look at the poor financial situation of the country. While I note the factors which have led the Minister into bringing us the present Supplementary Estimates, which are in

fact reducing development spending and putting all the money into recurrent expenditure, thus implying that Kenya is, for the time being, only interested in consumption, I would like to say that the statement by the Minister has left quite a lot unsaid.

Mr. Speaker, Sir, first, let me say that the Minister did not adequately deal with one of the factors he mentioned, namely the shortfall in foreign receipts which were expected, by about Kshs6 billion. The truth of the matter is that Kenya has lost credibility in the international monetary circles. We cannot run away from the fact that this has come about because the Minister for Finance and his predecessor negotiated agreements and accepted conditions which, later, they could not keep and the end result is that today, Kenya is not credit-worthy in the eyes of foreign donors. We would have wanted the Minister for Finance to tell us what proposals, if any, he has to restore the confidence of the World Bank, the IMF and the other international donors in this country, because without that confidence, Kenya will continue to lose in tourism, foreign investment, and will also lose what I consider to be, perhaps, most important today: Donor assistance at a time when we need it most. So, the question I want to put to the Minister is whether he is ready now for the talks which are coming, maybe, next month, with the World Bank and IMF. In making this request, I appreciate that in aid terms, all that glitters is not gold. So, I am not asking the Minister to accept anything that is required of him by the donors. Nonetheless, we need to restore the lost credibility of this country in the eyes of the foreigners.

Mr. Speaker, Sir, the other point I would like to make is that the Minister referred to a recent tax measure which he has brought in to enhance revenue collection. The Kenya tax system is perhaps taxing the ordinary citizen of this country to the maximum. In our view, we feel that indeed, Kenyans are being over-taxed. The Ministry of Finance is currently seeking 27 per cent of the Gross Domestic Product in Government revenue annually. This, even for the G-7 countries, the most wealthy of nations, is too high a tax level. So, we would like to urge the Minister to seriously consider lowering most of the taxes. In fact, we would urge that some of them be abolished altogether. Let me give just one example of the presumptive tax, which is charged on poor farmers for sale of their crops such as maize, wheat, milk, *et cetera*. This tax, which takes 5 per cent of the gross sales is, in my view, very unfair, particularly if you take into account the fact that you could get a simple farmer who has two or three cows---

The Minister for Finance (Mr. Nyachae): On a point of information, Mr. Speaker, Sir. The presumptive tax is not 5 per cent, but 2 per cent.

Mr Mwiraria: Mr. Speaker, Sir, I stand to be corrected. I accept the information. But even if it is 2 per cent, the point I am making is that, an ordinary farmer who has only two or three cows and who delivers his milk to KCC, and then 2 per cent of that little income is taken away each month as he gets his pay-slip is, in my view, being over-taxed. In fact, if you were to take him as a wage earner, he would not be paying any tax at all. This is one problem you get when you have indiscriminate tax and I would urge that the presumptive tax should be abolished. A system of finding out what the wealthy farmers earn should be devised, so that if the hon. ole Ntimama has many cattle and he is making a lot of money from milk, then he can pay income tax as is appropriate. But I would really urge that the presumptive tax be abolished in order to ease the burden of taxation on our poor farmers.

Mr. Speaker, Sir, the other point I would like to make is to urge the Minister to consider lowering the level of Value Added Tax. At 17 per cent, I believe this level is very high; it is one of the highest in the world, and quite candidly, the ordinary populace in Kenya, at this time when the economy is at its worst, can barely afford a loaf of bread, or a packet of milk to keep the families going. So, I would, with respect Mr. Minister, suggest that the general level of the Value Added Tax should be lowered to around, maybe, 12 per cent and not 17 per cent. The Minister spoke about the factors leading to these additional Supplementary Estimates. He talked about salary increases and I agree with him. In fact, salary increases which cut across the entire Public Service, are taking so much of the Supplementary Budget and this has forced us to remove money from all other Budget provision items.

Mr. Speaker, Sir, looking through the Supplementary Estimates, I must say that I find it very depressing. For instance, even though the Ministry of Health is getting additional funds, a large part of this money is going for the payment of the workers. In addition, the Ministry of Finance has reduced on all other items like the purchase of equipment and materials to carry out medical tests. It has also reduced money to purchase linen and uniforms.

What this means is that we are becoming a nation where we are paying people who do nothing. If you take away all materials for laboratory tests in a hospital, why do you pay the personnel so that they can stay in the office for the whole day and do nothing?

Mr. Speaker, Sir, we have talked in this country on many occasions about the retrenchment of the civil servants. Unfortunately, during the last five years when I was in this House, we have done nothing serious to implement this retrenchment programme. We have retrenched workers by giving them golden hand-shake money which is borrowed from the World Bank. On the other hand, the Government has created 35 more

districts, creating employment for many other people. We have also created many new locations and divisions with their chiefs and assistant chiefs. Yet, according to the Minister for Finance, Mr. Simeon Nyachae, the policy of the Kenya Government is to cut down on the workforce. Are we really serious when we talk about the retrenchment of the Civil Service? This is the same Civil Service the Minister admitted is seeking 80 per cent of the total Recurrent Budget! A half million people are taking 80 per cent of the total Budget of the Kenya Government.

Mr. Speaker, Sir, we are spending 80 per cent of the revenue collected in this nation to pay 500,000 people!. The rest of Kenyans are to use the remaining 30 per cent of the Budget. Is it any wonder, therefore, that we have no roads to ride on; our hospitals lack linen or even medicine; our agricultural instructors are only on papers and they collect their monthly salaries without working at all?. I am making these points so that the Minister can put them in his mind.

Mr. Speaker, Sir, the Government is spending half of the Recurrent Estimates on reorganisation of its departments. There is translocation of departments from one Ministry to another, and in doing this, the Government is even causing more confusion than before. When you look at the Estimates books, one finds the Office of the President is undertaking agricultural work. Elsewhere, one finds a job for the Ministry of Agriculture being undertaken by the Ministry of Home Affairs, National Heritage, Culture and Social Services. The same is happening for the Ministry of Agriculture, where some of its work is being done by the Ministry of Home Affairs, National Heritage, Culture and Social Services. You will also find a job for the Ministry of Agriculture being undertaken under the Ministry of Research and Technology or even the Ministry of Rural Development.

Mr. Speaker, Sir, these flurry of activities under different Ministries make the Government inefficient and also double the workforce. It also perpetuates and increases the taxes in order for the Government to pay its employees. This situation is totally unacceptable. Although I am aware that the President has the prerogative to organise the structure of the Government, I urge the Ministers to come to grips with the question of reorganising the Government, so that it can become smaller, functional and effective. At the moment, we do not have an effective and functional Government. We have a Government which has got functions scattered all over. In fact, I wonder how the Finance Minister can budget effectively under those circumstances.

Mr. Speaker, Sir, Kenya, by any international standards, is a small country and, indeed, a very poor country. But today, the Government has created many foreign missions all over the world. It is true we import oil and so, there is need to have missions in the Arab world. But what are the many other foreign missions scattered all over African countries doing? What do they do for this nation? We have to ask these questions if we intend to put to hold, Government spending and assist the Finance Minister to reduce the Budget deficit he has talked about. We must start somewhere. These are some of the obvious areas the Government should take action on. I do not think we should have an embassy in South Africa and another in Windhoek, Namibia. I have been told the embassy in Windhoek is very useful because it helps to look after some peoples' cattle ranches.

(Laughter)

There are some Kenyans who keep cattle there. But on a serious note, I think we should address the question of cutting down our foreign missions abroad.

Mr. Speaker, Sir, any Kenyan who has been abroad recently will have noticed that some of our missions are so disgraceful. I happen to have been in Washington and I did visit our Embassy offices. The offices are not clean. The officers who are supposed to be selling materials produced in Kenya to tourists have these materials at the back of their chairs. One feels embarrassed to be a Kenyan when you walk into such offices. These are facts which can be verified. I must again say I was embarrassed to find that the offices bear dark marks on the walls. This shows the offices have not been painted for years. Surely, this is a frequented place by foreigners who intend to visit our country. This is where people in America conjure up the image of Kenya, especially those ones who want to tour our country. So, while asking that we reduce the number of missions abroad, I am also urging that we give them enough money so that they can be presentable. We should not have shoddy offices which are a disgrace to the country even though we are poor. It is better to have a few or none at all, than to have poor ones.

Mr. Speaker, Sir, I would also like to comment briefly on another problem that faces this country, namely, incomplete projects. The Minister is on record as having said that Kenya's record of completing projects is only 3 per cent per annum. By approving the Supplementary Estimates presented to us, we are, perhaps, going to reduce the projects for 1997/98 financial year which would be completed, for the simple reason that we have taken away most of the development funds. I think there is nothing more painful for most of the Kenyans who

understand what is happening than to drive around the country and see stalled buildings at our universities and the Nyayo Bus Complex which were started 10 to 15 years ago, still incomplete. In my own constituency, there is one dispensary, at Timau, which was started 15 years ago and which, going by the amount of money allocated to it annually, would take another 10 years to complete. Unfortunately, that amount has even disappeared from the current Development Estimates. Could we really afford, as a nation, to have incomplete projects all over the country which, in effect, means that we have stashed money away which is earning nothing? It is literally like putting money in a bag and burying it in the soil so that it does not earn a penny. This nation cannot applaud these incomplete projects.

I would, therefore, like to urge the Minister to critically look at all incomplete projects when he prepares next year's Budget. We should prioritise the projects and decide that from now on, we are going to complete those incomplete projects. Let us agree that from now on we are not going to undertake any new projects which are also going to remain incomplete.

Mr. Speaker, Sir, I would like to urge the Minister to consider seriously reducing tax because in some cases, we reached at levels of diminishing returns a long time ago. We should, perhaps, examine that. I know, for instance, some of the consumer items like beer and tobacco may be earning quite a handsome sum; but suppose the taxes were lowered, would they earn more or less? These are issues that need to be considered. I have already talked about the need to eliminate the presumptive tax because I believe it really hurts the ordinary farmer, who is the backbone of the economy. I have also urged the Minister to ensure that whatever development funds we have are put into good use. They should be invested into projects which are successfully completed so that Kenyans can get benefits from those investments.

Mr. Speaker, Sir, I am talking about shoddy work being done on our roads because some projects, like the recarpetting of Kenyatta Avenue and Juja Road, which were done some two to three months ago, have already been completely broken down. Does this mean that we cannot---

The Minister for Local Authorities (Prof. Onger): On a point of order, Mr. Speaker, Sir. Is the shadow Finance Minister in order to allege that the work of recarpetting both Kenyatta Avenue and Juja Road was shoddy having fully understood that the job done was an emergency one? The work on those roads was not shoddy. They were done on a temporary basis, awaiting upon a major work to be done. Would he now direct the House properly?

Mr. Mwiraria: Mr. Speaker, Sir, I am glad the Minister felt upset enough to stand and reply. I would like him to stop doing emergency shoddy jobs.

(Applause)

Mr. Speaker, Sir, I would like the Minister to prepare the Supplementary Estimates in such a way that they are easy to refer to. We need a little more explanation. When you look at the explanatory notes, they do not really explain much. We only see items such as payment of honoraria, commission, Office of the President, Cabinet Office and so on. Looking at the explanation, it says, payment of commissioners and other people appointed by the Cabinet Office. We would like to have a little more explanatory notes.

Mr. Speaker, Sir, I would like once again to thank the Minister for being very candid and I hope that he will take some of the suggestions I have made seriously in carrying out the enormous task, and I wish him well.

Thank you, Mr. Speaker, Sir.

[Mr. Speaker left the Chair]

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

Mr. Mkalla: Thank you, Mr. Temporary Deputy Speaker, Sir. I am privileged to have been elected the Chairman of the Finance, Planning and Trade Parliamentary Departmental Committee. The functions of the committee which are stated under Standing Order No. 151(4)(a) to (d) are as follows:-

- (a) to investigate, inquire into and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- (b) to study the programme and policy objectives of the Ministries and departments and effectiveness for the implementation;
- (c) to study and review all legislation after First Reading, subject to the exemptions under Standing Order No.101A(4);

- (d) to study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives.
- (e) to investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House or a Minister..."
- Mr. Temporary Deputy Speaker, Sir, the committee held discussions with the Minister for Finance.

*(Mr. Mkalla addressed the House
while reading his speech)*

Prof. Anyang'-Nyong'o: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the hon. Member to read his speech in Parliament?

Hon. Members: He is a new Member!

Prof. Anyang'-Nyong'o: But is it in order although he is new?

The Temporary Deputy Speaker (Mr. Imanyara): With the Chair's permission, it is in order and he has the permission of the Chair.

Mr. Mkalla: Mr. Temporary Deputy Speaker, Sir, as I was saying, the Committee held its discussions with the Minister for Finance on the Supplementary Estimates on 20th April, 1998, and the details of our discussions were as follows:-

We found that there was need for the revised figures on revenue to be provided, so that we could be able to compare them with the Revised Expenditure Estimates.

Mr. Muithia: On a point of order, Mr. Temporary Deputy Speaker, Sir. Could the hon. Member move to the Dispatch Box and contribute from there so that we can hear him?

Mr. Mkalla: Mr. Temporary Deputy Speaker, Sir, I will contribute from here because I am a Back-bencher.

Mr. Temporary Deputy Speaker, Sir, the other issue which we looked at is the rationalisation used in the reduction of the Votes in the productive Ministries. We looked particularly at the capital expenditures on various Votes, like D10, Ministry of Agriculture and Livestock Marketing; D13, Ministry of Public Works and Housing; D11, Ministry of Health; D16, Ministry of Tourism; D20, Ministry of Water Resource; D30 on the Ministry of Energy, and D31, Ministry of Education and Human Resources Development.

Mr. Temporary Deputy Speaker, Sir, there is need to ensure that in the 1998/99 Budget preparations, such Ministries are given priority. If development projects are not catered for, then there will be no progress for this country. So, the Committee requested the Ministry of Finance to make sure that in the 1998/99 Budget, priority should be given to capital development projects rather than the Recurrent Expenditure. The Committee was also concerned with the current budgetary problems, such as the deficit, external borrowing and revenue collection. However, the Minister stated that he was going to handle the problem in the 1999 Budget and we felt strongly that there was need for the Minister to tighten the revenue collection for the Government to meet its targets. Here, we were referring to issues like duty collection for the imported commodities.

Mr. Temporary Deputy Speaker, Sir, the fourth item which the Committee discussed and which we felt very concerned about was the use of borrowed funds to meet Recurrent Expenditure. We felt very strongly that the Recurrent Expenditure has to be met with funds from taxes and not borrowed ones. Borrowed funds should be utilised in capital projects so that we can get value for it.

Mr. Temporary Deputy Speaker, Sir, the fifth item which the Committee considered was the issue of the presentation of the Supplementary Estimates. We found that the Estimates did not have the figures of the previous Gross Estimates and the indication of the Gross amount in question, and the gross figures, together with the percentages, were not indicated on the Estimates. We suggested that in future, this should be done in booklets so that hon. Members can appreciate and fully understand the document without asking unnecessary questions.

Mr. Temporary Deputy Speaker, Sir, the sixth issue which we looked at as a Committee was the explanatory notes. They were inadequate in some areas. Those in the Annual and Supplementary Estimates needed to have more explanatory notes. Such notes should be attached to the Printed Estimates. Different Members of the Committee will give their own views on the matter, but as far as I am concerned, it was a very nice start of the Departmental Committee operations and the Minister shared with us background to the preparation of the Estimates.

Mr. Temporary Deputy Speaker, Sir, I would also like to comment on the capital projects in the Development Estimates. When we look at issues like infrastructure in the country, we find that there is a lot of reduction in the expenditures on infrastructure. A good example of that is Kinango Constituency which I

represent. All the roads are impassable. All the bridges have broken down and there is no way one can reach the headquarters of the constituency. When the amount of money for such a place is reduced, there is no hope that those roads will be maintained. We, therefore, suggest that in future, the Budget should look into the issue of putting money into infrastructure.

On health services, we found that there was reduction of the amount of money which was supposed to be given to Kinango Hospital. Water has not also been provided to the hospital at Kinango. People have to go and fetch water from a river called Marere. This is a big problem in the constituency and we therefore, request for adequate provision for water supplies to Kinango Hospital. On the Vote of the Ministry of Education and Human Resource Development, we found that there was some money given for personal emoluments because of additional teachers. However, I would like to comment here that in Kinango, there are schools with only one teacher and yet, our students are expected to perform well. This is a big problem and I request that enough money should be availed to the Ministry for provision of training facilities. Teachers should be trained and taken back to their local areas to teach.

Mr. Temporary Deputy Speaker, Sir, to conclude my remarks, I recommend to the House the approval of the Supplementary Estimates.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, I share what has been said here, particularly by hon. Mwiraria and hon. Mkalla. I appreciate the problems that the Minister for Finance faces.

Mr. Temporary Deputy Speaker, Sir, I would like to say that I personally appreciate the problems the Minister for Finance has. They are not problems of his own making, neither do I consider them to be a kind of normal frictions that officers will have in the office. These are very fundamental questions here.

Looking at the Supplementary Estimates, I am somehow disappointed because I thought that there will be some light at the end of the tunnel, in terms of reducing the problems that are confronting this country. I thought that the whole of this exercise was going to end by producing measures to contain the Budget deficit. Looking at these two books together, for those who are familiar with figures and budgetary approaches, you will see that at the end of the day, instead of the Minister being facilitated to begin containing the deficit, he is now telling us that he will spend K£196 million over and above the original Budget. Therefore, given the statements that the Government has made on retrenchment, reduction of expenditure, containment of the Budget deficit and, possibly, being able to produce surplus to assist development, we wonder at the scenario we have before us.

Therefore, it seems to me that the whole of the Government must really work in concert. I do not think this is an issue that can be left to the Minister for Finance. I am not saying it has been left to him. I am saying that if all those concerned worked together, we should have seen the first attempt to reduce the Budget deficit contained in these books. As I said, we are now being asked to give even more money because of the situation where we are. Of course, the Minister has said that his revised revenue estimate does exceed the original estimate by about Kshs3 billion. That is peanuts compared to the kind of interest he is paying on Treasury Bills. Indeed, he is spending about 25 per cent of the revenue to pay interest alone.

Mr. Temporary Deputy Speaker, Sir, there is a big problem here. The way I see it is that, there is a non-functional aspect within the Government. I think the Civil Service and the Ministers are not working in harmony. We have seen duplication of services in these Estimates. Apart from what hon. Mwiraria mentioned in the Ministry of Agriculture, roads are being made by every Ministry. The Office of the President uses the National Youth Service to work on roads, as if there was no Ministry of Public Works and Housing. The Ministry of Planning and National Development is also doing its own road work. Work on roads is "a free for all" kind of thing. This gives the impression that there has been no co-ordinated restructuring of Government Ministries and Departments. This is wastage of manpower. It is wastage of engineering studies which people have done all over the place. Instead of using the experience within the Ministry of Public Works and Housing, everybody wants to do it so that he can be praised for having created a road or a project in the Ministry of Agriculture. We would like to see these things rationalised within the Government. It is upon the Ministers to sit together and advise the President. This is not the work of the Minister for Finance alone.

Mr. Temporary Deputy Speaker, Sir, let me read parts of regulations that govern finance and we will see where the problem is. Ministers have prevailed over civil servants or the Accounting Officers to misuse funds. I quote from the regulations or laws passed by this House. The letter to Accounting Officers, is an appendix to those regulations. It says:-

"It may sometimes happen that an Accounting Officer disagrees with his Minister upon a matter of importance affecting the financial administration of his Department. In the first place, the Minister may seek to insist upon implementing policy in a matter of which the Accounting Officer regards as wasteful and extravagant. While it is, of course, the duty of an Accounting Officer in the resort to obey any instructions given to him by the Minister, it is nonetheless, his

duty to do everything in his power to see that the administration of the Department is carried on with efficiency and economy. He should, therefore, not hesitate to represent his objection to any cause of action which he regards as inconsistent with his duty, and to place on record his disagreement with any decision which he may find difficult in defending as a measure of prudent administration, before the Public Accounts Committee. Having done so, he must nonetheless, if the Minister adheres to his decision, accept it, in which case, he should put his defence or action taken, if the need should arise by reference to policy or ruling given by the Minister. Alternatively, the matter which is the subject of the Accounting Officer's protest may be one which involves his personal liability on a question of formal regularity or propriety. In that case, he should not only set out the objection to the proposed expenditure and his ground for it in writing, but he should also make the payment upon which, therefore, written instructions of his Minister overruling his objection."

Mr. Temporary Deputy Speaker, Sir, what I am trying to get at is this: Civil servants have been intimidated, and have been asked to move monies in all directions. Consequently, this House cannot even follow the actual casting of Estimates. I do think that it is upon the Government to ensure that the laws which are passed by this House, which include Financial Regulations, are followed. Otherwise, the Government should resign, if it cannot implement laws passed by this House. It ought to resign in honour, if it has any at all.

How does a Government borrow from either the World Bank or anybody else in order to finance salaries?

If you look at some of the projects which are in the Office of the President, you will see that money from the International Development Agency (IDA) is for paying telephone bills, salaries, mileage claims and so on. How can we do that kind of thing? The money which is borrowed is supposed to be used to finance development, so that the country can repay that money. When you consume it, that is the end of it. Is this really a Government that cares about taking care of public funds? A lot of work needs to be done within the Government in order to remove financial distortions.

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

The Member for Mwingi South (Mr. Musila): Mr. Temporary Deputy Speaker, Sir, my name is David Musila, the Member for Mwingi South. This being my first time to speak since the last elections, I would like to take this opportunity to thank my constituents for electing me. I would also like to congratulate the Mover of the Motion, the hon. Minister for Finance, for the difficult job that he is involved in. I think that Kenyans, and especially hon. Members, should support the Minister in his task to improve the economy of this country. One of the areas that I have noted is slated to receive additional funding in these Supplementary Estimates is the one of relief and rehabilitation. Famine relief has been a permanent feature in arid districts. Past efforts by the Government to supply and give famine relief to the victims of drought and floods is commendable, although some unscrupulous civil servants have in the past taken advantage of this situation to enrich themselves by selling famine relief.

This has happened in my district and, particularly, in my constituency. This withstanding, the amounts of money that we continue to spend on famine relief could be better utilised if, along with giving famine relief, we looked for ways and means of providing communities with means of producing their own food. Our people are hard working and they have fertile soils. The only thing that they lack is water. I am told that if the amount of water that we recently allowed to go into the oceans had been properly harvested and stored, it could have been sufficient, through irrigation, to feed this nation for the next ten years. I would therefore, like to appeal to the Minister concerned and the Government to do everything possible to find ways and means of assisting communities which have been dependant on famine relief by making surface dams. The water from these dams can be used for livestock and small scale irrigation by those communities.

Mr. Temporary Deputy Speaker, Sir, the issue of land adjudication is of very much concern to me. I have noted that it has been proposed that an additional sum of money in the Supplementary Estimates be given to the Ministry of Lands and Settlement. I am particularly concerned about land adjudication. Land adjudication exercise has been going on in my constituency for the last 22 years. Despite this long period, land adjudication has only been completed in three sub-locations. If we are to go by this rate, I have estimated that it will take 100 years before we complete land adjudication in my Constituency. Even in Mwingi Town, which is the headquarters of our District, despite the enormous investment that the people have put in that town, there is no single person who has a title deed to his property. May I appeal to the Minister for Lands and Settlement to use some of the extra money being requested for to complete land adjudication in some areas, not only in my constituency. I know that this is true in many other parts of this Republic.

I would like to touch on tourism. Tourism was until recently, the second largest economic activity after agriculture. In 1995, this country received over 900,000 tourists and this earned the country well over KShs34

billion in foreign exchange.

Mr. Temporary Deputy Speaker, Sir, bed occupancy was averaging between 90 and 95 per cent and it was estimated that in 1995, some 250,000 Kenyans were employed directly or indirectly in the tourism sector. If you multiply 250,000 by five which is the average number of dependants per person, you will note that over 1 million Kenyans earned their livelihood from the tourism industry in 1995.

Mr. Temporary Deputy Speaker, Sir, thirdly, since last year, when there was a serious breakdown of law and order in this country, tourism has gone down. Bed occupancy is now estimated at between 40 per cent and even ten per cent. Some hotels are already closing down and this means that we are losing Government revenue, the much wanted foreign exchange for our imports, and worst of all, we are losing hundreds of jobs in areas where wananchi are employed. I would like to appeal that we create a conducive climate for tourism development which is peace and security. I have heard some people saying that they are spending Kshs600 million to promote tourism and I would like to tell them that no matter how much money you spend to promote tourism, unless we have a conducive climate for this industry, in terms of peace and security, you will be wasting your time. I, therefore, plead with this House that we do everything possible in and outside the House, to create peace and security in the country so that we can promote tourism which is so vital for the betterment of the economy of this country.

Mr. Temporary Deputy Speaker, Sir, I would like to say something about the Ministry of Health. I have noted that the amount of money being asked for in the Supplementary Estimates basically goes to pay salaries. In most hospitals, as you are aware, we do not have equipment, and there are no materials like films for X-ray, *et cetera*. In my area, we have Mwingi Hospital which I do not think should be called a district hospital because it does not qualify for this status. It is overcrowded, dirty and lacks drugs all the time. Even as I speak now, we are unable to control the cholera and malaria epidemic outbreak in the district. I, therefore, appeal to the Minister of Health to do something to improve the quality of this hospital in particular and the quality of these facilities in general throughout the country.

With these remarks, I beg to support.

Mr. Obwocha: Thank you, Mr. Temporary Deputy Speaker, Sir. On the onset, I would like to say that taxation in Kenya is a problem. The level of taxation in Kenya is 30 per cent of the GDP and that is one of the highest in the world. I would like to request the Minister for Finance not to increase the taxation, but to look for ways and means of effecting the current levels of taxation, particularly revenue collection.

Mr. Temporary Deputy Speaker, Sir, looking at the Supplementary Estimates, I find a number of anomalies which the Minister needs to explain in this House. First of all, if you look at the provision of the initial Printed Estimates of K£50 million given to the purchase of relief maize during the drought period, you will notice that they have increased it by over K£7 million. This appears under the Office of the President. Ordinarily, I would expect the Ministry of Agriculture to administer this fund. Why is this being administered from the Office of the President?

Mr. Achola: It is the centre of corruption!

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, looking at the registration of persons, the Minister has proposed to reduce this vote by K£3 million. Now, we have said in this House severally that this exercise should be continuous, so that you can reduce costs of the expenses related to registration of persons.

Mr. Temporary Deputy Speaker, Sir, we would also request the Minister to give us an explanation why he has deleted all the expenditure on the East African and Regional Co-operation which appears on page seven. Now, is Kenya committed to the East African Co-operation or not, or are we abdicating our duties on this?

Mr. Temporary Deputy Speaker, Sir, looking at the departments that appear under the Office of the President, I notice that he has increased the vote for the purchase of plants, equipment and vehicles both at the CID headquarters and in the office of the Police Commissioner to K£14 million. We hope that as the new Minister for Finance, he will not allow anymore Mahindra vehicles to be bought again. This is because previously, money that **[Mr. Obwocha]**

has been given to the Police Force has ended up being used corruptly through bringing vehicles that only last for three months and then they grounded. K£14 million is too much and we hope that the Minister will look into this matter.

Mr. Temporary Deputy Speaker, Sir, I also concur with one of my colleagues, hon. Michuki, when he said that the Minister has not addressed the issue of deficit. I would have expected that in proposing the early retirement scheme, instead of reducing the amount from K£50 million to K£30 million, I would have expected him to request Parliament to give him more. That way, he can reduce the bloated Civil Service so that the expenditure on salaries paid out to all the civil servants can be reduced, and he can start by addressing himself to the issue of deficit. In fact, when I look at the issue of the Kenyan Armed Forces, I see that he has given a grant to the army which in the Printed Estimates initially stood at K£11.30 billion. Now, he is asking for K£10.2 billion.

Why are we keeping this army here without any job? In fact, in a developing country like Kenya, which has an army like this, these fellows should be sent back to the villages and when the country is at war, you can recall them. Why are we keeping an army with K£10 billion and yet, they are doing nothing? I would propose that half of the Kenya Armed Forces would be enough to carry out the current duties which are performed by the Forces.

Mr. Temporary Deputy Speaker, Sir, I would also like to find out from the Minister why in his own Ministry, he has requested for K£80 million. In fact, he has increased it to K£89 million for pre-shipment inspection services. I thought this service is normally one of those from where you are supposed to collect revenue. What is the position of this money which I think is too much? On the part of the Ministry of Finance, I would have expected the Minister to request for more money to finance Kenya Revenue Authority, so that it pays its officers better salaries to motivate them to collect money to run Government services.

Mr. Temporary Deputy Speaker, Sir, looking at the Supplementary Estimates on the Kenya Medical Training College, we know the kind of corruption that is going on in the medical institution. The officers who admit the students get money. Apart from the corrupt deals they enter into, the students also pay college fees. Looking at the Supplementary Estimates, I noticed that the Minister has increased the grants from K£20 million to K£21 million but he has not told us where the Appropriations-in-Aid are. Is he not collecting any money?

Mr. Temporary Deputy Speaker, Sir, we need to know where the money paid as fees to this institution is going. It is the same case with Kenyatta National Hospital which has a cost-sharing scheme. If you look at the Supplementary Estimates, the Minister has increased the grants from K£63 million to K£70 million without showing this House where the Appropriations-in-Aid are. Now, who is pocketing the cost-sharing money? This House is entitled to an explanation as to where this money is. We are requesting the Minister to tell us where the Appropriations-in-Aid are.

Mr. Temporary Deputy Speaker, Sir, looking at the Supplementary Estimates, I noticed something about a road which touches most of our hearts - Kisii-Chemosit Road. I will continue talking about it today, tomorrow and in the future. The Minister happens to come from that side of the country and there is also the Ahero-Kisii Road. He has reduced the expenditure on this road from K£8 million to K£4 million, and this road has only been constructed from Ahero and when the contractors were just about to reach Kisii, they stopped at the border between Kisii and South Nyanza. The Minister can be sure of being voted out by the Kisii people, if this money is not restored. Surely, I would have expected that the remaining portion of 10 kilometres from Roga to Kisii, being the worst section of that road to be re-carpeted. Now, it takes only 45 minutes from Kisumu to Roga, but from Roga to Kisii, which is only 10 kilometres, it takes you one hour to reach Kisii Town. It is absurd. The contractor has left the site.

Prof. Anyang'-Nyong'o: The money went to the elections.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, the money went to the elections and I would like the Minister--- This issue has been in the Public Accounts Committee Reports year in, year out. For example, expenditure on allowances for Commissioners is paid for every day throughout the year. During Moi Day, Kenyatta Day, Christmas, Sundays and all public holidays, the Commissioners are working. Is it really possible that this can happen? We are requesting the Minister to get an Accounting Officer separate from the Accounting Officer of Parliament to administer the Electoral Commission money.

With those few remarks, I beg to support.

Mr. Samoei: Mr. Temporary Deputy Speaker, Sir, looking at the Supplementary Estimates moved by the Minister for Finance this afternoon, I wish to make the following comments.

First and foremost, I note them with a lot of concern, and I believe the hon. Members of this House do the same. The money allocated to the Recurrent Expenditure is far more than the money allocated to the Development aspect of our economy. As one hon. Member has said, I wish to say that the legislations that committed or bound the Government [**Mr. Samoel**]

in the past, like that of the teachers whose salaries now consume up to 53 per cent of what we are going to pass in this House--- This is a commitment which is very heavy on the Government and the Kenyan taxpayer. Does the Government consider reviewing that legislation, so that Government is not committed to the extent that it cannot pay, or it pays at the expense of other sectors of the economy?

Mr. Temporary Deputy Speaker, Sir, our economy, as it is now, is not in a very good shape. We need less of such legislations that bind the Government so heavily, and which are forced on the Government by industrial actions or other activities that we are witnessing in this country. On the same note, I wish to ask the Minister for Finance to also look at the Banking Act because we have had banks making colossal amounts of money and they are not ashamed of it. They declare that they have made, for example, Kshs4 billion or so, at the expense of Kenyans who are paying taxes. I am made to understand that these banks do not do business. Indeed, they go and buy Treasury Bills and earn money out of them and they declare that they have made colossal amounts of profits.

We should have a look at it again, so that we can get access to credit facilities for more needy Kenyans and reduce the profits that are made by such banks.

Mr. Temporary Deputy Speaker, Sir, on the same note, money allocated to the Ministry of Lands and Settlement to cater for the Settlement Trustee Fund--- I wish to congratulate the Minister because many Kenyans today are less Kenyans by virtue of the fact that they are either squatters or landless. I wish to urge the Minister to look at the Settlement Trustee Fund with a view to reviewing the amount of money allocated to this Fund, because many Kenyans all over the country are still landless.

*(There was Applauding as F.P.L Lotodo
walked into the House)*

I wish the Ministry of Lands and Settlement and other sister-Ministries that administer the Settlement Trustee Fund could have a look at it closely. I wish to urge the Minister to review and increase the money that is allocated to the Settlement Trustee Fund, to accord Kenyans money that is lendable and payable. The interest that is charged on such money should be reasonable enough for many Kenyans to afford to pay it back when it is due to the Ministry.

Mr. Temporary Deputy Speaker, Sir, I also take note of the money that is allocated to the Ministry of Agriculture, and hope that it will go a long way to help the farmers. The Government had made a pledge to assist the Kenya Co-operative Creameries (KCC). The money that is allocated to the Ministry of Agriculture should alleviate the current problems that are facing the milk-producing farmers. I hope that the Government will allocate part of this money to pay farmers who are in arrears of eight months. This is something that is so painful to us. Many of these farmers have no other form of livelihood. They depend on the milk that they produce. They wake up as early as 4 o'clock in the morning to milk their cows and send the milk to the KCC. But seven months down the road, they have nothing to show for their early morning errands. I would like to plead with the Ministries of Finance and Agriculture to look into that issue again, with a view to helping the farming community in this country out of the quagmire that they are in currently.

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

The Member for Dagoretti (Mrs. Mugo): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to address the august House for the first time. I would like to thank the people of Dagoretti for enabling me to be here.

I rise to support the on-going debate on the Supplementary Estimates, and I would like to make the following comments. Looking at the proposed Supplementary Estimates, it looks to me that we have forgotten the common man. The budget is very heavy at the top leaving a small fraction trickling down to the common person.

When we look at the services that help the ordinary person, there is very little allocation. But before I dwell on the different categories, I hope it is important to prioritise what is important to Kenyans, instead of having white elephant projects all over the country. If the money used on the white elephants is utilised properly, it would be enough to support our ordinary Kenyans. I am saying this because although there is a general reduction in some of the Ministries, for example, the Office of the President, I am disappointed to note that the Government continues to invest in projects that are not economically viable to anyone, either to the locals or to the whole nation. I refer to the Eldoret International Airport and wonder how economical it is. How many planes land there per day or in a month? Could we not use that money in some hospital, school or even roads? In Kawangware, we have no single high school. In Dagoretti, we have virtually nothing!

Mr. Temporary Deputy Speaker, Sir, I would like to raise a query on the money intended for armament and General Service Unit (GSU) training. We have no security all over the country. Clashes are going on everywhere. How does the common man benefit from the training of GSU? The Kshs360 million which is allocated to the GSU training, Eldoret Airport and district headquarters should be diverted to somewhere else viable. I propose that, instead of putting this money into armaments and enforcement of the security services which are not beneficial to anyone, it should be put in hospitals, roads and other services that help our people. If security services are functional, we would not have any more clashes right now, and they would have arrested the raiders who struck again at Likoni.

Mr. Temporary Deputy Speaker, Sir, there are the district and divisional headquarters. They have political boundaries which were put there just to enable some people to make it to this House. I propose that instead of spending this money to build headquarters where they are not required, proper boundaries should be put after a national population census in order to ascertain the boundaries. In my own constituency, Kangemi Ward was moved, against the people's will, to Westlands. The people there have no development levels with Muthaiga or Spring Valley where the hon. Minister lives. They relate more to the development level in Dagoretti. They

cried foul and made a petition which was not honoured. I propose that instead of putting these headquarters at the wrong places, we should wait until we are sure where the proper divisions and districts should be.

Mr. Temporary Deputy Speaker, Sir, allow me to talk about the economy. I believe that, that is where all the problems facing Kenya lie. There is a bottomless hole where the Kenyan money sinks. Unless we find the root cause of this problem in this House, it will never end. Parliament is the supreme body entrusted by Kenyans to give solutions to problems, but not to come here and just say where the problems are. At the end of the day, we will not have achieved anything. We will only come here and talk about the Budget which is never followed. I would like to know that this time, when the Budget is approved, it is managed properly. Before, I used to see from outside this House, but now that I am part of this House, I would like to associate myself with a Budget that has good management. A country, like any other business, is about good management. With bad managers who cannot keep to the Budget, we shall not achieve what we are looking for. We will just be talking and talking.

Mr. Temporary Deputy Speaker, Sir, corruption, bad management and having heavy allocations at the top but nothing at the bottom, is what is killing Kenya. We cannot continue depending on donor money since there is donor-fatigue. We should empower our people to generate wealth. That is what we need in this country. Whereas donor money is good, it cannot carry our economy. We should look at who we should empower. We have too much emphasis on macro-entrepreneurship and nothing on micro-entrepreneurship. If we are to eradicate poverty in this country, it is the informal sector that should be empowered. They are paying all the taxes when the big fish evade all the taxes.

Mr. Temporary Deputy Speaker, Sir, allow me to say, but do not ask me to substantiate - I will have the facts next time - that on the issue of sugar, individuals are allowed to import sugar and sell it to poor Kenyans at exorbitant prices. In the process, the Kenya sugar-cane farmer is also penalised. We must put our first priorities where they should be. If sugar is to be imported, nobody should play with the Kenyan produce. If sugar is to be imported, it should not be given to the big fish. If they are given the opportunity to import the sugar, then they should then pay all the taxes. Since this is a collective responsibility, we will know that this Government is serious when we see one of the tax evaders tried and sentenced within the next two weeks. We have all the facts. That is what will make us know that the Government is really serious. That is what will make us know that we are putting the economy of Kenya back on its wheels.

Mr. Temporary Deputy Speaker, Sir, allow me to say one thing about the Ministry of Local Authorities. I congratulate the Minister because he has tried to do something, which we have not seen in Nairobi before. But he is very far from getting to where we want to go to. Hon. Minister, I hope you will be able to restore the lost glory of Nairobi City, because the City is the "window" to Kenya. If we want foreign investors to come to this country, we must clean up the City. Today, it is very far from being cleaned up. There are the damaged streets, too much insecurity, and street children and hawkers' running battles with the City Council askaris.

When I talk about empowering the people, I mean that the hawkers, most of whom are women, must be able to do their business. As we know, women constitute the majority of the poor in this country and yet, they are always battling with the City Council askaris: Their Kiosks are being pulled down every day. How do we expect them to raise their children? In fact, these children are going to end up in the streets!

Thank you, Mr. Temporary Deputy Speaker, Sir.

Mrs. Kittony: Mr. Temporary Deputy Speaker, Sir, allow me to add my voice to the on-going debate on our economy. During my maiden speech, I raised my concern about women issues. I think this is the right moment for me to say so, because women are the back-bone of our economy and the development of this country. I would like to urge the Minister concerned to establish a special fund for women. It could be a revolving fund, free of interest, so that they can build their own homes. We do realise that they are good managers. I also do realise that women issues have been put in the large Ministry of Home Affairs, National Heritage, Culture and Social Services.

Mr. Temporary Deputy Speaker, Sir, the Minister should look for these funds, so that the women of this country can look after their children. The fund could be given as subsidies, especially during the planting season in form of fertilizers and seeds, since women are the farmers of this country. So, the Minister should look at this issue very seriously, for our womenfolk to have some meaningful contribution to development.

Mr. Temporary Deputy Speaker, Sir, I would like to say that this is a very honourable House and whatever we deliberate on, we need to do it seriously on behalf of the majority of the people who brought us here, either through election or nomination. If we are to develop Kenya, we have to be united. I would like to make special reference to the Eldoret Airport. In developed countries there are several airports. How can Kenya develop when we build one airport and start criticising it? In New York, for example, there are five airports surrounding it. For Kenya to develop, we need to be brave and get into these ventures jointly as a united force.

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

Mr. Raila: Thank you, Mr. Temporary Deputy Speaker, Sir. It was very interesting to listen to the Minister when he moved this Motion. He gave a number of reasons which one would say were very plausible reasons. But if the Government had listened to what some of us were saying five years ago, we would not have come to this point. It would not be necessary for the Minister to say what he is saying today.

Mr. Temporary Deputy Speaker, Sir, we began by saying that the Government should trim the bloated and inefficient Civil Service, but the Government did not listen to voices of reason at that time. If the Government had listened, then the trimming down would have been gradual, and today, it would not be necessary for the Government to tell Kenyans that they are going to retire 100,000 civil servants within the next one or two years.

Mr. Temporary Deputy Speaker, Sir, we told the Government to be more serious in dealing with corruption, because it is denying the Government revenue that would have been used for development purposes. As a result of lack of proper collection of revenue, the Government resorted to local borrowing, competing with the productive part of the economy and borrowing money for unproductive purposes in order to pay salaries. At that time, the sharks were busy dumping goods into the market here without paying duty. The Minister should have told us how much money he has already collected from hon. Sajjad and his likes.

An hon. Member: Hon. Sajjad has paid!

Mr. Raila: Mr. Temporary Deputy Speaker, Sir, I am told that hon. Sajjad has paid, but I can assure the Minister that what he has paid is peanuts. It is a drop of water in the ocean. If that had happened, this would not be necessary.

Mr. Temporary Deputy Speaker, Sir, today, we are being told that the salary increase of the teachers is amounting to Kshs9.2 billion in terms of extra payment. This translates to about 53 per cent of the total recurrent revenue. This would appear to be a large sum of money, but what is not being noticed here is that, it is part of a very small budget. It is a percentage of a very shrunk cake. In other words, the national cake has not been expanding. If the national cake would have been expanding, the 53 per cent, which we are talking about now, would amount to nothing more than 20 per cent. But since we long forgot about the rate of growth in this country, we are having this problem today.

Mr. Temporary Deputy Speaker, Sir, when this was happening, we had sharks who would be allocated Government land and houses at no cost, then they would go to the NSSF. I understand NSSF is now dry, and the fattest cat or pig at the moment is the National Hospital Insurance Fund (NHIF) or the Kenya Reinsurance Corporation. They would like to off-load it of hundreds of millions of shillings. That money alone is enough to pay a lot of what the Minister is asking us to approve here today.

Mr. Temporary Deputy Speaker, Sir, K£106 million is supposed to finance the extra money that was spent by the Electoral Commission of Kenya on the just concluded General Elections. Every Kenyan knows that the elections we carried out on 29th December, 1997, were the most inefficiently run elections in the living memory of the people of this country. We are being told that this expenditure was necessary because of the increased number of political parties. But we know that there is only one ballot paper, whether it is one, two or more parties. Why should we be told that the Electoral Commission spent this extra money because we had more political parties?

Mr. Temporary Deputy Speaker, Sir, we are also being told that this is as a result of the *El Nino* rains and the extension of the election period by two days. The election period was extended by two days, because of the inefficiency of the Electoral Commission and its determination to do the rigging. Why was it necessary for the Electoral Commission to swoop ballot papers? We had ballot papers meant for Ntonyiri Constituency being taken to Kipkelion. This was a deliberate action by an inefficient Electoral Commission. Therefore, those Commissioners should be held responsible, surcharged and sacked from being members of the Electoral Commission.

Mr. Temporary Deputy Speaker, Sir, we are being told that part of this money is going to be used to purchase vehicles, particularly for the police force. Transportation in the police force is a shame to this country. We have a police force that is saddled with Mahindra vehicles which are unserviceable and which were dumped on the police force by a big shark who is living somewhere in Dubai. Mr. Somaia should be summoned and asked to meet the cost of replacing the unserviceable Mahindra vehicles which he dumped on the police force in this country.

Mr. Temporary Deputy Speaker, Sir, we are also being told that part of this money is for plant and equipment for the forces armoury. This expenditure has increased from K£8 million to K£16 million. At a time when you are trimming down our budget, can we be told why it is necessary to increase expenditure to purchase plant and equipment for the forces armoury?

Mr. Temporary Deputy Speaker, Sir, at a time when the Government is trying to introduce austerity measures to deal with the collapsing economy, we should look straight at our services. One area where economic

development can be achieved is in the Provincial Administration. I am not calling for the scrapping of the Provincial Administration, but we must agree that it is a relic of the colonial system that should be reformed. For example, we do not have PCs, DCs, DOs, chiefs and sub-chiefs in the United Kingdom. So, if we are going to be objective and straight, let us be serious and look at our Provincial Administration, and try to find out whether it has outlived its usefulness. If it is necessary, let us find out how it can be transformed in a democratic Kenya. We should identify the role the Provincial Administration should play vis-a-vis the elected leaders; the Members of Parliament and the councillors. I think this Government needs to come out with a very clear policy statement on this issue.

Finally, I say, and I will continue to remind the Government, the time has come for the Government to come up with a code of conduct for public servants. Let each and every public servant declare his wealth and the source of it. And not just their wealth alone, but also that of the immediate members of their families; their wives and children. If we do this, we will go a long way in laying a very firm foundation for a transparent and accountable Public Service. Therein, lies the problem when dealing with the issue of corruption. Let us face corruption squarely and say we want to say goodbye to it. Let us begin by retiring all those corrupt public officers, by arresting and making them accountable or answerable for their misdeeds. If we do that, Kenyans will see that the Government is now finally serious. I think we need to give the Minister for Finance the support that he deserves, because he seems to be speaking the right language. But we want him to back his words with some action.

With those few remarks, I beg to support.

The Member for Wajir North (Dr. Ali): Mr. Temporary Deputy Speaker, Sir, I would like to thank the people of Wajir North for electing me into this House. I would also like to thank the Electoral Commission for creating the constituency, because it is a new one, by the way. I am closer to Ethiopia, and so, I will also thank the people of Ethiopia for helping me during the *El Nino* related crises because I would have died.

Mr. Temporary Deputy Speaker, Sir, I would like to talk about the health services. As a medical officer and a doctor by profession, I think our medical services are in a pathetic condition.

An hon. Member: Are you in the Ministry of Health?

The member for Wajir North (Dr. Ali): I am not in health now, but I am in Parliament and I would like to talk about the problems which are there. There are some areas where you cannot do anything at all. In my constituency, there are some health centres which were built by the Government but, unfortunately, they have all collapsed. In the Supplementary Estimates, there is nothing which shows that something can be done about it in the next five or six years. So, I wonder how the Ministry of Health will expect those people to survive with all the diseases in that area. I am talking specifically about Buna Health Centre which was built some ten years back. It has collapsed because of poor workmanship and all the buildings have been condemned by the Ministry of Public Works but because the people have no alternative, they have to use those buildings! There is Bute Health Centre which is also facing a lot of problems. Those are the only two health centres in my constituency and the services rendered by them are very minimal. Therefore, I am asking the Ministry of Health to help us.

Mr. Temporary Deputy Speaker, Sir, the other thing I would like to talk about is the teachers' salaries. Teachers are doing a very noble job. If they were not there, none of us would be in this House now. So, what is important is that things should be--- Some senior civil servants like Permanent Secretaries get a lot of money from other sources, but teachers do not have other sources of income. Even when they decide to do some part-time tutorial jobs, some of them get sacked. So, what do you expect them to do? I think they should be left alone to do their work because they really suffer. They are in every part of this country and the Ministry of Finance should look for other sources of raising revenue and not think of reducing the number of teachers or reducing their salaries.

Mr. Temporary Deputy Speaker, Sir, my constituency is far away from the district headquarters. I think I am one of the people who should have benefitted from what is now popularly known as "political districts". My divisional headquarters is 167 miles from Wajir District headquarters, yet, the Government is creating many districts within a radius of 20Kms of one another. We, in Wajir North, deserve to be given our own district headquarters. I, therefore, request the Office of the President to make sure they make Bute sub-district a district because these are a lot of problems in those areas. I need these political districts which the Opposition has been condemning.

Mr. Temporary Deputy Speaker, Sir, the Kenya Police Force is doing a good job, but they are handicapped in their operations by a myriad of problems. In North Eastern Province, the Mahindra vehicles the police are using cannot be used. I would like to request the Government to give these officers a vehicle like the Land-Rover 109 make, which can easily traverse those areas where there are literally no roads. These Mahindras are useless and will not assist anyone. I remember one time there was a new Mahindra vehicle given to the

OCPD, Moyale District. By the time it reached Moyale, having travelled from Nairobi, it was useless. It could not be used even within the town. There is no use of buying such vehicles when they will not help the Police or even the area residents.

Mr. Temporary Deputy Speaker, Sir, there is a beautiful police station in Bute town, Wajir District. It is one of the best in the country, but up to now it is not utilised very well. It is being used as a patrol base. I do not know what went wrong. But I was also told that until the Police Commissioner comes over to Bute and opens the station, it would remain unused. Could the Police Commissioner, therefore, come to Bute and commission the station? We require this station to be operational in order to improve our security. We do not want this splendid building to go to waste. Currently, there are no policemen in that station.

Mr. Temporary Deputy Speaker, Sir, infrastructure in North Eastern Province is non-existent. Nobody has any intention to do anything for those areas. I would like to appeal to the Ministry of Public Works and Housing to do something about the roads in those areas. I know the Minister, Mr. Kipkalya Kones, has pledged to repair the Habaswein-Madogashe Road, but what about the other roads within the district? We cannot even travel to our constituencies! I went to my constituency last month but I could not travel around despite having a Land Rover. All the roads are ridden with pot-holes and crater-like features created by the seasonal rivers. How does this Government expect residents of these areas to survive when it does not bother to send tractors to facilitate our movement? We are not getting anything from the national cake.

Mr. Temporary Deputy Speaker, Sir, I appreciate the work done by the Minister for Public Works and Housing, Mr. Kipkalya Kones, who has already visited various parts of this country, but let him also tour our areas and see for himself the actual situation on the ground. Let also other Ministers do the same because most of them do not know what is happening in those areas. They depend on information given to them by their field officers. For example, a district head informs a Minister of an issue in question, but the Minister does not take the initiative to verify.

Thank you, Mr. Temporary Deputy Speaker, Sir.

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, this money the Government is asking this House to approve amounts to about Kshs17 billion. This is going to impact very negatively, indeed, on the level of taxation because it is the ordinary Kenyan people who have to be asked to pay more tax in order to get this money. One of the reasons why the Budget deficit is going up is because of the failure of this Government to collect revenue from people and institutions whom they should have collected from. For every debit, there is credit. This is a debit that the Kenyan people are being asked to underwrite by paying more taxes. The credit is to be found in the pockets of the politically-correct in this country.

Mr. Temporary Deputy Speaker, Sir, as I am speaking now, there is a company called Kobil Oil in this country, and another called Kenol. It is a matter of common knowledge that these two oil companies enjoy political patronage.

Mr. Temporary Deputy Speaker, Sir, instead of paying duty, these two companies are selling kerosene to the Kenya Power and Lighting Company (KPLC) and Westmont Power which generates power in Mombasa. The KPLC and Westmont Power do not have any aircraft in this country. Jet fuel is used by aircraft and not for power generation. But because kerosene attracts duty at Kshs5 per litre, Kobil and Kenol sell kerosene to the KPLC and Westmont Power and describe it as jet fuel, thereby evading duty. Between July, last year, and February this year, due to that evasion of duty, the Government lost over Kshs139 million. This is the money which this Government should first collect from these companies before asking wananchi to pay higher taxes. The KPLC is also in collusion because they are buying kerosene which is being described as jet fuel.

Mr. Temporary Deputy Speaker, Sir, unless this Government seriously addresses the issue of corruption, all these discussions about bridging the Budget deficit, containing expenditure and economic reforms will not yield any positive results. We heard the Attorney-General the other day being directed to arrest all those public servants who were implicated in the Report of the Controller and Auditor-General. That meeting was being attended by Permanent Secretaries who are the Accounting Officers. The Attorney-General should have obeyed that directive promptly, there and then, by, at least ordering the arrests of three-quarters of those Permanent Secretaries. They should have appeared in court the next day so that we see that the Government is serious about its expenditure, unless, of course, the Attorney General was being directed for the purposes of staging a play for the benefit of Kenyans and the international community. If there was any intention to be serious, those Permanent Secretaries should have been arrested.

Mr. Temporary Deputy Speaker, Sir, turning to the specific proposals that are being made here, when we look at the Vote relating to the registration of voters, we had approved K£11.5 million and we are now being asked to step up this figure to K£65.4 million. This is an increase of about K£53 million. How can the supplementary figure that we are being asked to give be five times more than the Budget? What is the use of the Budget? A margin of plus or minus 30 per cent is acceptable but not when we are being asked to approve over

Kshs1 billion in the Supplementary Estimates. That does not make any sense. What was unbudgeted for and why? What did they fail to show us in the Budget?

Mr. Temporary Deputy Speaker, Sir, it is immoral for this House to approve an additional sum of K£1.6 million for the Eldoret Airport. This was a white elephant project undertaken at a time when the economy was tottering on the brink of collapse. The economy will collapse, unless the Government wakes up and takes some very decisive measures and, in fact, enlists the assistance of people from Opposition side of the House and the private sector. This Government will not be able to pay salaries for public servants come July this year, and there is nothing more dangerous for any nation than the failure to pay salary to a police officer who has got a gun. They wait for that salary to buy the big bundle of maize meal for the next month. So, when you delay the payment of that salary for even a week, you are putting the lives of Kenyans at risk. You will be unable to pay these police officers' salaries, who will then turn to the guns as their sources of salaries. You are asking us to approve additional money to be put into Eldoret Airport when you know that you are already delaying payment of salaries to your civil servants. This is an insult and, therefore, this House should reject that particular item.

(Applause)

Mr. Temporary Deputy Speaker, Sir, the Government is also asking us to give them an additional K£5 million, the equivalent of Kshs100 million, for the new generation Identification Cards. We know that these cards were printed by a French company. If you want to know where corruption is, find any contract where there is a French or an Italian company. These are the sources of corruption in this country. The Turkwel Gorge Hydro-Electric Power project was undertaken by a French company while the Kisumu Molasses Plant was by an Italian company. Our IDs were printed by a French company. I can see the hon. Member for Kerio South is looking at me with a lot of interest. Perhaps he knows something about this.

(Mr. Biwott stood up in his place)

The price was inflated, Mr. Temporary Deputy Speaker, Sir! This was a source of money for people to pocket!

The Temporary Deputy Speaker (Mr. Imanyara): Order! Order!

The Minister for East African and Regional Co-operation (Mr. Biwott): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the hon. Member on the Floor to mislead the House about the Turkwel Hydro Electric Power Project every time he takes the Floor? If the hon. Member has anything on Turkwel, I would like him to table it here.

Mr. Muite: We can also talk about Kenol and Mobil.

The Minister for East African and Regional Co-operation (Mr. Biwot): You can also talk about Kenol and Mobil and show the wrongs that have been done. The hon. Member keeps on misinforming the people. Is it also in order for him to be so obsessed with Biwot? I am going to---

The Temporary Deputy Speaker (Mr. Imanyara): You have made your point, Mr. Biwott. Hon. Muite, proceed!

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, I want to assure the Member for Kerio South that one day, when we appoint a truth commission, he will appear before it and refund any money he may have pocketed from the Turkwel Hydro Electric Power Project. He will also pay duty on Kobil and Kenol oil companies, with accrued interest.

(Applause)

The Minister for East African and Regional Co-operation (Mr. Biwott): Mr. Temporary Deputy Speaker, Sir, is the hon. Member in order---

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Biwott, Mr. Muite has sat down. I will recognise the next speaker.

The Minister for East African and Regional Cooperation (Mr. Biwott): I am on a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Imanyara): The hon. Sunkuli!

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr. Temporary Deputy Speaker, Sir, I want to assure my friend, the Minister for East African and Regional Co-operation, that what hon. Muite said usually goes to the satellite across the Pacific Ocean. It is, really, not meant for this audience. It is rather difficult to speak immediately after the Member for Kabete. I am glad the name of his constituency was changed to "Kabete" because before the change, it had some tribal connotation. It is usually difficult to speak after he has spoken because he makes very sweeping statements, and one is tempted to do the same.

Mr. Temporary Deputy Speaker, Sir, it is crucial at this particular time in the history of our country that we are all busy discussing about the future of our economy. The Eighth Parliament is full of experts who are versed in different fields. There are many lawyers and economists. I am glad we have quite a number of others like my colleague, Prof. Anyang'-Nyong'o, who were in the Seventh Parliament and who are able to debate on the question of the economy. I was also moved by the words of my colleague, hon. Beth Mugo, when we visited Namibia. Last week, we were together in Namibia, and for a change, I realised that women have actual representatives of their interests here. I agree with her that we have eventually gotten somewhere close to quality.

I just did not agree with her when she talked about the security of this country because we agreed with her, somewhere along the trip, that there is a country which is more dangerous than Kenya; that there is, indeed, a city that is very dangerous. But all the same, that is not to say that we, in Kenya want to be less vigilant about our security.

The security in this country needs to be re-enhanced, and that is why we are asking for additional funds. We need to look after the security of this country. I know that hon. Obwocha must have been joking. I know he says things with a light touch and I appreciate that. When he said that the army should be trimmed or sent home, I understood it to have been said with a light touch because hon. Obwocha is a modern man who understands the concept of running a modern army. We need that army here and not at home. If he has read the books of Henry Kissinger, I am sure he would be able to understand that the army should be getting what we are requesting for. The army in this country is a prestigious organisation that looks after both the dignity and security of Kenya. I feel that hon. Members should always be happy to pass a Vote on behalf of the Kenya Army so that they can continue to depict the dignity that we deserve as a nation; in fact, a proud and leading African nation.

Prof. Anyang'-Nyong'o: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Assistant Minister in order to say that the army is a dignified institution when the same Government is forcing indignity on the Kenya Army by forcing it to hire 2,500 recruits which it cannot afford to maintain?

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr. Temporary Deputy Speaker, Sir, that is a splendid view from the hon. Member for SDP. I am very glad he is back to this House because he adds a lot of value to arguments. But he should understand that the Kenya Army has served in very many countries, outside this one, because it is respected. We should be looking for sources of revenue instead of demolishing the existing institutions or trying to cut their reputation by half or by any fraction. I do here wish to invite hon. Prof. Anyang'-Nyong'o to compare our own armed forces with those of other countries, and he will arrive at a conclusion that we are top on that issue.

Mr. Temporary Deputy Speaker, Sir, hon. Muite has drawn my attention to the gutter Press. In fact, it is even against the Standing Orders to refer to a dignified newspaper like *The Kenya Times* as gutter Press. The issue that we need to discuss concerns aid. Where do we go on this question of aid? Some eminent scholars have said that the problem of this century was colour line. It has also been said that the problem of colour line might be transferred in another manner, in the 21st century. The problem is that the colonialists colonised us in this century, but they will continue to colonise us again in the 21st century, through the question of aid. We used to be very good recipients of aid before the Cold War ended. But one of the effects of the end of the Cold War is that we cannot benefit any more from aid the way we used to benefit. We must, of necessity, start questioning ourselves as an African country, where we will go on the question of aid. It is very pertinent that, as a country, we must start to look into ourselves and solve our problems internally. Personally, I do not see how aid is going to help us.

Mr. Temporary Deputy Speaker, Sir, I know that there are so many restrictions on the question of trade. Our tea is bought at prices that are determined by the buyers. We also buy our goods at prices that are determined by them. Therefore, we are in a dilemma even on the question of trade.

Mr. Temporary Deputy Speaker, Sir, we used to benefit a lot from tourism a few months ago. A culmination of so many things have brought our tourism down. First of all, we had the *El Nino* induced rains that ruined the infrastructure. I would like to request the Minister for Finance that when the Budget comes, he should allocate more money to invest in tourism. This is because if you cannot reach Maasai Mara Game Reserve, there is no way a tourist will go back to his country and say that Maasai Mara is good. I think it is time that we had the infrastructure in place so that tourism can continue to be enjoyed by those who come to enjoy it here.

Another thing that has ruined tourism is the malaria that has invaded most of our tourism areas. I think it is good that, whereas we are starting our Budget, we should be able to say that we want money to deal with malaria. Personally, I think there is no disease that is killing more Kenyans than malaria. I think malaria is second to road accidents or vice-versa. This is because in Trans mara alone, malaria killed 1,054 people in 1995.

Road accidents or AIDS have not done that so far. I think that has discouraged a number of tourists from coming to Kenya.

The other thing is what my friends from the Opposition like to call bad publicity, or what the hon. Member for Kabete likes to call credibility, which of course, they have contributed to the destruction of. I think that my colleagues from the Opposition should not plead lack of credibility of Kenya as an issue because they have contributed a lot to it. All this propaganda of not bringing aid because of this and that---

Mr. Ndicho: On a point of order---

The Assistant Minister, Office of the President (Mr. Sunkuli): I think I should be allowed to continue with my contribution! I would like to say that the hon. Members from the Opposition---

The Temporary Deputy Speaker (Mr. Imanyara): Order, hon. Sunkuli! What is your point of order, hon. Ndicho?

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, the hon. Member for somewhere in Maasailand says that the Opposition has contributed to the negative credibility that this Government has gotten from abroad. The money that you have received as aid from donors and what you have been reading, as explained in today's *Daily Nation* cartoon, has been misappropriated. When we point out that you have stolen this money---

The Temporary Deputy Speaker (Mr. Imanyara): Hon. Ndicho, may I point out to you that there is no hon. Member who represents somewhere in some place. He is an hon. Member of a certain constituency. What is your point of order?

Mr. Ndicho: My point of order is, can he tell us how the Opposition has contributed to the negative publicity that this country has? He should also tell us his constituency.

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr. Temporary Deputy Speaker, Sir, I thought that hon. Ndicho would be a wise man, after he crossed over to SDP party.

(Laughter)

It is very important to realise that for many days people have been appealing for an aid freeze by writing to the donor countries.

(Hon. Ndicho stood up)

The Temporary Deputy Speaker (Mr. Imanyara): Will you sit down, Mr. Ndicho? Proceed, Hon. Sunkuli.

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

The Temporary Deputy Speaker (Mr. Imanyara): I have overruled your point of order.

The Assistant Minister, Office of the President (Mr. Sunkuli): With those few words, I support.

Prof. Anyang'-Nyong'o: Mr. Temporary Deputy Speaker, Sir, I would like to point out to the Government that an attempt to present Supplementary Estimates against a background of the Government writing budgets, instead of inventing them, is a dismal exercise. This is because we know writing budgets for this Government has been an extremely difficult exercise and even now, the Central Bank of Kenya accepts this fact. Therefore, when you see these volumes of papers called Supplementary Estimates, know that they are only worth the paper they are written on. They are not worth the kind of information they are trying to give.

Mr. Temporary Deputy Speaker, Sir, it is quite clear that what we are doing is shifting resources from Development Expenditure to Recurrent Expenditure because we cannot meet our Recurrent needs. If we are robbing our development kitty, it also means that we have abandoned the mission of developing. So, the Government has no credibility in the face of the people, because it is not doing what its reason for its existence is; which is developing the people. They are always saying they are developing the people but these Supplementary Estimates demonstrate very clearly that they are robbing the Development Expenditure and taking it to the Recurrent Expenditure, hence, there is no development. This is a very sad state of affairs. This has accumulated over a very long period of time. When talking about retrenchment in the Civil Service, we must remember that in 1979, President Moi himself, in a public edict, directed that every parastatal should increase its employment by 10 per cent. It was not subject to any Government plan at all. It was a decree by the President and it was thus done.

Since then, every Government department and parastatal has always had the tradition of employing because "words from above" have said so.

Mr. Temporary Deputy Speaker, Sir, let us put the blame with the Head of State for messing up the Civil Service. Now that we are retrenching the civil servants, he should be held responsible for messing the Government. It is not playing with figures that is going to help this country. The only way of helping this country is by setting up the right institutions to govern this country. Therefore, the most important thing today in this country, is for the constitutional reforms to be undertaken, so that we can have proper institutions of governance to stop the idea that somebody can go to a platform and decree that 10 per cent be employed in the civil service and it is done so. If we do not pay attention to creating proper institutions of governance in this country, we shall have Supplementary Estimates, one after another. We shall never get the right equation of developing our nation.

Mr. Temporary Deputy Speaker, Sir, we are talking about teachers' salaries. This Government knows that had they started in 1974, to systematically increase teachers' salaries by between Kshs12 and 200, depending on the category, we would not now be looking for the money to pay them. This is because the policy would have been there in 1974, as it was recommended but was never implemented. It is yesterday's misdeeds and non-performance of duties, that is making us to be in this sorry state. These sins date back to 1978, and, indeed, it was in that year that the Government started having problems with the World Bank and the IMF. These problems did not start yesterday. If you look at the relationships between this nation and the multi-lateral donors, there is ample literature written by people like Swenson (?) to prove this. It shows very clearly that every time there have been negotiations between this Government and donors, there always have been problems. I do not think we should do everything the donors order us to do. But if you go to borrow from them, then go with some reason. Indeed, the money available in the International Money Market is good money.

Mr. Temporary Deputy Speaker, Sir, you should not rely on donors. You are operating on the international money market and where money is simply available amongst multi-laterals, go and borrow it. But if you cannot prepare your own house, and present documents in preparation to make you borrow money, you are to blame. It is not the World Bank and the IMF that are to blame, but you. They have the money to lend you but if you cannot make your arguments, then it is too bad. There is no need for the Government to cry to us for help. It is not for us here to help you; it is for you to help yourselves. You are elected to govern this nation. If there is an economic crisis, they should accept it as their responsibility and seek to redeem themselves.

One of the ways in which this Government can raise revenue, is through privatisation. If you look at the figures and facts, privatisation has not helped this Government to raise revenue because, if you privatise in one hand, money goes out through the other hand through bad procurement and bad tendering procedures. Either you stop bad tendering and procurement procedures so that you make sure that what the Exchequer gets stays there, or you forget it. The saddest case today is that of the African Tours and Hotels Limited. The Minister attempted to answer the Question that had been asked, but failed and refused to put the point of view of the African Tours and Hotels Limited. The African Tours and Hotels have written him a letter. They have also written to the Executive Secretary of the privatisation and reform programme. They even held a meeting in March, 1996, where all these issues were discussed. We want all these other documents tabled so that we can know the point of view of African Tours and Hotels.

Mr. Temporary Deputy Speaker, Sir, receivership does not help because we know---

The Minister for Finance (Mr. Nyachae): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is hon. Prof. Anyang'-Nyong'o not misleading the House that he requires the Minister to table the documents here when, in fact, the documents were tabled today?

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

[Mr. Deputy Speaker took the Chair.]

Prof. Anyang'-Nyong'o: That is a voting machine!

Mr. Deputy Speaker, Sir, I did not say that the documents were not tabled in the House, I said the Minister should put the point of view of African Tours and Hotels. It is very clear that they do not want ---

Mr. Deputy Speaker: Order! Order, hon. Members! Please, give your colleagues a chance to contribute. I know they may sometimes use words that are not particularly palatable, but sometimes those words are uttered in good humour.

(Loud consultations)

The Assistant Minister, Office of the President (Mr. Sunkuli): On a point of order, Mr. Deputy Speaker, Sir. I would like to know if it is in order for the hon. Anyang'-Nyong'o to refer to his hon. colleagues as 'voting machines.' I want to know this from you because the hon. Anyang'-Nyong'o should, at least, have the dignity, being a Nominated Member, to respect a majority of this House who are elected Members.

Mr. Deputy Speaker: Order! There are only hon. Members in this House. There are no voting machines, robots or anything of that sort.

Prof. Anyang'-Nyong'o: Mr. Deputy Speaker, Sir, I apologise to hon. Sunkuli and withdraw. Let me go straight to say that I am not going to dwell on that issue of African Tours and Hotels because we are going to ask for a Motion of Adjournment in this House to discuss it fully. It is a very important issue.

Let me go to the other issue of taxation. You do not respond to an economic crisis by increasing taxes. The more you tax the people, the more you reduce the ability of the people to save. It is from the savings that comes capital formation. If you are taxing to pay Recurrent Expenditure, you are involving the same people who can give you money to save, so that you build your capital. A time comes when people can no longer be taxed and they begin evading taxation. If, therefore, you go ahead and tax them two interest rates, like you are doing, you just increase the domestic debt. This is a vicious circle.

The other thing you should do is to give power to the people who are trying to raise revenue so that they can be independent and efficient. The Commissioner-General of Income Tax, the Commissioner of Income Tax and the Commissioner of Customs should have security of tenure in law. Just the other day, they were going to meet the President and ask him for security of tenure. There must be security of tenure in law so that they are independent from any direction from the Executive, to ensure that they collect revenue efficiently and competently. If they were really independent, the kind of example that hon. Muite was giving today about Kobil and Kenol Oil would not have occurred. It is precisely because they know these facts that they fear for their jobs and cannot go after some of these big "sharks," who are avoiding taxation.

ADJOURNMENT

Mr. Deputy Speaker: Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Wednesday, 22nd April, at 9.00 a.m.

The House rose at 6.30 p.m.