

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 12th August, 2014

The House met at 2.30 p.m.

[The Deputy Speaker (Hon.)
(Dr.) Laboso in the Chair]

PRAYERS

Hon. Deputy Speaker: We are properly constituted. So, we may continue with our business. Hon. Muthomi Njuki, Member of Parliament for Igambang'ombe.

PETITION

REMOVAL OF APPOINTED LIQUIDATOR OF CHUKA FARMERS CO-OPERATIVE SOCIETY LTD

Hon. Njuki: Thank you, hon. Deputy Speaker. Pursuant to Standing Order No.225 (3), I wish to present a Petition by the Members of Chuka Farmers Co-operative Society Limited, which is in liquidation, for the removal of the appointed liquidator of the society.

I, the undersigned, on behalf of Chuka Farmers Co-operative Society Limited, which is in liquidation, of Meru South Sub-County in Chuka/Igambang'ombe Constituency in Tharaka Nithi County, draw the attention of the House to following:-

Chuka Farmers Co-operative Society was registered in 1950 as one of the pioneer farmers' societies in the country. At the peak of its operation the society had more than 12,000 members. In 1997 the society, by resolution, split itself into five societies and a housing society. For the purpose of liquidation of the original society, the Commissioner of Co-operatives appointed a liquidator in 1998 to value the society's assets and institute the settlement of liabilities owed to creditors and workers' salaries. The said liquidator was appointed to serve a period of 12 months but served up to the year 2011, which was 13 years.

The liquidator disposed of parts of the society's properties and collected rent from the estates of the society but did not settle the society's liabilities. After prolonged complaints from the society, the Commissioner of Co-operatives in 2012 appointed a co-operative officer from the Ministry to replace the first liquidator. The second liquidator was to serve for one year, but after the expiry of the period the officer was regazetted even though the society's liquidation committee was opposed to the appointment.

After reappointment, the liquidator opened a bank account as the sole signatory and began operations, including invitation of bids for the purchase of the society's parcels of land without involving the liquidation committee members. Efforts to have the matter addressed have borne no fruit, yet the society's assets continue to be plundered, exposing the members to irredeemable losses. The matter in respect of which this Petition is made is not pending before any court of law or tribunal.

Therefore, your humble Petitioner prays that the National Assembly, through the Departmental Committee on Agriculture, Livestock and Cooperatives, intervenes to have the liquidation of Chuka Farmers Co-operative Society urgently concluded to protect the farmers from certain loss of their hard earned investments; the Committee prevails on the Commissioner of Co-operatives to appoint a new liquidator in consultation with the society's liquidation committee with strict timelines for completion of the liquidation process; and, further prevails on the Commissioner of Co-operatives to provide a detailed liquidation statement, including all receivables and expenditure from 1999 to date, and your Petitioner will ever pray.

This Petition is presented by hon. Onesmus Njuki, Member of Parliament for Chuka/Igambang'ombe Constituency on 12th of August 2014.

Hon. Deputy Speaker, in line with Standing Order No.226 this issue is not very unique. It has been repeated all over the country from what I hear from Members of Parliament. So, in line with Standing Order No.226, I kindly request you to allow Members who are interested to ventilate on it.

Hon. Deputy Speaker, pursuant to Standing Order No.225 (4), I wish to lay the Petition, together with the signatures, on the Table of the House on behalf of the farmers of Chuka Farmers Co-operative Society.

Thank you, hon. Deputy Speaker.

(Hon. Njuki laid the document on the Table)

Hon. Deputy Speaker: Okay; the subject is on a co-operative society, which I guess under our new arrangement falls under the Ministry of Agriculture, Livestock and Fisheries. So, the Petition shall stand ordered to go to the Departmental Committee on Agriculture, Livestock and Cooperatives. Hon. Cyprian Iringo, is it a matter that touches on you as well?

Hon. Iringo: Yes, hon. Deputy Speaker. Thank you for this opportunity. I support my colleague's Petition strongly because managements of most of our co-operative societies do not really work for the development of societies; they end up being the people who mismanage the same and you get most co-operative societies being liquidated.

Hon. Deputy Speaker, I was in the co-operative movement for 15 years and I know what has been happening. Most of the societies which go under do so because of mismanagement. Therefore it is important that we remove this liquidator; most liquidators sell assets of co-operatives at very low, or throwaway, prices. They even collude with the buyers and shareholders and co-operatives are left without anything and there is no security for depositors.

Therefore, I strongly support the Petition and say that the exercise should be suspended until further investigations are done as to why it is being done the same way across the country. Most of the societies are suffering in the same way, hon. Speaker.

Thank you.

Hon. Deputy Speaker: As we have already committed this Petition to the Committee on Agriculture, all these Members who want to speak--- Can we go and give our contributions once that Committee begins investigations on the same. Hon. Maanzo, it looks like you cannot sit down.

Hon. Maanzo: Thank you Deputy Speaker. Apparently, I happen to be the former Secretary for Co-operatives in Kenya. I would like to say that there is an Act of Parliament on management of co-operatives. Unfortunately right now, we do not have a substantive a Commissioner for Cooperatives, as required by the law. He has not been appointed, though the position has been advertised. Ordinarily, Kenya always has had a substantive Ministry or Department of Cooperatives the Department operates under three Acts of Parliament. As we deliberate on this at the Committee on Agriculture Livestock and Cooperatives--- We need to look in totality at how we can assist the co-operative movement in Kenya. This is because these cases have hurt women and they can manage properly within the Ministry.

Thank you, hon. Deputy Speaker.

Hon. Deputy Speaker: Hon. Mbiuki, can you rest? I see you are from---

Hon. Mbiuki: Thank you hon. Speaker, I want to thank my good friend and brother, hon. Muthomi Njuki, for bringing this Petition to this House. The Co-operatives sector, which is the backbone of our economy, is actually on its death bed. I want to assure this House, that as the Committee on Agriculture Livestock and Cooperatives---

(Loud consultations)

Hon. Deputy Speaker: Order Members! The consultations are far too loud.

Hon. Mbiuki: Thank you Deputy Speaker. I want to assure this House and hon. Member, hon. Muthomi Njuki, that the Committee on Agriculture, Livestock and Co-operatives will be able to deal this as a matter of urgency, and at the end of the day, we will be able to liberate our farmers from this receivership.

Thank you Deputy Speaker.

Hon. Deputy Speaker: Thank you. Hon. Kangogo, is it on the same?

Hon. Bowen: Thank you hon. Deputy Speaker. Mine is different. About a month ago, I read a Petition on behalf of travelers from North Rift in relation to the withdrawal of Kenya Airways flights from Nairobi to Eldoret. That Petition was committed to the Chair of the Committee on Transport, Public Works and House. Then the Chair talked of two weeks. Two weeks have increased to two months. I would just want to know from the Chair the fate of that Petition.

Hon. Deputy Speaker: Is the Chair of Committee on Lands or the deputy here? Why has this Petition taken longer than it was supposed to? Is it lands? Transport? The Chair for Transport or the deputy! Hon. Kamanda is in the House!

Hon. Kamanda: Hon. Deputy Speaker, I think the question was about Land and not Transport.

Hon. Deputy Speaker: Well, the matter seems to be concerning land but it is about transport. Maybe you could have worked together.

Hon. Kamanda: Yes; can I hear it again?

Hon. Deputy Speaker: You can consult because the matter is urgent to the Member. You can give him a timeframe within which you can provide an answer.

Hon. Kamanda: Thank you.

Hon. Deputy Speaker: Are you giving a timeframe, Chair? Hon. Kamanda, are you giving us a timeframe within which you will give the hon. Member, after your consultations with the Chair of Lands, a response?

Hon. Kamanda: Two weeks, Deputy Speaker.

Hon. Deputy Speaker: Allow for the two weeks. Allow the two Committees to come up with a comprehensive answer for you. Hon. Members we have several schools that are with us today. We will not give individual Members a chance. Remember we said that they would be recognized from the Chair.

We have Neema Primary School from Igembe North Constituency. You are welcome to the Chamber. We have Kipkit Primary School from Baringo Central. You are welcome. We also have Jack and Jill Primary School from Saboti Constituency. They are all welcome in the Chambers. Thank you.

Hon. Wakhungu: On a point of order, hon. Deputy Speaker. I rise to seek your direction regarding co-operatives. The former Assistant Minister in former President Kibaki's Government, hon. Mbiuki, is saying that we have a Ministry, yet as per presidential circular of the Jubilee Government we have the Ministry of Industrialization and Enterprise Development. I thought that was where co-operatives fall. It no longer falls under Agriculture, Livestock and Cooperatives. We seek your direction on this.

Hon. Deputy Speaker: Now, hon. Wamalwa, I do think the Chair deals with the Executive and knows where they want to place departments. That is a matter that can be taken up with the Executive to place various dockets where they belong.

Hon. Members I think this next Petition is of interest to all of us here; it will be in order that we listen carefully.

This is conveyance of a Petition by the residents of Rongai and Emgwen constituencies. Hon. Members, Standing Order No.225 (2) (b) requires that the Speaker reports to the House any petition other than those presented through a Member. Further Standing Order 258, requires that the Speaker reports to the House any matter brought to his or her attention regarding alleged absence of Members of the National Assembly without the permission of the Speaker. This particular Standing Order gives effect to the provisions of Article 103 of the Constitution. It states that if during any session a Member is absent from eight sittings of the National Assembly without permission in writing from the Speaker, the Speaker shall report the matter to the National Assembly and the matter shall be referred to the Committee on Powers and Privileges for hearing and determination.

I, therefore, wish to report that my attention has been drawn to alleged absence from the House for eight sittings in respect of the Members for Rongai and Emgwen constituencies, contrary to the provisions of Article 103(1) (b) of the Constitution. The two cases were brought to my attention separately. The Matter concerning the Member for Rongai Constituency was submitted by way of a Petition signed by one Silvester Kibet, while that of the Member for Emgwen Constituency was submitted by way of correspondence from the firm of Langat and Sang Advocates acting on behalf of a Mr. Charles Sang.

Hon. Members, from the outset I want to state that we do know for a fact that it is possible that Members may sometimes be seen to be absent from the plenary of the House, even in instances when they are attending committee sittings.

In all fairness, the claim regarding the attendance of these two Members shall stand referred to the Committee on Powers and Privileges, which will inquire into them and report its findings to the House in accordance with Standing Order No.258(2). Since these two are the first cases of their nature, I hope that the Committee will take time to investigate the claims, satisfy the requirements of Article 103 and set a good precedent.

Hon. Members, allow me to take this opportunity to remind colleagues to ensure that you register attendance in the plenary and committee sittings at all times and seek the Speaker's consent whenever you intend to be away even on official trips.

Hon. Ng'ongo: On a point of order, hon. Deputy Speaker. I am standing under the same Standing Order, which allows us to make small and quick interjections. I appreciate this because, really, you do not have any option once you receive a petition on any matter. It is good that this matter has been referred to the Committee; but there are two fundamental issues that this House, and, probably, this country at large, needs to address itself to.

Number one, I hope that the Petitioners are not just stooges of some people who are bitter for losing elections to certain Members of Parliament, and are using innocent Kenyans to petition Parliament. Parliament's time is going to be used. The Membership of the Powers and Privileges Committee could be doing something more constructive with their time, but now they are going to use their time to address this issue.

Finally, this provision in the Constitution needs to be looked at very carefully. Probably, this House needs to propose an amendment to this particular provision. Twelve months is such a long time. If you are absent

for eight sittings, and they are not consecutive, it is required that the Speaker must give you permission in writing. This is too dictatorial and gives the Office of the Speaker too much supervisory power over elected Members of Parliament; I do not think the Speaker should have these powers.

(Loud consultations)

Hon. Deputy Speaker: Order, Members! These are grave matters that concern all of us. Let us listen to each other. We will take very few minutes because we will debate this when the report comes to the House.

Hon. Ng'ongo: I appreciate the need for Members to be here and legislate; it should also be appreciated that Members of Parliament have a lot of other responsibilities besides legislation, some of which are even emergencies. If today, I get a call that there is a disaster, or a problem, in my constituency, I will not even waste time to seek for permission from the Office of the Speaker. I will move straight to my employers. My employer is not the Speaker but the people of Suba. I find this provision misguided and misplaced. So, we need to look at it.

Hon. Deputy Speaker: That is why we made the very clear point that this is going to set a precedent. We hope that our Committee on Powers and Privileges is going to do a thorough job on this and proper investigations, so that we can get a good ruling.

I want to give a chance to the Member for Rongai and the Member for Emgwen, if they are in the House to make comments. Hon. Members, remember that the Petition is being committed to the Committee on Powers and Privileges. We can even have an opportunity to also interact with the Committee.

Hon. Moi: Thank you, hon. Deputy Speaker, for this opportunity. It is a constitutional right for anyone to petition Parliament on any particular issue. This petition against me is from Mr. Luka Kigen. I take my parliamentary work very seriously. If there are times when I missed being in Parliament, I will answer questions to the satisfaction of the relevant Committee. Thank you for the opportunity and I will clear this.

Hon. Deputy Speaker: Is the Member for Emgwen in the House?

Hon. Members: On a point of order, hon. Deputy Speaker.

Hon. Deputy Speaker: Order, Members! We really have a very long list. We need to get on with our business for today. We should abstain from discussing this until after the Committee has gone through it. Once the

Committee goes through it and then brings a report here, we will be better informed than if we make our comments at this early stage.

Eng. Gumbo, you are really not allowing us to proceed!

Hon. (Eng.) Gumbo: Hon. Deputy Speaker, I just want to make a---

(Loud consultations)

Hon. Deputy Speaker: Order, Members! This is a topic that I said affects all of us.

Hon. (Eng.) Gumbo: On a point of order, hon. Deputy Speaker. I just want to thank you for giving me the opportunity.

As hon. Mbadi and hon. Moi have said, this provision of the Constitution is not good at all. I rose on a point of order because as we speak, I presented a proposal to the Office of the Speaker to have this provision amended. I am saying this because a lot of people think that when we are not in the House, we are not doing our work. I will give you an example: On Sunday, I was supposed to attend a meeting here in Nairobi at 3.00 p.m., but because of my duties at home--- I was still attending to matters at home up to 10.00 o'clock at night.

Really, it is not proper for someone to suggest that Members of Parliament do not work. In any case, Article 96 is very clear on the roles of the Members of Parliament; representation in the kind of society that we live in is, perhaps, one of the roles that most of the time Members of Parliament play.

I have stood on this point of order to request the Members that when the proposed constitutional amendment comes, please, support it. I have already presented a memorandum to the Office of the Speaker. It is something we can do without going to a referendum, because it is a small matter. For it to be eight sittings and not eight consecutive sittings is limiting our roles. In any case, we do not have to undertake the other two roles of oversight and representation on the Floor of the House.

Hon. Deputy Speaker: Members, for the avoidance of doubt, how we have framed our Standing Orders is left to the Committee. That is why I keep on insisting that it is for the Committee to do this. If you look at the Standing Order No.258(2), it clearly says that:-

“The Committee of Privileges shall inquire into a matter referred to it under paragraph (1) within fourteen days from the date the matter is referred to it and shall thereupon submit a report to the House”.

So, we do not have a very long time to wait. Paragraph (3) of the same Standing Order says that:-

“If the report of the Committee finds that the Member has offered a satisfactory explanation for the Member’s absence from eight sittings of the National Assembly without the permission in writing from the Speaker, there shall be no further proceedings in the House in respect of the matter”.

Then paragraph (4) says that:-

“If the report of the Committee finds that the Member has not offered a satisfactory explanation for the Member’s absence from eight sittings of the National Assembly under paragraph (1), the Chairman of the Committee, or a Member of the Committee designated by the Committee for that purpose, shall, upon submitting the report, give a three days’ notice of a Motion that, “This House notes the report of the Committee of Privileges laid on the Table of the House on.....”

Members, so that we do not spend too much time on this, it will not be long before we get a report from our Committee. Let us have discussions and arguments that we are putting forth now once the report is brought to our attention, or is tabled before this House.

PAPERS LAID

Hon. A.B. Duale: Hon. Deputy Speaker, I beg to lay the following Papers on the Table of the House, today, Tuesday, 12th August, 2014.

The Annual Report of the Ministry of Education, Science and Technology for the 2013/2014 Financial Year prepared pursuant to Article 153(4)(b) of the Constitution.

The Report of the Constituency Development Fund Board for the month of July, 2014 pursuant to Section 29 of the CDF Act, 2013.

The Report of the Auditor-General on the Financial Statements of Mombasa Water Supply and Sanitation Company Limited for the year ended 30th June 2013 and the certificate of the Auditor-General therein.

The Report of the Auditor-General on the Financial Statements of the Coffee Research Foundation for the year ended 30th June, 2013 and the certificate of the Auditor-General therein.

The Report of the Auditor-General on the Financial Statements of Tana and Athi Rivers Development Authority for the Year ended 30th June, 2013 and the certificate of the Auditor-General therein.

The Report of the Auditor-General on the financial statements of the Commission for Higher Education for the Year ended 30th June, 2013 and the certificate of the Auditor-General therein.

The Report of the Auditor-General on the Financial Statements of the Municipal Council of Lodwar for the eight-month period ending 20th February, 2013 and the certificate of the Auditor-General therein.

Thank you, hon. Deputy Speaker.

Hon. Deputy Speaker: Leader of Majority Party, should we really be allowing the last one in the House on Lodwar? Should that not be going to the county assembly? If you look at it really, we should not be handling the Auditor-General reports on counties. There must have been a mistake; maybe that can be directed to the right, or relevant, county.

I think we have another report for laying by the Chair of the Departmental Committee on Budget and Appropriations.

Hon. A.B. Duale: Hon. Deputy Speaker, it is a mistake by the Clerk's Office. We will rectify it. It should go to Turkana County.

Hon. Deputy Speaker: Yes. Let us have hon. Mutava Musyimi.

Hon. Musyimi: Hon. Deputy Speaker, I beg to lay the following Paper on the Table:-

Report of the Departmental Committee on Budget and Appropriations on the consideration of the County Allocation of Revenue Bill, 2014.

Hon. Deputy Speaker: Hon. Baiya has a notice of Motion

NOTICE OF MOTION

EXTENSION OF PERIODS PRESCRIBED FOR THE PASSAGE OF BILLS

Hon. Baiya: Hon. Deputy Speaker, I beg to give notice of the following Motion:-

THAT, pursuant to the provisions of Article 261(2) of the Constitution, this House resolves to extend the periods prescribed for the passage of the Public Service Values and Principles Bill, National Assembly No.29 of 2014; the Persons Deprived of Liberty Bill, National Assembly Bill No.30 of 2014; the Environmental Management and Co-ordination (Amendment) Bill, National Assembly Bill No.31 of 2014, and the period prescribed for enactment of legislation to give effect to Article 47 on fair administrative action, Article 50 on fair hearing, Article 226 on accounts and audit of public entities,

and Article 227 on procurement of goods and services by a period of nine months from 27th August, 2014.

Thank you.

Hon. Deputy Speaker: Hon. Members, I believe we all understand the import of what the hon. Baiya has just laid on the Table. Those are the constitutional Bills that were all due to be passed by 27th of August, 2014; I believe that he is laying them on the Table for us to consider extension of time.

Hon. Members, this has been certified by the Speaker. This is a special Motion; so, hon. Members should take it very seriously. We know what it means for our country and the Constitution. We know we will need to apply the two thirds rule to be able to pass the Motion. That is just to remind you that this Motion is now properly before the House; I believe the Leader of Majority Party will lead us in proposing that extension.

Thank you.

REQUESTS FOR STATEMENTS

Hon. Deputy Speaker: We will go as they appear on the Order Paper. Hon. Members, remember we now do not read the full Statement. We only read what is on the Order Paper.

We will start with a statement from the hon. Member for Nyaribari Chache, hon. Richard Tong'i

FUNDING OF PUBLIC UNIVERSITIES IN THE COUNTRY

Hon. Tong'i: Hon. Deputy Speaker, pursuant to Standing Order 44 (2) (C), I wish to request a Statement from the Chairperson of the Departmental Committee on Education, Research and Technology, regarding funding of public universities in the country. Public universities in Kenya rely heavily on State funding; failure to increase funding in line with enrolment---

Hon. Deputy Speaker: Hon. Tong'i, I have just explained that we do not give the full explanation. All that will come when the answer is given. You can give your argument for what you are proposing.

We now need a response from the Chair of Departmental Committee on Education, Research and Technology or the Vice-Chair on how long they require respond to your question on funding for public universities.

Hon. Tong'i: I stand guided, hon. Deputy Speaker.

Hon. Deputy Speaker: Okay; Let us have the Chair of the Departmental Education, Research and Technology or the Vice-Chair? Yes, hon. Melly?

Hon. Melly: Thank you, hon. Deputy Speaker. I want to say that the Committee will ask the hon. Member to come before it in the next two weeks, so that we can address the issue comprehensively.

Hon. Deputy Speaker: Hon. Vice-Chair, please ensure that the hon. Member is called to appear before the Committee.

Before we hear the next statement request, we also have some students visiting us. Therefore, I take this opportunity to appreciate the presence of Isteti Preparatory School from Tinderet Constituency; feel welcome in the National Assembly.

The next request is by the hon. Member for Kibwezi East.

FEES CHARGED BY SETTLEMENT SCHEMES

Hon. (Ms.) Mbalu: Hon. Deputy Speaker, pursuant to Standing Order 44 (2) (c), I wish to request a statement from the Chairperson of the Departmental Committee on Lands regarding fees charged by Settlement Schemes, and the Settlement Fund Trustees in Thange, Masongaleni, Kathekani and Kitengei in my constituency.

Hon. Deputy Speaker: Okay; let us hear from the Chairperson of the Departmental Committee on Lands or the Vice-Chair how long they will take to provide a response on levies and fees.

Hon. Mwiru: Thank you, hon. Deputy Speaker. I undertake to give a response in two weeks' time; I request the hon. Member to appear before the Committee on Tuesday next week, so that, at least, he can shed some more light on the matter before we provide the Statement.

Hon. Deputy Speaker: Okay, hon. Member. You will furnish the committee with whatever information you have to assist them in answering your question. Member for Likoni, hon. Mwahima.

DETAILS OF DOCUMENTS FOR PLOT NO. IMS/272

Hon. Mwahima: Hon. Deputy Speaker, I stand in accordance with Standing Order No.44(2)(c) to request the Chairman of the Departmental Committee on Lands to provide details of documents for Plot No. IMS/272, Main Land South, held by Mr. L.L. Brown and Mr. G.L. Brown under a leasehold for 99 years from 1st January, 1914.

Hon. Deputy Speaker: Hon. Mwachima, can you read what is on the Order Paper? The details will come when the answer is given. That is when you will provide those other details.

Hon. Mwachima: I do not have an Order Paper right now; I have this one.

Hon. Deputy Speaker: You cannot read what is not on the Order Paper. The Chairman of the Departmental Committee on Lands can now explain because he has the Order Paper. Members of the Committee on Lands, you can see that your docket is becoming very popular. You will be very busy. Where is the Chairman of the Committee on Lands?

Hon. Mwiru: I am sorry, Madam Deputy Speaker. Somebody had engaged me here a bit. I will be ready with the answer in two weekss time. However, I also request that he appears before the Committee on Tuesday morning just as I have requested of the hon. Member for Kibwezi, so that we get more light from him on this issue.

Hon. Deputy Speaker: Hon. Mwachima, attend the Committee meeting on Tuesday and throw more light for the information that you are seeking from the Committee.

The next question is by hon. Peris Tobiko, Member for Kajiado East.

EFFECTS OF SGR ON RESIDENTS OF KAJIADO EAST CONSTITUENCY

Hon. (Ms.) Tobiko: Hon. Deputy Speaker, pursuant to Standing Order No.44(2)(c), I wish to request a Statement from the Chairperson of the Departmental Committee on Transport---

(Loud consultations)

Hon. Deputy Speaker: Order, Members! The Member cannot even hear herself speak. Those exiting from the Chamber, please do so quietly.

Hon. (Ms.) Tobiko: I wish to request a Statement from the Chairperson of the Departmental Committee on Transport, Public Works and Housing regarding the effects of the Standard Gauge Railway (SGR) on the residents of the Kajiado East Constituency.

Hon. Kamanda: Hon. Deputy Speaker, I wish to invite the hon. Member to our meeting on Tuesday, 19th August, 2014. We will be hosting the Cabinet Secretary on that day.

Hon Deputy Speaker: That is okay. Hon. Tobiko, you can join the Committee on that day. Member for Lamu East, Sharrif Ali.

REASON FOR TRANSFER OF MINISTRY OFFICES FROM LAMU TOWN

Hon. S.A. Ali: Hon. Deputy Speaker, pursuant to Standing Order No.44(2)(c), I wish to request a Statement from the Chairperson of the Departmental Committee on Finance, Planning and Trade regarding the transfer of the Ministry of East African Community, Commerce and Tourism offices from Lamu Town in Lamu County to Malindi Town in Kilifi County.

Hon. Lang'at: Hon. Deputy Speaker, I request my friend to give me two weeks.

Hon. Deputy Speaker: The Member will be satisfied with two weeks.

NON-PAYMENT OF SUPPLIERS BY IEBC

Hon. Manje: Hon. Deputy Speaker, pursuant to Standing Order No.44(2)(c), I wish to request a Statement from the Chairperson of the Departmental Committee on Justice and Legal Affairs regarding the non-payment of suppliers who provided the Independent Electoral and Boundaries Commission (IEBC) with catering, stationery and printing services during the last general election.

Hon. Deputy Speaker: Hon. Chepkong'a! Can you use the Dispatch Box if you do not have clearance there?

Hon. Chepkong'a: Hon. Deputy Speaker, I was multi-tasking and I heard what the hon. Member requested. This is a very important issue, particularly to the many Kenyans who have not been paid. If the Member allows us two weeks, we will give a very comprehensive Statement that will touch on many other people have not been paid.

TRAFFICKING OF GIRLS FROM OSERIA, NANDI

Hon. (Ms.) Kering: Hon. Deputy Speaker, pursuant to Standing Order No.42(2)(c) I wish to request a Statement---

*(Hon. Members applauded hon. Mwachugu
as he walked into the Chamber)*

Hon. Deputy Speaker: Order, hon. Member for Nandi. I can see my friend, hon. Thomas Mwadeghu. Let us allow him to take his seat.

Hon. (Ms.) Kering: Hon. Deputy Speaker, I was requesting a Statement from the Chairperson of the Departmental Committee on Labour and Social Welfare regarding the alleged human trafficking, and in particular trafficking of four girls from Oseria in Nandi County. I would wish that the whole Committee takes this issue with a lot of seriousness and gives a quick response because it touches on human life in this country.

Hon. Were: Hon. Deputy Speaker, I agree that this is a serious issue, and promise that we will bring a Statement in two weeks time.

Hon. Deputy Speaker: Two weeks it shall be.

Yes, Hon. Busienei.

CONSTRUCTION OF BUMPS ON KAPKONG/KAMAGUT ROAD

Hon. Busienei: Thank you, hon. Deputy Speaker. Pursuant to Standing Order No.44(2)(c) I wish to request a Statement from the Chairperson of the Departmental Committee on Transport, Public Works and Housing regarding construction of bumps at Kapkong, Turbo, Kipakaren Trading Centre, Musembe and Kamagut along Uganda Road.

Hon. Kamanda: Hon. Deputy Speaker, one week. I also wish to invite him to our Tuesday, 19th August, 2014 meeting.

Hon. Deputy Speaker: It is good that when you are invited you avail yourselves, so that most of your questions can be addressed at Committee meetings.

STATUS OF EDUCATION IN TURKANA COUNTY

Hon. (Ms.) Emanikor: Hon. Deputy Speaker, pursuant to Standing Order No.44(2)(c) I wish to request a Statement from the Chairperson of the Departmental Committee on Education, Research and Technology regarding the status of education in Turkana County, and in particular the acute shortage of teachers.

Hon. Deputy Speaker: Hon. Emanikor, I think Members are aware that they had seen some things in the media; explain very briefly, so that we understand the urgency of your matter. It is not appearing on the Order Paper, but because of its urgency we decided to allow you to raise it. Do not read the whole Statement.

Hon. (Ms.) Emanikor: Hon. Deputy Speaker, in Turkana County, hon. Members have seen in the recent past that it has been the focus of the

media. You have seen chiefs and security officers teaching in classrooms. This is because schools have not received any teachers.

Hon. Deputy Speaker, Turkana County has 352 primary schools, with a total enrolment of 130,000 students. Teachers are 1,400 and there is a shortfall of over 2,000 teachers. The current the national teacher/pupil ratio is 1:47 while in Turkana it is 1:100. In some schools we do not have teachers, while in others we have one teacher who doubles up as the head teacher. This is very grave. It only displays deprivation of human rights. It displays an abuse of our Constitution.

(Loud consultations)

Hon. Deputy Speaker: Order, hon. Members. I do not wish to send anybody out, but I can see you are slowly driving me to sending one of you out. I have now given you the last warning. I am not going to say any more “order!” You shall be out of the Chamber.

Hon. (Ms.) Emanikor, I think your point--- What made us believe you was what we saw on television, where some people who cannot be called teachers were teaching the children in Turkana. I hope the Committee is going to take this matter very seriously.

Hon. Melly, I think you are responding on behalf of your Committee.

Hon. Melly: Hon. Deputy Speaker, owing to the urgency of the matter, the Committee will convey the information to the relevant Ministry and we will require the hon. Member to appear before the Committee in the next two weeks.

Hon. Deputy Speaker: Invite the hon. Member to shed more light or share whatever information that she may have.

Hon. Members, we can now move to the next Order. Hon. A.B. Duale, did you have a Statement before we move to the next Order?

DEPLOYMENT OF KDF TO MANDERA COUNTY

Hon. A.B. Duale: Hon. Deputy Speaker, I wish to convey a Statement regarding a report on the deployment of the Kenya Defence Forces (KDF) to Mandera County pursuant to Article 241(3)(b) of the Constitution, and read together with Section 8(3) and (4) of the Kenya Defence Forces Act, 2012. The National Security Council (NSC) authorized the deployment of the KDF to Mandera County on 21st May, 2014. This deployment was published in the Kenya Gazette as Notice No.3386 of 22nd May, 2014. It was necessitated

by repeated attacks targeting vital infrastructure, including schools in the county that borders Gedo region of Somalia. The emergency deployment was made up of a battalion composed of the Kenya Army troops supported by the Kenya Air force.

This was following a request by the National Police Service (NPS) through the Ministry of Interior and Co-ordination of National Government. This deployment of the KDF was aimed at supporting the NPS in Mandera County and its main supply routes. The duration of the deployment will be decided by the NSC in due course of time. The expected expenditure during this deployment will be catered for the Civil Contingency Fund for the financial years 2013/2014 and 2014/2015.

In accordance with the State requirement, and more so Section 8 of the KDF Act, the Cabinet Secretary for Defence has since forwarded a report in respect of the deployment, which I now wish to table for the House to peruse.

(Hon. A.B. Duale laid the document on the Table)

Hon. Iringo: On a point of order, Hon. Deputy Speaker. I seek your guidance, especially on asking of these Statements. Hon. Members are asking for Statements here and the Chairs of different Committees are giving promises on the dates they are going to bring the Statements. I would request that even if the answer is not ready when the promised date comes, they bring an interim answer and say when they will bring the main answer. Why am I saying so? I asked for a Statement sometime in June and I was given two weeks. To date, I have not seen it. The other one I asked for in May. To date I have not seen it. One was on security and the other was on the Ministry of Education. They should be directed so that we get an interim answer, and we do not--- Once the various chairs give an undertaking, when a Statement is not ready, let the House be told why it is not ready; we are waiting until, sometimes, we forget some of the Statements.

Hon. Deputy Speaker: That was why I was saying you make sure that you attend the meetings that hon. Members call when they summon Cabinet Secretaries, so that you are informed. For some of them, you may not need to wait for them to come to the House; you may finish your queries at the Committee level. But let the chairs note your point. They ask for two weeks but never really stick to them; a request takes a month or two; this is not really in order.

Hon. Members, we also have a school, Fr. Kun Girls from Nandi County. You are welcome to the National Assembly.

Hon. (Eng.) Gumbo: On a point of order. Hon. Deputy Speaker.

Hon. Deputy Speaker: What is your point or order? We must make progress!

Hon. (Eng.) Gumbo: Hon. Deputy Speaker, I just wanted to thank the Leader of the Majority Party for the Statement on the deployment of the KDF to Mandera. But on 24th last month, while discussing the matter of deployment of the KDF in Lamu, he had also promised to bring a report here on that deployment. Unfortunately, during part of last week I was not around; but I just wanted to know if that has been done. If it has not been done, I am afraid, it will be in breach of the laws that govern the deployment of the KDF.

Hon. A.B. Duale: Hon. Deputy Speaker, the matter before the House then was whether the KDF was in Lamu pursuant to Article 241(3)(b) or Article 241(3)(c). I confirm to the House that the KDF is in Lamu pursuant to Article 241(3)(b). I am sure in due course, just as the Cabinet Secretary has done for Mandera, she will bring a Statement and reports concerning Lamu. I will follow up with the Cabinet Secretary for Defence and, hopefully, next week we will table a report.

Hon. Deputy Speaker: Thank you. Next Order!

BILLS

Second Reading

THE STATUTE LAWS (MISCELLANEOUS AMENDMENTS) BILL

(Hon. A.B. Duale on 31.7.2014)

(Resumption of Debate interrupted on 7.8.2014)

Hon. Deputy Speaker: Hon. Members, this Order had been sufficiently debated and we were left with only the putting of the Question. So, I will proceed and put it.

(Question put and agreed to)

(The Bill was read a Second Time and committed to a Committee of the whole House tomorrow)

Second Reading

THE FINANCE BILL

*(Hon. Langat on 7.7.2014)**(Resumption of Debate interrupted on 7.8.2014)*

Hon. Deputy Speaker: This is resumption of debate and Hon. Onyura was on the Floor, and had a balance of five minutes.

Hon. Onyura: Hon. Deputy Speaker, thank you. I had risen to support this Bill, the main reason, of course, being that it is a Bill that seeks to give effect to the provisions of what was read in the Budget. The objective of the Bill as indicated in the Bill itself; it seeks to amend the Competition Act, provide for the clarity, align it with international best practice and ensure reduced regulatory and transaction costs.

Even more importantly, the Bill seeks to amend the Act to ensure predictability and transparency in enforcement. I think this is very important. I think what has been a problem in some of our rules and laws really is the element of predictability. This is important if we expect to attract investors. To encourage both the foreign and Kenyan investors, it is important that not only the way rules are applied is transparent but is also predictable. Since this relates to taxes, maybe I would wish to take this opportunity to thank the Kenya Revenue Authority (KRA) for the good work that they are doing.

As we know, they have consistently met their targets, and they are doing a good job. I think what they need from us is encouragement them and recognition of the good work they are doing. We also appeal to the management, the board and the Treasury, who are their principals, to ensure that they are properly facilitated and also motivated. They should also ensure that they are well remunerated because their job and the environment in which they work are very sensitive. The revenue environment is very sensitive and we must do everything to ensure that we do not allow them to fall prey to temptations from tax cheats and evaders.

Hon. Deputy Speaker, I know there have been comments at times that Kenyans are among the most taxed people in the world. From the information and knowledge that I have, that may not be necessarily correct. I think that the rates of taxation in Kenya compare fairly well with those of other parts of the world. I think the reason why Kenyans tend to think that

they are overtaxed is because, perhaps, they feel they do not get value for their money. They feel they are paying taxes and even surpassing targets that have been set by the Treasury, yet they do not see the services that they are supposed to be getting. They look at security and find it has a lot of concerns. We are not just talking about warlike and terrorist security issues that are in parts of the Coast, but we are also talking of security even in ordinary shops in the villages.

I think Kenyans want to get value for money that they pay as taxes. They want medicines and staff in hospitals who do not go on strike every other month. They want us to make sure that roads are fixed. This is what will make Kenyans start feeling that they are fairly taxed; otherwise, it is their right to feel that, perhaps, they are overtaxed.

Hon. Deputy Speaker, I am also happy with this Bill because it touches on--- It is also out to regulate the extractive industry, including the petroleum subsector. As we know, this subsector is getting increasingly important; it is going to be playing a very critical role in our economy and in the lives of Kenyans. So, it is really very important that this Bill addresses the nature of its taxation.

Hon. Deputy Speaker, there is also provision on the National Social Security Fund (NSSF); I support its modernisation to play the role that it is supposed to play, that is to provide safety nets for workers when they retire.

Hon. Deputy Speaker, I support fully.

Hon. Deputy Speaker: Samuel Gichigi.

Hon. Gichigi: Thank you, hon. Deputy Speaker. I also rise to support this particular Finance Bill. The intention of this law is to release funds to enable the Government to run. It was indicated to us by the Cabinet Secretary (CS) for the National Treasury is that he was going to raise funds locally and from overseas.

Hon. Deputy Speaker, let me again, like my colleague, start by commending the KRA for doing a good job. For several years in the recent past they have not been able to attain their target, but in the last financial year, indeed, they surpassed their target. What I will be asking is that our President, like his predecessor hon. Mwai Kibaki, should become a champion of KRA; he should keep on reminding Kenyans to pay taxes whenever he has an opportunity. This is because without Kenyans paying taxes this country is not going anywhere. So, Mr. President, become the champion of voluntary payment of taxes in this country.

Hon. Deputy Speaker, it is very expensive to collect taxes through audits and coercion; if Kenyans were to voluntarily pay their taxes, the cost

of collection by KRA should come down; the expenditure by the Executive should also come down.

Hon. Deputy Speaker, when it comes to taxes Kenyans might feel that they are overtaxed, but what is happening is that the formal sector in this country pays about 90 per cent of taxes that are collected. It is the people who are employed in the formal sector by the Government and big corporations who pay taxes; individuals and small businesses do not pay taxes. Even income tax is not paid. So these are the new frontiers that obviously the KRA has to venture into to ensure that this Bill sees the light of day.

Hon. Deputy Speaker, it is not cheap to go, for example, to Gikomba, Dagoretti slaughterhouse or Njiru slaughterhouse. We will urge the National Treasury to always ensure that the KRA is well funded, so that they do not slacken in collecting our taxes.

Hon. Deputy Speaker, I also support this Bill because it has raised the issue of capital gains tax on minerals. This is a new frontier and I am hoping that our tax authorities are going to train their officers, so that they are able to handle these new sectors before those sectors learn how to hide taxes as most of the multinational companies have been doing. It is important that KRA trains its officers to deal with this issue.

Hon. Deputy Speaker, it is very sad that many years after the capital gains tax on land, stock and shares was removed it has not been returned. The truth be said that this country can raise a lot of taxes if that particular sector is taxed. I think it is high time we saw law being introduced in this House; I will be urging my colleagues to receive such a Bill, or such proposals, with approval. Previous parliaments acted selfishly and rejected the proposals to return capital gains tax on real estate and shares.

I am happy that this Bill is attempting to tackle the problematic area of transfer pricing. I would like to tell the KRA and the National Treasury to look at the mandarins in the main multinational companies, including multinational banks. These are the people who are stealing money from this country. They purport to pay expenditure and salaries abroad. You find that an expatriate is paid Kshs3 million while a corresponding local is paid Kshs500,000, which is a quarter of what the expatriate is paid. The truth of the matter is that this money does not always get into the pockets of these expatriates. This is part of transfer pricing. I also urge the KRA to focus on the tea and horticultural companies. These are the people who are cheating this country. It is important that we train our officers to deal with that complicated issue.

Currently, we have a major debate and governors are asking for more money. The Treasury has shown us how they are going to raise revenue at the national level. What are the governors doing about raising revenues at the county levels? Instead of going to the traditional areas where the local governments used to collect revenues, they wake up one morning and impose taxes without considering whether these taxes are harmful to the local economy. They are not focusing on proper revenue collection; instead of bringing in efficiency, they are targeting new taxes. My position is that we should make sure that governors do their work. This business of governors holding meetings in Nairobi, and for a whole month, they are not in their counties, is not good. They are always in Nairobi instead of focusing on the real issues in the counties. I urge them to focus on these they should compete and tell us the counties that are raising more revenues than others. They should show us the counties that have improved in terms of revenue collection.

The reason I am urging my colleagues to support this Bill is because it does not raise taxes unlike in previous years when the Cabinet Secretary would come here and announce a litany of new taxes. This year round, no taxes have been raised. We require efficiency in the tax collection authority. We also require austerity measures to ensure that the amount that we collect is properly utilized. When it comes to procurement, we should utilize funds well, and the former Ministry of Public Works, otherwise known as “the Ministry of Public Wastage”, should stop its habitual inflation of contracts.

I also urge the NSSF to look at their governance structures. That is the organization that can assist this country in infrastructure bonds and commercial paper.

I beg to support.

Hon. Deputy Speaker: Yes, Hon. Gladys Wanga, after a long absence from the House.

Hon. (Ms.) Nyasuna: Thank you very much, hon. Deputy Speaker for giving me this opportunity to contribute after a long absence. I am very happy to be back.

I would like to make my submissions on the Finance Bill. I note that in addition to formulating proposals for the 2014/2015 Budget, the Bill is also proposing amendments to the Competition and the NSSF Acts. I would like to speak in detail about the amendments that I have seen with regard to the NSSF Act. I would like to laud these amendments. These amendments, particularly the amendments to Section 47 of the NSSF Act, 2013, are really acknowledging that the NSSF is a Pension Scheme like any other Pension

Scheme. Therefore its operations must be aligned to the Retirement Benefits Authority Act of 1997.

The amendment to Section 47 of the NSSF is removing the jurisdiction for making regulations as regards benefits accruing to us, as members of the NSSF from the Cabinet Secretary, to whom the NSSF Act, 2013 had given them. The Act of 2013 had indicated in Section 47 that regulations as regards benefits payable to members of the NSSF would be defined by the Cabinet Secretary. Essentially, Section 47 says that the Cabinet Secretary may make regulations to regulate any matter relating to benefits payable from the Fund. This amendment is removing that and saying that payment of benefits and general administration of the Fund shall be in accordance with provisions of the Retirement Benefits Act of 1997. That can only be a good thing. The Retirement Benefits Authority is the regulator of pension schemes. Making the NSSF Act subject to the Retirement Benefits Authority Act and the Retirement Benefits Authority is an important thing.

Secondly, the NSSF is about funds from employers and employees.

(Loud consultations)

Hon. Deputy Speaker: Order, Members! What seems to be happening at the corner on that side? Hon. Kang'ata and your colleagues, order! Let us hear the contribution from the Member.

Hon. (Ms.) Nyasuna: Hon. Deputy Speaker, if you remove employers and employees from the NSSF, you will no longer have the NSSF. The money that is at the NSSF is from contributions of employers and employees. The reason we passed the NSSF Act of 2013 was to ensure that all the Kenyan workers, poor or rich, high or low class, informal or formal, were entitled to the right to social security as provided by the Constitution at Section 43(e). We want the NSSF to be stable. When we increased funding going to the NSSF, we want this funding to be well managed, so that as an informal, or *Jua Kali*, worker making contributions to the NSSF, is assured that I will receive my money back.

While I was away, I heard that a Cabinet Secretary had removed workers and employers representatives from the NSSF board. How do you remove the key stakeholders of the Fund from the Fund? When you remove workers and employers, essentially you are saying that only the Government is in the Fund. The Government is not a contributor to the Fund. Things

must be done right. The NSSF to take the direction that the 2013 Act anticipated, where people should contribute more, and be assured that at the end of the day when they retire, they will have some social security. We must ensure that the NSSF is well managed.

The workers and the employers with the NSSF must also be the ones who determine who their representatives are. We want accountability and succession. We want people to move on and others to come in, but we want this to be done right. The NSSF needs to win back the confidence of the people. For a long time, the NSSF has been known as a cash cow. We were passing this Bill to tighten those loopholes, so that it is no longer a cash cow, but an assured social security scheme. When you look at provident funds, if the sponsor has a 50 per cent stake and the employer a 50 per cent stake, then you are moving on the right path.

Those are very useful amendments, but we need to look at more amendments to this Bill to tighten more loopholes that we have seen emerging to ensure that our poor workers' money is not, at any time, squandered. When the Bill comes to the Committee of the whole House, I will be making some further proposals for amendments. The amendments to the NSSF Act also propose that rather than waiting for six months to do returns to the Auditor-General, we reduce it to three months. This is a welcome move.

With those many remarks, and knowing that I just came from a break, I beg to support.

Hon. Deputy Speaker: And you are very welcome back. Hon. Joseph M'eruaki.

Hon. S.S. Ahmed: Thank you very much for recognizing me.

Hon. Deputy Speaker: I said hon. Joseph M'eruaki. How did hon. Shakeel get the microphone? You will get your chance, hon. Shakeel. No! No! I know exactly where you are.

Hon. S.S. Ahmed: Hon. Deputy Speaker---

Hon. Deputy Speaker: No! No! I know where you are, hon. Shakeel. If I was to give you a chance to contribute, I could have given to one side only. But I am trying to do the balancing for everybody.

Hon. M'uthari: Hon. Deputy Speaker, I rise to support this important Bill; the Finance Bill. It is an important Bill because it formulates the proposals around the 2014/2015 Budget. It also streamlines, through the amendments, The Competition Act of 2010. This is important especially in terms of collection of taxes. We have the Budget proposals which have to be

funded. So, that streamlines and brings into focus how the Government will collect its revenue for development and its running.

Through this Bill, we also need to look at the various issues around the country. At the moment, we have many questions and everybody is fighting for the cake. Everybody is fighting to have a bigger share especially the governors and others who are fighting to have more money at the counties. As we look for more resources at the grassroots level, it is also important for us to look at how we can create wealth and increase our resources. At the end of the day, we need to have the right environment as proposed through the mechanism of aligning our taxation system with the best known practices, so that we are competitive even in terms of investments.

We also need the county chiefs to spend some time in terms of managing and providing leadership in the areas that have been entrusted to them so that, at the end of the day, they come up with policies and proposals that can create wealth. Through the wealth that they create and even through taxation, then we can have more resources at our disposal for development. However, the idea of fighting for more money without proper strategies being put in place to support the creation of wealth and increasing of resources is sad. This has been there for long. There is a lot of traditional thinking and it is high time that, as a nation and people entrusted in different leadership responsibilities, to think outside the box. They should not threaten to settle the scores when they feel that something has been said which is not comfortable with them. They rush to areas and raise the emotions of the people. They do not look at the real issues that are intended to bring transformation and changes in the country.

The various proposals in this Bill are going to make it possible for the Government to collect enough revenue to support the development of this country. With regard to the amendments proposed to the NSSF Act, it is important to consider the NSSF as a Pensions Fund. This is an area that requires to be looked into. For a long time, NSSF has been used as a cash cow by people who have been entrusted to manage those huge resources. We could have a long term Fund that can be used for investments and growth stimulation. For a long time, the huge resources collected from the Kenyan taxpayers end up being misused by the individuals who have been entrusted with the responsibility of running NSSF. They make money for themselves without creating wealth for the contributors. We have had some shoddy investments carried out like buying useless land at very exorbitant prices. At the end of day, the Kenyan workers are cheated of their money. The money

is not used properly to make it accessible and of more benefit to the contributors.

The proposals made to the NSSF Act will be very helpful in terms of streamlining the operations of the Board. There will be need to provide a balance sheet to show the liabilities and the assets of the Fund periodically. This will make it possible for the workers to have clear information in terms of the funds that are being collected, how they are being utilized and in what areas they are being put in place. This statement of accounts, as proposed here, to be audited as per the international standards of accounting procedures, is important. This will provide an opportunity to safeguard the members' contributions.

It is in this regard that I think the proposals in the Finance Bill are important and they need to be looked into in a broader scope so that, at the end of the day, whatever resources are collected can be put into those sectors that would have far-reaching effects or impact. If the money collected through the NSSF or through other Funds could be borrowed for capital investments like infrastructure investment, this would also make it possible for the Government to invest in those sectors. There will be money that will be less costly that can even be borrowed from financial institutions or multi-nationals. I also appreciate the steps taken by the country where we are collecting more taxes from within and funding most of our projects. That will stimulate growth. When we fund most of our Budget, then our people will live with dignity.

With those remarks, I support.

Hon. Mwachugu: Mheshimiwa Naibu Spika, nakushukuru kwa kunipatia nafasi hii ili nitoe mchango wangu kwa Mswada huu wa Mapato.

Huu ni Mswada muhimu sana kwa nchi yetu na unafaa uangaliwe kwa makini sana. Kila Mbunge anahitajika na anatakiwa atafakari ni wapi Mswada huu unatupeleka na matokeo yake yatakuwa yapi.

Nikitoa maoni yangu kuhusu Mswada huu, naomba nichukue nafasi hii kwanza, kukishukuru chama changu cha Orange Democratic Movement (ODM) na muungano wa CORD kwa ujumla kwa kunitunukia nafasi ya kuwa kiranja wa walio wachache Bungeni na walio wengi nchini. Hii ni kwa sababu sisi ndio tulio wengi nchini lakini hapa Bungeni, tuko wachache. Natumaini kwamba ndugu zangu wa muungano wa Jubilee wanaelewa huo msimamo.

An hon. Member: Na tumeongeza mmoja!

Hon. Mwadeghu: Na tuliongeza mmoja jana, ijapokwa sikuwa hapa nchini. Tumeongeza moja kutoka eneo la Uwakilishi Bungeni la Mathare. Nashukuru kila mmoja aliyehusika na shughuli hiyo.

Mheshimiwa Naibu Spika, naomba nimshukuru aliyekuwa kiranja wa walio wachache Bungeni, Mhe. Mung'aro kwa kazi alizozifanya wakati alikuwa katika kiti cha kiranja wa walio wachache Bungeni. Namshukuru kwa kazi zake na namtakia kila la heri.

Naomba wenzangu wa muungano wa CORD tushirikiane na tuangalie hawa ndugu zetu wa Muungano wa Jubilee. Tunaenda nao kwa safu moja kwa moja. Pale ambapo hawatekelezi wajibu wao, tunawakosoa yakutosha kwa sababu ni wajibu wao. Mara nyingi, kuna utelezi na utetezi. Ni wajibu wetu sisi ambao tuku katika upande huu, pale ambapo mambo hayakuenda sawa sawa, turekebishe. Siyo kwa ubaya wala utata ama ugomvi.

Mhe. Naibu Spika, naomba tushirikiane na wenzetu kujenga nchi yetu. Tulipitisha Mswada wa ugawaji wa fedha unaoitwa *Appropriation Bill*; kodi zitakazotumiwa. Ilikuwa tuangalie zitatumiwa namna gani. Ni njia gani tutatafuta mapato na ni mbinu gani tutakazotumia ili nchi iweze kupata mapato ya kutosha.

Ni muhimu pia njia hizo ziambatane na uchumi wa nchi. Ni muhimu pia zianganalie kuwa watu wako katika nafasi gani ya kuweza kutoa fedha hizo.

Mhe. Naibu Spika, utakubaliana nami kwamba si kila wakati ushuru ukichukuliwa ama tukichukuwa nafasi zile zinatumiwa kwa kutafuta ushuru, nchi itakuwa nzuri. Tukiangalia hali ilivyo katika nchi ambazo zimeendelea, utakuta nchi kama Ujerumani, Sweden, Denmark, Uingereza na hata Marekani, ushuru wao ni wa hali ya juu, mradi tu unatumiwa vyema.

Tungeomba kwamba Mswada huu ambao umekuja uangaliwe kwa makini. Hela ama fedha zikitafutwa zinatumiwa kwa njia gani? Mara nyingi, utakuta fedha zinatafutwa na watu wanatoa ushuru. Lakini jinsi zinavyotumiwa, hazilingani wala hazisaidii nchi. Mara nyingi utakuta kwamba kuna uporaji mwingi sana wa fedha za umma. Utekelezaji wenyewe wa miradi ambayo inafadhiliwa na fedha hizo upo na kasoro nyingi.

Watu wakiulizwa waeleze ama waajibike sawa sawa ama wazi wazi, mara nyingi, wanaona kama wanaonewa. Lakini ukweli ni kwamba watu wengependa watoe ushuru na mapato yaongezeke. Lakini vile fedha zinavyotumiwa hailingani na mahitaji ya watu. Watu wachache ndio wanajinufaisha na fedha hizo. Ni sehemu chache tu za nchi zinapata maendeleo.

Mhe. Naibu Spika, tukiangalia Mswada huu katika kipengele cha pili hadi cha 24, vipengele hivi vyote vimependekeza mageuzo fulani ya kutafuta ushuru. Mbinu hizi ni muhimu. Hizi mbinu zilingane na mahitaji ya nchi. Hizi mbinu za kutatufa hela ni muhimu. Lazima tuzingatie vile tutakavyoweza kuinua kiwango cha maisha cha watu wetu.

Tukiangalia nchi nzima, utakuta kwamba, mara nyingi, usambazaji wa miradi umegemea upande fulani. Tungependa kurekebisha hayo na ndio maana tukaomba ugatuzi katika Kenya. Ijapokuwa ugatuzi umeingia, bado kuna changamoto za vile hela zinavyotumiwa mashinani, hasa tukiangalia vile magavana wengine wanavyotumia pesa. Hawataki kujibu vile fedha zinavyotumiwa..

Mhe. Naibu Spika, singependa kutumia muda mwingi, ijapokuwa tu kuzungumzia kwa uchache kuhusu NSSF. Inapendekewa isimamiwe na RBA kulingani na vile Katibu Mkuu wa COTU alivyotoa maoni yake. Lakini si Serikali ichukue uenezaji na mamlaka ya kuhakikisha kwamba wale watu ambao wanawakilisha wafanyikazi hawapewi nafasi.

Mhe. Naibu Spika, tusipokuwa waangalifu, tutalenga kupandisha ushuru kwa vitu ambavyo vinahitajika na wananchi kila wakati wa maisha yao. Mara nyingi, wananchi wanaathirika na hawapati afueni ya kuweza kuhimili maisha. Kwa hivyo, ni ombi langu kwamba tunapotoa mapendekazo haya, yaweza kubainika wazi kuwa yatakuwa yanafaa nchi na yataweza kusaidia nchi kwa ujumla.

Kwa hayo mengi, nilikuwa nje ya nchi na nashukuru Mungu nimerudi salama. Nitatekeleza wajibu wangu kulingana na kanuni za nchi na za Bunge na kila mtu aelewe kwamba, ukiwa kiranja Bungeni, kuna matarajio wenzangu wanatarajia kutoka kwangu. Ningependa kuwahakikishia wenzangu kwamba nitatimiza wajibu wangu kwa mjibu wa sheria. Na yale wanaotarajia kutoka kwangu kama kiranja, nitayatimiza. Wasiwe na wasi wasi.

Na wenzangu katika upande wa Jubilee, mwe sawa sawa kwa sababu tutaonana ana kwa ana!

Ahsante.

Hon. Chanzu: Thank you, hon. Deputy Speaker, for giving me this opportunity to contribute to this important Bill.

Hon. Deputy Speaker, I support the Finance Bill. I think what we have seen over time is: For those who are charged with the responsibility of collecting tax, they are concentrating too much on Income Tax. That is because it is easier to collect at source from the salaries that people earn. But with time we expect that the agencies that are involved - the Kenya Revenue

Authority (KRA) and others - should widen the scope so that they are able to collect more tax. I remember some time back - about two or three years ago - there was the idea of collecting tax from those having properties - houses and so on. They were not able to put in place proper mechanisms to do that.

What the property owners would do is hike the rent so that those who are renting the houses pay more to the extent that the landowners end up not paying anything. Those are the diversifications that the Kenya Revenue Authority (KRA) should look at. I will give an example of Safaricom. They started charging Kshs1,000 for airtime. When they realized that they were not dealing with as many people as possible and lowered it to Kshs500. Then they came lower to Kshs250, Kshs100 and eventually, Kshs20. At that rate, if they had, say, 10 million customers, they could still reach everybody and they could collect Kshs200 million just at a go. That is why they have been able to collect a lot of money and grow very fast. I think our economy can grow faster if those who are charged with that responsibility do not just work in a bureaucratic way. People just come to the office in the morning at 8.00 a.m. and wait for lunch at 1.00 p.m. They come back at 2.00 p.m. and wait for 5.00 p.m. to put on their clothes and go home. If we stopped this, I think we will be able to net more tax without burdening a few people.

The other thing which is important is the service delivery to those who pay tax. Traditionally, there was a belief that only those who are salaried are the ones who pay tax. Every time we forget that every citizen pays VAT on everything they buy, whether it is Kshs10 or Kshs20. On most of those items, they pay VAT at 16 per cent. On every Kshs100 they spend, Kshs16 goes to KRA. When dealing with distribution or service delivery, we must take all that into account; that all Kenyans are paying tax and so they must get services.

This brings me to the point about devolution. When we were devolving, one of the main issues was to take service delivery closer to the people. We have, however, got in a situation where those who believe that devolution was meant for them are treating the money as if it is their own. It is like they are doing charity to *wananchi*. They are only custodians of the money! The Constitution stresses on wide consultations and public participation. You will find some of them incurring very heavy expenditure without even having public participation or making consultations. You will find Governors buying equipment for doing road works worth Kshs100 million without any consultations. This equipment will be used to make just one road and then the rest of the time the money is tied in the equipment. The Ministry in charge of roads does not buy the machines. They have a

mechanical department which specializes in purchasing, hiring and maintenance of the equipment. Once the machinery is bought and is stored, there will be a lot of vandalism. A small county like Vihiga buys equipment worth Kshs100 million and yet children in school do not have *chakula*. That is why I am saying that the money must be put to proper use.

The Controller of Budget has been reporting on some of the mischief by some of the counties. I think the Government does not have capacity. The Auditor-General's Office does not seem to have capacity to check on that. Where they have capacity, I am told that some of the officers go down and are compromised. When they come to a place like Vihiga County, they are compromised and they come back. They are not able to give reports on how the expenditure has been incurred. I think those are some of the things that the Departmental Committee on Finance, Planning and Trade should look into and make serious recommendations on what should be done in terms of overhaul and increasing of proper capacity that will assist.

Hon. Temporary Deputy Speaker, with regard to feedback, every time we vote money here, the respective departments or authorities do not give us feedback on how that money has been spent. It is incumbent upon us to put in place measures to compel bodies that receive money to give us feedback on what the money has done. When we say that we have voted so much money for roads, we should get feedback on how that money has been used. We should know whether it has been used on this or that and if it was used properly or misused.

I talked about the issue of misappropriation. I think it is a major problem, including corruption. We have been told that last year, when our Budget was Kshs1.6 trillion, about 25 per cent either went to waste or was misappropriated. We need to have measure in place so that, as we talk about the finance of the Government, we are able to put checks and balances. We should be able to track down those who are misappropriating money. Those who pay tax need service delivery. We need education. School fees are still too high and yet, it can go down if those monies are not misappropriated.

I support the Bill. Thank you.

Hon. S.S. Ahmed: Thank you, hon. Temporary Deputy Speaker. From the outset, I would like to support this Bill and the great work that the Committee has done through the Chairman, who is seated next to me here. I think this is one of the finest and effective Committees in this particular Parliament.

The Income Tax Act is an old one. We have been trying to update and review it. We need to operationalize and fine-tune this Bill in order to make

it more effective and workable. The amendments that have come through have been looked at in great detail not only by the practitioners, but also members of the Income Tax and Revenue Department. They pointed out the loopholes and where there is ambiguity.

The problem in this country is that 80 per cent of the tax collected is raised from the poor and wage-earners. The big companies hardly pay any tax. The amendments that have come through will, hopefully, try and net in some of the big companies which have been using loopholes and delaying tactics to avoid tax payment. There is a company that I know that owes the Tax Department a couple of billions and it has gotten away with it by changing particulars of ownership. This Bill has dealt with that problem. If there is a company that owes the Tax Department a lot of money, then it cannot go through the back door to change ownership and getting rid of its assets by way of foreign takeovers thereby avoiding paying tax. I want to thank the people who came up with that to make sure that we are going to net those tax evaders, tax defrauders and those who have defaulted.

Hon. Temporary Deputy Speaker, however, this Bill has not yet captured in full the operationalization of the Capital Gains Tax (CGT). That is a tax for very rich but, apparently, it is even in the books but nobody wants to collect that tax from the rich. For all the houses that are being built, there is no CGT that has been collected. The houses are being sold and the money goes abroad. Some of that money is “black money” and some of it is money which is collected on very questionable grounds. As I said, those who earn and go through the sweat of collecting know how much effort it takes to collect money. But those who want to spend without collecting money do not understand or wish to appreciate the effort it takes. Many have questioned devolution and counties. Those counties do not earn or collect the money. They do not know how much effort it takes to collect that money. All they are interested in is to be given the money so that they can spend. I was a Mayor of a City. In Kisumu City, we used to collect enough money from our local authority. Now we are talking about devolution and some of our people are not getting paid and yet, that money from rates is there. But it is not being used. So, we feel that for the governors, the buck must stop with them. They must know the effort it takes to earn the money. The Kenya Revenue Authority (KRA) knows how long it takes and how much effort it takes.

The Competition Bill is also a great one and the amendments that we made are very effective. There was a time that it was the same person who would be importing grain, milling it, wholesaling it, retailing it and making

the bread. So, the Competition Bill is going to try and deal with such anomalies. There is one particular person who has a monopoly of importing grain in Mombasa and nobody wants to touch him. He got the monopoly but the Competition Bill, if properly implemented, will deal with that.

There is Accountability Kenya (AK) which was launched not long ago. We want the AK to look and work very closely with the spenders of revenue. We want to also deal with VAT. When VAT used to be reallocated to the counties, they said that they would collect--- How much VAT, for example, is being collected in Kisumu? They would then send back that amount to Kisumu and Mombasa. Likewise right now, most of the income is being collected in Nairobi and yet, the people in Garissa, Kisumu and other places are not collecting income. They are given something free and so, they will never value it. The Auditor-General also needs to be more effective. I am sure that if he is given more facilities and manpower, he will do a good job.

Hon. Temporary Deputy Speaker, one of the things that hurt me very much is that, despite the fact that the Government said nobody in Government should be driving a Mercedes Benz, people are still driving them. The then Minister for Finance is now our President. He started a very good thing but when you look at all the Cabinet Secretaries, not only here but at the county level, there are so many Mercedes Benzes being driven. So, it appears that the Minister for Finance of a particular Session like the Tenth Parliament is not valued in this Parliament. It is the same person who is the President now. We must say there must be austerity. It was also discussed and agreed that Government officers shall not travel business class for any travel that is less than two hours. You just have to board the flights to Mombasa and Kisumu. You will see junior civil servants and even commissioners sitting on two seats and for some of them, even taking their companions on business class. We sent Harambee Stars to Brazil. To do what? We lost our money to go and see how we lose.

Finally, the mining and petroleum Acts since 1940's have been used by colonialists to draw our minerals. I am so pleased to be part and parcel of this effort which is aimed at streamlining the mining, petroleum and other extractive industries. In Turkana lately, a particular group has – I do not know whether I should mention them – has bought blocks very cheaply and gave promises to Turkanas that they will become rich through the oil. They then sell those blocks to somebody else internationally and are not taxed at all. All the obligations that they had have gone with the wind and the new owners have taken advantage. So, this particular Bill has shortchanged that

and made sure that, that is sorted out. For example, in Magadi Soda, those people have skinned and milked this country for nearly 50 years and yet, we have seen nothing from Magadi.

On the NSSF Act and the adjustments that have been made, it will now work under the Retirement Benefits Authority (RBA) Act. The NSSF prior to this was where you could go and loot. It was a looting authority. This Bill has now put the NSSF clearly to work within RBA. My time is over and I thank you.

Hon. Limo: Hon. Temporary Deputy Speaker, first, I wish to say that I support this Bill because it is important. Tax is very important for any economy to grow. For any economy to grow, we must ensure that the regulations for tax collection are very clear and are not very discouraging to the people who are supposed to pay the taxes. Tax collection is determined by the level of economic development and, therefore, it is important that, as we develop these policies which determine the collection of tax, we must bear in mind that we must also encourage investors to invest in the country. We must encourage the investors to invest in activities which are going to produce high turnover which will eventually, with proper regulation and proper legislation on cost involved in production, will ensure that the country gets enough profits which then will determine the tax for the country.

Therefore, we should ensure that the regulations which we develop are *in tandem* with the regulations which are developed both between the national Government and the county governments. If we do not take care, we will find one day that the investors in this country will be moving away to neighbouring countries. That was seen in the VAT Act where, when we came up with the Act, some of the investors, including travel agents, started moving away to neighbouring countries like Tanzania and Uganda. Those are people who were paying tax. Therefore, this Bill has come at the right time to ensure that we have a wide tax base where no regulations favour a few individuals. For a very long time, this country has depended on direct tax which has discouraged investors and, at the same time, people who are being taxed through the Income Tax. Given that the country has recently discovered very important sources of income - mining and petroleum - it is the right time we amended laws governing taxation around mining and petroleum.

Again, the law on National Social Security Fund (NSSF) which we passed recently has inconsistencies with the Retirement Benefits Act (RBA). This Bill has done very well in trying to remove the inconsistencies and

ensure that NSSF is really protected. We have to recognize that it is one of the biggest funds in this country which ensure that people who retire get a good landing. We must ensure that it is governed properly and it is consistent with the international best practices.

Hon. Temporary Deputy Speaker, we also have the Competition Act. It has been, sometimes, very difficult to implement it in this country. You will find that even if we say that we discourage destructive competition, some of the competitors have been driving others away and it has been very difficult to net them. Now that the Finance Bill is tackling it properly to ensure that there is predictability, consistency and transparency in managing completion, this will be in line with the international standards. That is because if we do not take care, one company will own more than 50 per cent of the market. Therefore the benefits which are supposed to accrue to the customers will not be seen as long as one individual or company will be able to control a big share in the market or having a bigger market power.

Hon. Temporary Deputy Speaker, therefore, this Bill is really going to address those challenges. As I end, given that revenue is driven by the amount of activity, we actually need to really encourage our people to engage in productive activities. That is because the moment people who are able to work and engage in productive activities are encouraged, we will actually collect a lot of tax and the impact will be very high. However, the moment we leave people not to engage in productive activities, there will be so many mouths and very few hands to produce for those mouths.

Therefore, the empowerment programmes which the Government is engaging in are really good because they will broaden the income base for our people and, eventually, most of the people will develop and build a big turnover to the extent that they will actually qualify to be taxed. The more we tax the people in a small way the more we have money to invest in so many other activities, including taking care of our old people.

Hon. Temporary Deputy Speaker, the programmes which are being run right now by the Jubilee Government are very good, but they are limited by the amount of money available. So, the more we arrange our taxation in a very good way, the more we cover the people who are supposed to receive cash transfers and, especially, the old people who are not able to produce. They are supposed to rest having produced for a very long time. Therefore, we have to put our taxation laws in a way that they encourage tax and encourage people to work and, really, ensure that we collect enough.

Hon. Temporary Deputy Speaker, finally, I wish also to say that the county governments must also engage in collecting some revenue and avoid

issues of discouraging people from working, especially at the local level. This is so that we do not really have a lot of pressure in funding all the counties and, at the same time, they do not really engage in productive activities.

I end by saying I support and urge the whole House to do so. Thank you.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu: Thank you. Hon. Gideon Irea, the Member for Central Imenti.

Hon. Irea: Thank you, hon. Temporary Deputy Speaker. With your permission, I would like to point out that today; we had a record number of students in this Parliament. I would like to request the Clerk of the National Assembly to make arrangements to print a profile of Parliamentarians and Parliament so that when children come here, they have something to carry back home to inform others that they are from Parliament. That is because I have met with several students at the gate going home without carrying anything to make them remember Parliament. I believe some of us, when we were in primary school, used to see what was called *Baraza la Mawaziri* where we saw all the people representing us in this country. Therefore, I suggest that the Clerk of the National Assembly seeks for some funds to do some profiles which can be given to school-children when they come here.

Hon. Temporary Deputy Speaker, on the Finance Bill, it is timely and Kenya Revenue Authority (KRA) should enhance collecting taxes in this country. For example, at the border points like Namanga, Mombasa and the rest, many companies evade tax payment. That is why when you walk around, you can buy an item at a high price and another one at half the price and they are the same. That is because some companies are evading paying taxes.

Therefore, those tax collectors who have stayed at border points for many years should be posted elsewhere, so that new people can take over those posts. That is because some of them are very corrupt and that is why they want to stay at those border points for many years.

Hon. Temporary Deputy Speaker, after taxes have been collected and distributed to various departments in this country, the Government should be able to oversight through the Controller of Budget to know how that money has been used. After that money has been taken to the counties and to the National Government, the Auditor-General should be able to account for all the monies that have been given out. That is because we are collecting so many taxes but when they go to the counties or areas of distribution, they do not reach the public who are supposed to use them.

Hon. Temporary Deputy Speaker, I will give you an example. Some hospitals do not have diabetes, high blood sugar and high blood pressure testing kits and yet, they are receiving money from the Exchequer. But they do not buy those items. Therefore, as we enhance the collection of taxes, their use should also be seen. We should check how they are used. That is because the inlet may be very good but the way the taxes are used out there, the public do not receive proper services from those who are supposed to offer them.

Hon. Temporary Deputy Speaker, I will give an example. In the county governments, each Governor is contributing Kshs22 million to a kitty in Nairobi. If we are talking of devolved governments, then why are they collecting money and sending it to Nairobi and saying it is for the Governor's Council?

They should serve us from their devolved places. They should not contribute more money after the taxes have been collected and transfer it to Nairobi. That is the kind of money they are using to hold seminars in all the places to talk about the referendum. I would like to say that this Bill has come at the right time and I support it.

Thank you, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you hon. Irea, Member for Central Imeni. Hon. Member for Suba, hon. Ng'ongo, you are the next on my request list.

Hon. Ng'ongo: Thank you, hon. Temporary Deputy Speaker. I would also like to make my contribution to this Finance Bill, 2014. First, I would like to say the law requires that the revenue measures proposed by the Cabinet Secretary in his address to the Nation, through the Assembly, are actualized through this Bill. The Constitution gives this House 90 days from the time of passing the Appropriation Bill to pass the Finance Bill. We passed the Appropriations Bill in late June and so, we literally have less than thirty days, I am sure we will pass this Bill into law. Ordinarily, after listening to the comments or proposals that have been made by the Cabinet Secretary, we should have very little to contribute to it. We had engaged a lot during the budget-making process to understand that we need to raise revenue to finance the Budget or the Expenditure as was provided by the Executive. But allow me to highlight a few areas of concerns to me.

First of all, there are various Acts of Parliament that are proposed for amendment through the Finance Bill. But I just want to confine myself more on the Income Tax Act, Cap. 470. I just want to make a few highlights with regards to the proposed amendments to that Act. First, my concern is that

the Committee - and I wish the Chair of the Committee could listen to me. The Committee on Finance, Trade and Planning--- Hon. Benjamin Langat is very busy communicating with other Members!

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Order, hon. Members! Hon. Langat, you are being referred to by hon. Ng'ongo.

Hon. Ng'ongo: I was just saying that the Committee--- I know my good friend did not move this Bill. But I felt that not enough justice was done to this Bill in terms of moving it; with all due respect to my friend hon. Gaichuhie. He only spoke about two issues on the Bill and he had thirty minutes to move it. This is a technical Bill that required the membership of this House to get a lot more information from the Committee. But I have the following comments to make with regards to the amendments proposed to the Income Tax Act, Cap. 470.

First of all, there is Clause 5 of the Bill which proposes to amend Section 5 of the Income Tax Act, Cap. 470 to exclude or exempt expenditure on vacation trips to destinations in Kenya paid by the employer on behalf of an employee. Much as this may sound nice because of the problems that we have in the tourism sector, I have a problem with this proposed amendment. I have two issues.

(i) Article 210 of the Constitution prohibits any exemption to any Kenyan from paying tax. Well, I know it talks about state officers, but what was the idea behind the drafters of this Constitution? When you make these amendment blankets, the employers of state officers can equally be exempted from tax when they take vacations to destinations within Kenya. That would completely be unconstitutional in my view. Instead of listening, I can see the Chairman shaking his head. I am sure I am putting the correct perspective of this proposed amendment. Secondly, any tax law - and this is a principle in taxation--- When you are exempting or waving tax, it should target the poor. You will agree with me that those employees, who are financed by employers for vacation, are not small people in organizations. Those are people who are senior in organizations. There is no need to exempt people who can afford to pay tax from paying taxes. This is not going to benefit any ordinary employee of a company or parastatal. To me, this amendment is misplaced. Even though there is a sunset clause to it, it is completely misplaced.

(ii) I have an issue with regards to the Capital Gains Tax. Over the years, we have called for the re-introduction of Capital Gains Tax.

Hon. Langat: On a point of order, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Order, Member for Suba! There is an intervention by hon. Langat. Are you on a point of order?

Hon. Ng'ongo: I hope you will add me time. I wish he could listen.

Hon. Langat: Hon. Temporary Deputy Speaker, I think my good friend - and I respect him for the knowledge he has on this field - is very wrong to mislead the House and, in fact, the public that the benefits being extended to the local tourists is the benefit to those individuals. The policy of Government is to encourage local tourism and not to finance those individuals. So, it is wrong to really talk like that benefit is being extended as a benefit. But it is to encourage the local tourists and you know the effect of increasing local tourism. He knows the effects in the economy.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Benjamin Langat is the Chairman of the Committee on Finance Planning and Trade and I am sure hon. Ng'ongo, you are also a member of the Committee. You can clarify that as you debate.

Hon. Ng'ongo: Well, I am not a member of the Finance, Planning and Trade Committee, but I am more senior than hon. Langat in financial matters. He is my junior in all aspects. He came to the university when I was just about to leave. I qualified as an accountant before him. But, actually, listening to my friend, he completely did not understand me. The point I was raising is: Who are the people who are targeted for those vocational trips? They are not small Kenyans. They are the people who can afford to go on vacation. Again, even on the method, a way to implement this is going to be very difficult.

With regard to Capital Gains Tax, over the years, we have called for its re-introduction. Even though the Treasury is recommended through this Bill, the introduction of a Capital Gains tax on natural resource income as well as night games drives from disposal of interest in natural resources is not exhaustive. For example, remember last year, I proposed an amendment to re-introduce Capital Gains Tax and, of course, the Jubilee side, true to their character, defeated my amendment without proposing amendments to it. Now they are introducing it through the back door and trying to take credit for it. What I am saying is this: Why are we not including real estate for example? People are investing in real estate and making huge profits in this country. Those are rich people. They are not just ordinary Kenyans. Those who are building and selling are not ordinary Kenyans. Those of us who do not have much money, we only build to live in those houses. But those in the business of real estate are people who are rich. I do not see why

they cannot pay tax. If someone who is selling *mboga* is taxed, why not someone who is selling buildings in Nairobi? I am still not convinced that we have done enough justice to Capital Gains Tax.

(iii) I have an issue with transfer pricing. This to me is pleasing. This amendment under Clause 12 is a good one. It seeks to amend Section 41 of the Income Tax Act by trying to eliminate transfer pricing manipulation by foreign-owned multi-nationals where our income tax which allows for exemption or exclusion from tax of incomes derived from Kenya or reduction in Kenya's tax rate. The Bill proposes that the benefits of exclusion or exemption or reduction for that matter of the rate, will not be enjoyed if the multi-nationals enjoying the benefit has more than 50 per cent of its ownership, or in individuals who are not residents of another country. This has been a big problem over the years.

For those of us who are in the accounting profession, we have witnessed a situation where multi-nationals enjoy certain benefits which do not go to the residents of their countries, but to other places.

Clause 7 talks about amendments to Section 15 of Cap.470. That is the proposal to delete expenses incurred on expenditure in mining specified minerals. I do not understand the rationale in doing that. Even if you are doing mining, there is still expenditure that you incur. Why is it not tax allowable?

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Your time is over, hon. Mbadi. Hon. Langat was on an intervention. Thank you, hon. Mbadi. I am reminded that you are a member of the Public Accounts Committee, a very qualified accountant and a member of the Budget and Appropriations Committee.

Members, we are debating the Finance Bill, National Assembly Bill No.26 of 2014, presented to this House by the Chairperson of the Departmental Committee on Finance, Planning and Trade, hon. Langat. Members, next on my list is the Member for Bondo, hon. Gideon Ochanda.

Hon. Ogolla: Thank you, hon. Temporary Deputy Speaker, for giving me this opportunity to say a number of things on this necessary evil; the whole issue of taxation. It is a known thing that taxation is one of the most unpopular things that Governments do and yet, Governments must do it for purposes of service delivery.

Many of us have been discussing about issues of broadening the tax base, bringing people in the informal sector into the tax bracket and creating all manner of alternatives in terms of raising revenue. I want to believe that there is a lot that needs to be done in terms of making tax cheap in this

country. As we discuss this, there are many ways that we have not looked at as a country and as a Government in terms of trying to reduce the whole issue of tax burden.

It has been glossed over a period of time that we are taxing because of services. We are taxing because there are certain services that we want to render. We are also very clear, and this in the public domain, that there are quite a lot of resources and assets that are unclaimed and which, if they were put into good use, can easily reduce the whole issue of broadening the tax base. We will have alternative sources of supporting our services. We will have alternative resources in terms of rendering services to this country.

The other area that really has not been looked at very keenly is the whole issue of pilferage. There are many gaps. When we constantly talk about sugar importation and that a lot of sugar is imported, as an example, this means that quite a lot of things happen in the country. When sugar is not taxed, this triggers many things downwards. For instance, production is reduced. When production is reduced, it basically means that many people who are dependent on that sector are in trouble. At the end of the day, they are not able to pay tax. The other area that is important to look at is: We constantly talk about bureaucracy in terms of levels at which one has to either pay or the administrative arrangements that are there for purposes of paying. For some time, it has been clear that Rwanda, our neighbour, which in many ways we do not need to be comparing ourselves with, has shortened the bureaucracy in terms of the levels and administrative arrangements for purposes of raising revenue.

In this country, we still have lengthened processes. Simple things require very complex kind of administrative arrangements for purposes of paying tax. The best way that we could make tax cheap is to reduce this kind of bureaucracy and the administrative levels and arrangements for purposes of making even the process of paying tax cheap. It is not just a matter of the percentages that one is supposed to be paying, but the entire administrative cost at the individual level should be looked into. How much time do you have to spend in terms of running around to pay your tax?

The other thing that I wanted to speak to is the whole issue of the attempt to harmonize revenue collection or taxation arrangements along our border lines. My constituency, for instance, has borders in the waters. There is a big challenge in terms of how this is done. Our fishermen, in terms of accessing resources and fishing escapades, have to pay, sometimes, revenues in Uganda in order to either cross or to come back and sell their commodities. This is a big problem. It also happens in the land borders

where we have the border posts. If you are crossing alone, you have to pay insurance, local authority and all manner of little revenues here and there. This is the time that we could have worked out and ensured that things are harmonized in the name of the East African Community. This would make things easier and movement of commodities easier in terms of when we are trading and crossing the borders. This is one of the best ways that we could easily have in place for purposes of reducing the cost in revenue raising.

We have all manner of problems, particularly in the border areas. I have mentioned fish. If a fisherman crosses the border, which again is also not marked in the waters but when they get across, the authorities in Uganda charge them revenue, county rates and all manner of levels of government that are there. So, at the end of the day, when a fisherman lands with fish on the Kenyan side, if he was to get, for example, Kshs10, he ends up with Kshs2. This, again, is also taxed locally and this is a big problem to our people.

There is also the issue of not trying to constantly equate the revenue that we raise with the kind of services that are supposed to be rendered. Many times, we have had our revenue raising arrangements almost in a constant manner for a number of years. But we have not taken time to properly cost the wastage. We have a lot of corruption in this country as part of the wastage. If we cost this properly, then the whole issue of the burden of tax will come down. You do a road today, spend a lot of money and the following year, the same road is supposed to be fixed because of the quality of service. If we look thoroughly into the value for money and ensure that whatever we invest in this year will stay for a period of time, that will help us to reduce the amount of money that is required to do the same service in the next shorter period of time.

Our Government needs to take time in terms of ensuring value for money and the investments that we put our money in so that we do not just constantly be talking about broadening the tax base, but we also talk about alternative sources of resources to render the same services that we raise revenue for.

With those remarks, I beg to support.

Hon. Kang'ata: Thank you, hon. Temporary Deputy Speaker. I support this Bill. It is very timely. Again, there are issues that I would bring to the attention of this House. The first one is the proposed Section 1 of the Finance Bill, 2014. Section 1(a) reads as follows:-

“This Act may be cited as the Finance Act 2014 and shall come into operation or be deemed to have come into operation as follows:-

(i) Sections 5, 8, 20, 24 on the 13th June, 2014”.

Then Part B provides Sections 33, 34, 35, 36, 37 and 38, on 1st July 2014. I am interested with what the Mover of this Bill has said in convincing us on the rationality of retrospective application of this law. I am aware that tax laws can be retrospective. Again, taking into account the effects of retrospective law on an individual, it will mean then that you are supposed to pay tax from the dates of the commencement of the law, notwithstanding that there was no law as at that time. That is a major factor. Therefore, the Mover ought to explain to us why those sections ought to be retrospective. That is, they are going to apply the way they were actually constituted or denoted.

Hon. Temporary Deputy Speaker, when you look at the indicated section, for instance, the one on Section 5 relates to expenditure on vacation trips, Section 8 relates to various provisions in Income Tax. Therefore, the Chair of the relevant Committee, when moving this Bill, ought to explain to us why we should support such kind of clauses.

There is one clause that has come to my attention - Clause 24 - the intended Section 24. Section 24 provides as follows:-

“The Thirteenth Schedule to the Income Tax Act is amended by---“
Then it proceeds to provide at the last paragraph, water service providers; payment of water deposit and connection of water meters. It appears the Government wants to exempt taxes when it comes to the issue of payment of water deposits and connection of water meters. That is a very good idea.

Hon. Temporary Deputy Speaker, my Constituency Development Fund (CDF) Committee is concentrating in extending water services in my constituency. I have seen a lot of complaints from my people of Kiharu wherever we have been taking water. They are complaining of the high deposit fee and also the water deposit. I am of the view that once we enact this law, the payment of water deposit and connection of water meters will go down. You cannot imagine that presently, tax constitutes a major component of the water deposit and connection of water meters.

Hon. Temporary Deputy Speaker, be that as it may, I will be proposing an amendment to expressly provide for connection of water to public schools for free. The reasons cannot be over-emphasized because they are self-explanatory. They include:-

(i) The necessity to have clean water used by our students.

(ii) The necessity to have our children taking clean and piped water. They should not be going to the river to consume water. That should be

supported by the society. It should not be left to the parents or to pupils to pay.

Therefore, taking into account the amendments relating to the Income Tax, I am of the view that it is possible for one to include such kind of clauses under this new law.

Hon. Temporary Deputy Speaker, allow me to comment on the proposed amendments to the Competition Act, 2010. The Competition Act creates what we call a Competition Authority whose work is to check or ensure that Kenya moves towards what we call a perfect competitive income; or the perfect conditions for a free market. Of course, we do not have, anywhere in the world, a completely free economy. You will still see the distortions. But be that as it may, I am of the view that the Authority has not been working well over the years. I have looked at the amendments and I have been trying to see whether those amendments are sufficient to ensure that we have a better and competitive economy in this country. But I am doubtful as to whether the amendments contained herein are enough.

Hon. Temporary Deputy Speaker, allow me to give an example of how I think market power has been dominated by a company to the detriment of the society. One example is in the telecommunication industry.

Presently, it is only one company in that industry that makes profits and that is Safaricom Limited. It is now the largest company in Kenya and it has a very huge market share. It has been dominant in the market for so many years. Of course, some people may argue that the other companies like Yu, Orange and Airtel need to up their game. Yes, that is true. But when you have a market that is so disjointed, and where market power is concentrated in one company, it is impossible for a new upstart or a newcomer to catch up with Safaricom. Therefore, the Competition Authority should come in and ensure that, that segment of economy is competitive. That is the whole rationale for us to have a Competition Authority.

Hon. Temporary Deputy Speaker, I am of the view that the clause that has been provided for by this new law, which is intended to be Section 30--- I am going to read it.

It provides as follows, in Part II:-

“The Authority may, with the approval of the Cabinet Secretary (CS) and by notice in the gazette, exclude any category of decisions, practices, and agreements by or between undertakings from the application of the provision of this part.”

The whole essence of this clause is to give the power to the Authority, acting in consonant to the Cabinet Secretary in charge of Industrialization

and Enterprise, the power to exclude a company from the realm of the whole issue of being checked by the Competition Authority.

Therefore, I am of the view that, that is a very dangerous clause. You are empowering the Authority to come up with whims and reasons to exempt a company. The best objective manner to ensure there is no misuse of power, either by the CS or the by the Authority, is to do two things:-

(i) To provide that the Authority, before excluding any category or decisions or practices from application of that law, reasons must be stated in that proposed gazette notice - very clear, scientific and objective reasons. Otherwise, you are going to leave room open for corruption where, if you are a dominant player in a sector, you can go and give something to KCS or even to the Authority, and then you are, therefore, exempted from the application of this part. The best thing is that you provide for reasons.

(ii) You can then bring those proposed amendments or proposed exemptions to the relevant Committee of Parliament. Then that Committee can, therefore, analyze and see whether the reasons are fair and to the benefit of the society.

Thank you.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Kang'ata. I am sure your arguments can be presented to the Committee so that you can bring your amendments during the Third Reading.

The hon. Chairperson has been listening and noting down your sentiments. I advise that you can also visit the Committee with your possible amendments. The amendments can be brought into this House and be debated by hon. Members in the Third Reading.

Let us hear from hon. Jimmy Angwenyi.

Hon. Angwenyi: Hon. Temporary Deputy Speaker, I rise to support this Bill although I have got some issues with the Treasury. The Treasury has really invaded our budget and I can tell you for sure that from November we will not have Committees and mileage claims. This is because they have invaded our budget. However, this Bill is organized and it deals with matters that could be of concern to us. For example, it has harmonized the VAT matters which were causing problems in the country to the extent that some politicians wanted to raise a referendum on VAT. I believe that now that this has been solved and harmonized, that aspect of the referendum will dissipate.

There is one aspect of this Bill which is not coming out clearly. If tax revenues are raised throughout the country, then counties that raise tax revenue should be given 10 per cent of it. This will encourage them to raise

more tax revenues before we get to the sharing bill. For example, 60 per cent of the revenue raised from Nyanza Province comes from Kisii and Nyamira. So, before we share out with Siaya, Homabay and others, we should get 10 per cent of the revenue collected from Nyanza first before we begin sharing equally among the counties.

The aspect of mines has been clearly addressed in this Bill. We have now discovered oil and gas in this country. There are a lot of minerals in Taita Taveta and Kakamega. In this Finance Bill, the taxation measures should be such that it encourages the local people to exploit some of those minerals and of course pay taxes to the country and create wealth. However, it has not been clearly stated here how the source counties will benefit from the exploitation of the minerals in those counties.

The other aspect which has not been addressed well is the one which gives investors incentives to invest in this country in industries thus creating jobs. The biggest problem that we have in this country is unemployment of our youth. It is the time bomb in this country. This morning I read that 72,000 students are going to be admitted to our public universities. In four years' time we are going to have 72,000 graduates from our universities and yet we have no jobs for them! We should create a system and environment where we encourage investment in our country in various industries which are labour intensive, for example, textiles so that we create jobs for our people. Otherwise, they are going to cause a revolution in this country.

Hon. Temporary Deputy Speaker, I did some study on some of the countries on how they have created jobs. I went to a place called Hong Kong. I was taken round and I asked: Where do these people go after 7.00 a.m.? They arrive in towns around 7.00 p.m. They took me to their cottage industries which are labour intensive. That is where these people disappear to only to come back at 7.00 a.m. One of the three factories they took me to see was a textile mill. They told me that they make clothes and they wear some. Once they are worn out, they export them to Kenya as *mitumba*. If we could create textile mills in the country so that we do not import, we would create more than 50,000 jobs.

They took me to another factory which prepares pins – the ones we use in our staplers and so on. They told me they had an order from Kenya worth US\$1 million. They have employed more than 1,000 people in that factory. They took me to a third one where they make candles. They told us that they had three factories in that city that manufacture candles. They told me that they had an order of US\$2.5 million from Kenya. That industry has employed more than 2,000 people. So, our tax measures should give

incentives so that investors can establish some of these industries in this country. Imagine if in the next two or three years we were to create more than 100,000 jobs. Will Kenyans not be happier? Sure, they will!

We are establishing special economic zones, but it is taking too long for them to take off. The tax measures should be encouraging. People should set up industries, including a free trade zone in Mombasa. That way, we will create jobs for our people and we will also create wealth. We could even raise the tax base of our revenue by creating wealth.

I heard one of my friends saying that we should enhance our Competition Authority and then he went ahead to say that we should stop Safaricom from expanding so that others can catch up with it. What kind of competition is that? In the first place, we want to encourage companies to expand so that they create jobs and wealth. Fortunately, Safaricom is owned 65 per cent by Kenyans. We should actually protect Safaricom! I get shocked when our Members try to attack our own local company in favour of foreigners.

I also heard my friend and my student, hon. Mbadi--- I went to school before him because I taught him. You do not object to anything that is going to be helpful to Kenyans. Just imagine that old worker in some factory taking time off to visit Mombasa or Naivasha! There are so many people in Nairobi who do not know where Lukenya is. We need to encourage people to visit our country. We should not be objecting to that. We should be encouraging Kenyans to travel within the country and learn about our country.

On Saturday I visited Mathare Constituency. From what I saw there, Mathare should not be part of Kenya. The living environment is terrible. We should raise measures that can create better environment for our people to inhabit. In Mathare Constituency, there are no roads. *Hakuna vichochoro*. Where sewage is being led, that is where you walk along. There are only two toilets for a village of 200 people. You queue for three hours before you can get to the toilet. That is why our tax incentives should be such that since Nairobi produces 40 per cent, some of it should be taken to Mathare Constituency.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Angwenyi. Hon. Nyikal!

Hon. (Prof.) Nyikal: Hon. Temporary Deputy Speaker, thank you for giving me this opportunity. We really need to support this Bill because in reality we are just legalizing and operationalising the proposals that were put in place to raise revenue in the Appropriations Bill that we had passed.

Therefore, it is of utmost importance that we do that. I wish to make a few points. Paying tax is noble but what is important is what the tax is used for; the services that people get. I think in our country that is the area where we are not satisfied as Kenyans. For all the high taxes we pay, do we get commensurate services? I had a friend from Norway who told me that they pay at some level as much as 70 per cent of their income as tax. I asked him why he has to pay so much. Are people not the same?" He said it is okay to pay that tax because he has good retirement benefits, his kids go to school and he pays almost nothing; he gets free health services, they have good public transport and so what does he need the money for? That is what we should look at. When we support this, the other side of the coin is: Are we using these taxes appropriately?

The other comment I would like to make is on revenue collection at the county level. There is a big issue that we need to give more money to the counties. I support that but more importantly what the governors should look at is putting in place structures that make sure that the monies that are given to them are used properly. We get a lot of complaints and reports in newspapers about this. But in my mind, as much as many people blame the governors, I think it is just the issue of structures. So, before we add more money, governors should take upon themselves to improve those structures and then we must support devolution. On the issue of collection of revenue at county level, although there are ways on how it should be distributed, I am convinced that since we went into devolution, collection of revenue at the county level has gone down. That is another area we should look at as much as we clamour for more taxes and revenue from the center.

The biggest problem we have in this country, in my mind, is after we had talked at Independence of ignorance, poverty and disease, there is actually a disease of corruption. The monies that we collect; the taxes that we collect, if we applied them properly, I dare say and I have been in governance structures, that we can actually have free or almost free education. We can have almost free good health care; universal health care but it is a menace that we just give lip service. We talk about it casually and we do not go into serious legislation. I am waiting for hon. Kang'ata's amendment that proposes that we have capital punishment for some level of corruption. We must look at those areas as we improve our taxes.

Hon. Temporary Deputy Speaker, I want to talk a bit about the petroleum industry. I have some interest - I must declare that - but what I have learnt from the little knowledge I have is that there is a big complaint of adulteration in the petroleum industry. People mix kerosene with super

petrol and diesel and these are known. Sometimes you hear people making comments that everybody knows that but what can you do? How can we tolerate that? I must call upon the Energy Regulatory Commission (ERC) to look at that area. Apart from being a bad practice, you are really damaging people's vehicles and this is something that is known. There are complaints everywhere and nobody is taking any measures against that. Again, in that industry, there is the issue of the Competition Authority that has come here. The regulations as they are now favour the multinationals against the small independents. I think, economically, if we encourage and support people who are starting small and medium businesses, if we support them through tax and regulations, we will employ more people than putting regulations that favour the large industries. I support the idea of having the control of petroleum prices at the pump. That is okay but for the small independents and middle level people, that is controlled. However, the price at which they buy from the importers; the multinationals, is not controlled. So, what the multinationals do is basically to put the prices that they sell to those in the middle level, the independents, almost close to their pump prices. Why are we discouraging Kenyans who want to get into this industry and supporting the multinationals? I think my friend, hon. Langat, is not here but this is an area that we need to look at so that we support those people and leave everything to the multinationals who either import and distribute through their own systems or become their agents and then they give you a small margin of Kshs10 and give the agents about Kshs2. How then do we support local initiatives in small multiple ways that will employ more people?

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, we are going to call two or three hon. Members and then call the Mover to reply.

Hon. Njenga: Hon. Temporary Deputy Speaker, thank you. I stand to support this Bill. First, we know very well that the bulk of our ordinary revenue comes from taxation and this Bill tends to address the issues of taxation articulately. I am most interested in where they are insisting that for one to handle tax matters, they need to be a member of the Institute of Certified Public Accountants of Kenya (ICPAK), a practising accountant. This is something that will reduce the problems that have been there when quacks are asked to do returns pretending to be accountants. Also important is the fact that for matters of any default of taxes, the period is being reduced from a month to only ten days. This is another issue that I must say is of paramount importance in matters of collecting taxes.

I also realize that it has addressed itself on petroleum business on the contractors. Petroleum is quite a lucrative business in this country especially if researches and explorations are successful. Earlier, the transfer of interests called for Withholding Tax but now this will be amended so that people dealing with petroleum will have to pay taxes on their net gain and should losses occur, they are carried forward to subsequent years for utilization when such firms make profit. This is good. It will make it competitive and in case of huge profits, we shall not lose businessmen. It is very important to know that what we should be looking for are the loopholes in the Income Tax Act as it stands today.

My other feeling is that governors in this country are capable of collecting and assisting us in increasing our tax base. Our tax base can increase. We can raise revenue. I always remember that some ten years ago, we only raised about Kshs215 billion. By last year, we were past a trillion shillings. So, it means that the potential for Kenya to collect taxes from Kenyans is big. I look at our counties and think we can still exploit the resources which are there. We still can let governors work. They need to have their money increased but they have not addressed the issue that we should know where that money is coming from.

They should also participate in raising the tax base of this country. This money should also be collected and accountability and transparency requires to be enhanced. Some of our counties are big economies and they are able to collect money. The money which should be held under Appropriations-In-Aid should also be accounted for so that we can have adequate money to even give to whoever we want, without much stress.

That is why I am saying that if a county collects money, we venture in future in ways and means of having these counties account for the money. If that is going to be the case therefore, we will be able to raise the amount of money that we need.

Hon. Temporary Deputy Speaker, I want to comment here and say that some of the things that we do are not good. The Controller of Budget is withholding funds for some counties just because governors have refused to account for them. That means unaccountability is there and, therefore, governors should be asked to account for whatever resources they have and not only what they get from the Central Government, but what they have collected.

However, I think the people of Kiambu, Kisumu and Bomet should not be allowed to suffer because of one person. It is high time that such counties are allowed to access funds but in the meantime, governors should

be called to account for money. There should be a report to show how they spend money. If they have misappropriated funds, they should go to jail just like the land grabbers of Lamu and others. If governors go to jail, Kenyans will know how to protect resources that come from the Central Government. I am talking because my county of Kiambu is affected. The people of Kiambu should not suffer because of one governor, William Kabogo.

Hon. Temporary Deputy Speaker, another thing that I feel we need also to look into is this issue of accessibility to records. I think the Chairman should also look into this. This is good because we need to do an in depth and compliance audit any one time that we feel one is not declaring adequate taxes. However, this can also become a loophole where tax officers enter into people's premises and collect unnecessary records, sometimes without the people knowing and create tax liabilities which they then use to threaten them and coerce money from them. This has happened in the past because we did not have a law that allowed people to go and produce records before a tax officer. I believe and I want to say that if this can be managed, we can also increase our tax revenue.

Hon. Temporary Deputy Speaker, if we do that we will be able to grow our infrastructure. We will also provide free education. We will deliver on the Jubilee manifesto including the free maternity services and others that we have promised Kenyans, including increasing security, raising the number of policemen, increasing the number of teachers, paying the retired teachers of 1997 and 2007 who taught us and have not been paid and many other obligations will be met.

By so doing I am very sure that the Constituencies Development Fund (CDF) will be increased. I believe that increasing CDF makes more sense than sometimes increasing the money we give these governors. Any pilot project in any county, sub-county or any constituency comes from CDF. So, I think it is high time we increased CDF so that people can feel the money from the Government better. The governors should copy what the Members of Parliament (MPs) are doing with the little money they get. I wish they can even work three or four times better than we work. I request them and especially the governor of my county to come and challenge me.

Hon. Temporary Deputy Speaker, CDF can be increased but it can only be increased when we raise the standards of the systems which collect taxes as well as the tax base. I urge all Kenyans wherever you are to make paying taxes your obligation. Your time to pay taxes is today and as the Bible says, let Ceasar be given what belongs to him. Anybody who pays taxes owes the people of this country what we expect. Just like MPs of

Parliament pay taxes, let everybody wherever they are pay taxes to the Government of Kenya and we will all live well and our businesses will grow.

I beg to support. Thank you, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Francis Njenga.

Hon. Leader of Majority Party, the hon. Member for Garissa Town.

Hon. A.B. Duale: Sorry, hon. Temporary Deputy Speaker. I was starting a serious conversation with hon. Junet so that he can share with me the questions on the referendum and I share with him the ones from Jubilee, but we will continue with that.

Hon. Temporary Deputy Speaker, I stand to support the Finance Bill and I want to say that it is the first time in my history in Parliament that I have seen a very lean Finance Bill. It is no wonder the House is empty! Finance Bills are always the most controversial Bills. The Minister usually opens a number of taxation fronts and that gives other people a chance to ride on those fronts. However, I want to thank the current Cabinet Secretary, hon. Rotich, for bringing a very lean Finance Bill; a Bill that has only considered important areas.

Hon. Temporary Deputy Speaker, to start with the economic growth rate of our country, it looks very strong and resilient and that is seen by many people. I hope the projected growth rate of 5.8 per cent for 2014 and 6.4 per cent for 2015 will be achieved.

Hon. Temporary Deputy Speaker, the only few areas that the Minister has highlighted is one, amendment to the Income Tax Act. In this case, he has allowed expenditure paid by an employer on vacation trips not to be taxed. This is necessitated by the prevailing situation in as far as hospitality or tourism sector is concerned.

Hon. Temporary Deputy Speaker, the Minister has introduced new measures in a new area with increased interest and that is the oil, gas and mineral exploitation in Kenya. He has decided to think ahead of everybody and make sure that in order to save the country from further physical challenges that come from this sector he proposes to reform the taxation of the extractive industry by removing the element of the Withholding Tax on transfer of interest. He has introduced Income Tax based on the net gain as far the oil, gas and mineral industry is concerned and he has borrowed this from the best international practices.

Hon. Temporary Deputy Speaker, why has he done this? Some multinational companies engage in tax schemes that deny developing

countries or the Exchequer huge sums of revenue when they are doing business with the local establishments. So, they hide under the local establishments and make developing countries like Kenya lose more on tax evasion.

Hon. Temporary Deputy Speaker, some taxpayers in our country deny KRA access to their business records. This has been there or even others change their business premises the moment they hear KRA is around the corner. This has really posed a challenge to tax collection. In the Constitution, it is a moral obligation for every citizen to pay his or her taxes and these are the same taxes that will be used prudently on infrastructure, social security nets and the CDF that Members of Parliament are getting. That is why Parliament has been given the powers to oversee other organs.

So, in order to address this challenge, the Bill seeks to amend the Income Tax to require both local and foreign taxpayers to provide the Kenya Revenue Authority with information and records including information on their business and on their corporate structure. This is part of the reform that the Kenya Revenue Authority has been doing. I want to thank the current Commissioner General of Kenya Revenue Authority, one Mr. Njiraini. Since he took over the collection of taxes, it has always been surpassing its intended target.

The enforcement of the Competition Act is also faced with a number of challenges due to lack or insufficient provisions in dealing with this Act. In this regard, the Minister through this Bill proposes to amend the Competition Act in order to create a predictability, transparency and accountability which is in line with international practice in as far as enforcement of this Act is concerned. What he has done is that he has only decided that the Competition Act that is in place must be in tandem with the international best practice.

Finally, Sections 27, 47 and 51 of the Bill talk about the newly enacted National Social Security Fund Act that has created some inconsistency with the old retirement benefits Act, which is basically the law that is regulating this sector. In order to solve this inconsistency, which is identified in NSSF Act, this Bill proposes to amend the Act to ensure that we have both a smooth regulation and supervision of the financial sector. Those are the main highlights, but before I sit down the Member of Gatundu North was talking about governors whose counties will not receive resources. Whether it is the national Government or the county government, Parliamentary oversight committees like the Public Accounts Committee of the National Assembly or the Public Accounts Committee of the Senate,

they have powers through resolution of the Houses to stop any payment of public money if there is an element of audit query. As much as I pity my friend; the Member for Gatundu North I want to speak from the Floor that my good friend and a founder Member of the United Republican Party, Governor of Bomet, hon. Isaac Ruto, you can have as many Press conferences as possible, but you must come back to the Senate Public Accounts Committee. It is unfortunate that you have to face very cruel Chair called Sen. Bonny Khalwale. He will be with you. You have to answer to the audit queries raised by the Public Accounts Committee of the Senate. You and hon. Kabogo, and the Governor of Kisumu and Muranga, have to answer the audit queries. Public money is not governors' money. It is not from their fathers' or mothers' coffers. It is money approved by the National Assembly and the Budget Committee. You can play around with your salary, you can play around with your business, but money allocated and appropriated by the National Assembly, through the Division of Revenue Bill, through the County Allocation Bill must be accounted. Hon. Isaac Ruto, you are the Chair of the Council of Governors, but you must face the Public Accounts Committee.

Hon. Nuh: On a point of order, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms) Mbalu): There is a point of order by hon. Junet.

Hon. A. B. Duale: Is it referendum question?

Hon. Nuh: Yes, hon. Temporary Deputy Speaker. I would like to ask the Leader of Majority Party whether he is order to discuss the conduct of a governor when he knows that public funds were given to the County Government of Bomet and not the Governor of Bomet? Is he in order to mislead the House that the Governor must account for that money when he knows that the money was given to the county Government?

Hon. A. B. Duale: You know I do not want to respond to hon. Junet. When I joined Parliament, I campaigned for him and he became the mayor of Migori. On that basis, he should be respectful because I campaigned for him. In 2013, I also indulged the former Prime Minister to give him the Orange Democratic Party ticket which he did, and I want to thank the former Prime Minister for that. I have said money appropriated---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): There is a different point of order. Hon. Leader of Majority Party, hon. Member for Garissa Town, we have a point of order by hon. Mulu. Is it a point of order or point of information?

Hon. Mulu: It is a point of order. With due respect to the Leader of Majority Party, this House is discussing revenue raising strategies. When he starts to discuss issues of corruption--- In terms of relevance, is he in order?

Hon. A. B. Duale: What we are discussing is taxation measures. The money we are going to collect from the people of Kenya, if it will be misappropriated by the so-called governors of Bomet and Kisumu, this is the right forum. So, what we are saying is that the Constitution is very clear on the separation powers. If you chose to become a governor, you chose to become a Chief Executive Officer, accountable to the people of Kenya through Parliament. I want to tell my good friend - we served with him in the last Parliament - hon. Bonny Khalwale, you must show your skills of bull fighting in as far as dealing with rogue governors is concerned. Whether you are dealing with a CORD Governor or a Jubilee Governor, we want to see your action. Of course, a resolution of the House is important. I am so happy the Senate has written to the National Treasury, the Controller of Budget and the Central Bank telling them that nobody should give a penny until hon. Isaac Ruto--- People are not punishing the people of Bomet or Kisumu. The person punishing the people of Kiambu is the one who is stealing their money. It is not the one who wants accountability. I want to stop there and continue my discussions with hon. Junet on the various questions that are coming up for the referendum.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Member for Garrissa Town. Hon. Member for Dagoretti South, hon. Waweru.

Hon. Waweru: Thank you, hon. Speaker. I want to say from the outset that I do support this Bill. I want first to support the Leader of Majority Party that accountability is not negotiable. Those four governors moving around from one media House to another should know where they belong is to face hon. Khalwale. They should not waste time moving around from one media house to another telling us about referendum; the issue is being accountable! I want to support this Bill because one, the Bill seeks to amend the competition Act to provide for clarity and to align the international best practices. I would like to support this Bill because it seeks to harmonize the National Social Security Fund and the Retirement Benefits Authority Act.

Hon. Temporary Deputy Speaker, I also want to support this Bill because it also seeks to amend the Income Tax, Cap.470, Section 54, which deals with how the Government is losing revenue. According to the Global Financial Integrity, for example, Kenya has lost in excess of Kshs131 billion

between 2002 and 2011 comparatively to Tanzania that lost over US\$1.8 billion; Uganda; Kshs884 million and Ghana; Kshs1.4 billion. So, I want to support this Bill which seeks to correct those anomalies. I support this Bill because it also seeks to harmonise taxation especially in the new mining sector, petroleum, natural gas, coal and all those new resources.

I would not finish before I comment on the talks that I have heard in the media talking about increasing the devolved funding to an excess of Kshs435 billion. I am a Member of the Budget and Appropriations Committee and I have been wondering where this money will come from. If you look at the revenues that we collected in the last financial year, it was around Kshs1 billion. If you see how the application was done, you will see that we devolved Kshs226 billion and we gave Kshs150 billion to security; Kshs260 billion to the Ministry of Health and in servicing and repayment of debts, in excess of Kshs300 billion. So, I wonder when I hear the governors talking about wanting more revenue.

If you look at my county; Nairobi, we are talking of a Budget of an excess of Kshs300 billion. The devolved amount is Kshs12 billion. They are not talking about what they collect, but about what is devolved. We are asking them: Can you account for what you collect even before you tell us that you want more funding? We would like them to start accounting and telling us what they are doing with what they are collecting within the counties. I am trying to introduce a Bill in Parliament soon where I am going to recommend that going forward, we want devolution to be taken to the next level. As you know, from experience, we have had the CDF working perfectly well. I am soon going to recommend that devolution should be taken to the constituency level. This is informed by the fact that if you look, for example, at the Nairobi County and take the Kshs12 billion that has been devolved, if you divide it with the number of the constituencies in Nairobi, it means that we are supposed to get Kshs800 million in Dagoretti South. You can just imagine how much you can do with the Kshs800 million. We are saying that our money is getting lost somewhere. We are not even talking about adding money to these governors. We are saying that whatever has been devolved should be divided and taken to the next level of the constituency.

You can imagine how much the Members of Parliament are doing with Kshs70 million to Kshs80 million of the CDF. If we get Kshs800 million today, I think I will tarmac all the roads in Dagoretti South and maybe sustain some of the old people. I do not think there will be any hospital without medicine or any road that will not be tarmacked. I will not

fear to account to any Parliamentary Committee. So, I urge my brother, Mr. Mwangi wa Iria, hon. Kabogo and that other guy from Bomet, Isaac Rutto, I do not know why he wastes a lot of time. He should have honoured his date with Khalwale. I would also want to ask the Kisumu Governor not to waste time. He should come and account for the people of Kenya. “*Hii pesa sio yenu*”. This money belongs to the Kenyan public. So, we are coming and we might even be tempted to take this to the referendum as a question. We are saying “*pesa mashinani*”. We are going to take the money to the constituency level. We are saying that we are going to do *pesa mashinani* proper, to the constituency level.

So, I wish to ask those fellows to brave themselves. If they think they are good in mobilization, they will see the best of us when we are coming to tell the Kenyan people that devolution was not supposed to stop at the county level. We are willing and we are going to phrase a question in the referendum and take devolution to the constituency level and we are going to see what happens. Before that time, we want to ask the governors to please be accountable and stop wasting time. We know that hon. Khalwale has handled very many cases and we are confident about this. He was there in the Grand Regency issue. I am referring Mr. Isaac Rutto to consult one hon. Amos Kimunya and find out what happened. He can tell him what hon. Khalwale is made of. We are going to request that this be done immediately and no money should be sent to this county.

With those few remarks, I beg to support.

Hon. Nuh: Hon. Temporary Deputy Speaker, I rise under the Standing Order No.95. I would like to request that the Mover be called upon to reply because this issue has been debated since Tuesday last week and Members are even deviating and discussing governors, which is not part of the Finance Bill. The Leader of Majority Party was discussing hon. Isaac Rutto, hon. Kabogo and Mr. Ranguma, who are not in this House. The Member for Dagoretti South is discussing Governor Kabogo, who is not here. We are discussing the Finance Bill and so, it means that people have exhausted everything that they wanted to say.

(Loud consultations)

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Order, Members! It is at your discretion either to accept the request by hon. Junet or not to. The work of the Speaker is to control debate.

I will, therefore, put the Question.

*(Question, that the Mover be called upon to
Reply, put and agreed to)*

Hon. Langat: Thank you very much, hon. Temporary Deputy Speaker. I want to start by thanking the Members---

Hon. Gikaria: On a point of order, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Gikaria, there is nothing out of order. I can assure you that everything is in order. You cannot be on a point of order when the Chairperson is replying.

Hon. Langat: Hon. Temporary Deputy Speaker, I want to thank the Members for the interest they have shown in this Bill. In fact, up to now, I could feel that there was a lot of interest in this Finance Bill. As has been noted, this time round, the Finance Bill is very lean because the National Treasury together with this House, has continued to update all the finance laws, the most recent one being the VAT Act, 2013. There are many others which are coming for renewal so that going forward, we expect the Finance Bill to continue being leaner and leaner.

I want to thank hon. Junet, specifically because he is present today in the House.

Hon. Temporary Deputy Speaker, I want to encourage him to be in the House all the time so that if there are Bills which he disagrees with, he should disagree in the House. That way, we will avoid passing laws here while hon. Members outside there say that they opposed the Bill. Therefore, I want to encourage him to be present when these Bills are being done, together with his colleagues who have been criticizing Bills which have been passed before this House.

Hon. Temporary Deputy Speaker, I just wanted to touch on a few issues which hon. Members have been questioning. Like the issue of allowing payments for local travel by the employers. I want to clarify that it is given as a benefit to employers of organisations. The policy is meant to ensure that you encourage Kenyans to travel locally so that we can spur economic growth; given that as we speak right now, we have serious challenges with our tourism sector. Therefore, it is not really the point which some hon. Members have been putting across that it is a benefit to hon. Members. It should be very clear so that people do not say that this is unconstitutional. That is missing the point. The point is that we need to encourage local tourism. We need to encourage our people to travel and see

Maasai Mara, go to Mombasa and Kericho to see our tea plantations which many people have not really taken seriously.

Hon. Temporary Deputy Speaker, I also want to say that many of the related multinational organisations do a lot of contractual arrangements, the effect of which is really to avoid paying taxes which actually should be paid. I want to say that, at least, this Bill is addressing that problem so that we have arms-length transactions between related parties and companies, so that the Government does not lose income from taxation.

I do not intend to talk much as many hon. Members have done a lot of justice to this Bill. I would also want to say that as we speak right now in Kenya, we are witnessing a lot of blessing in succession. We are witnessing a lot of discoveries of minerals, oil and gas. These blessings have come within this time and in succession, especially in Turkana area. I can see my friends here from that county are happy.

Even for the first time, in the process of looking for oil, they discovered water and gas which we are told are enough to be consumed for 70 years in Turkana area. These people have been suffering. As these new discoveries come, our financial laws must be made ready to accommodate these new discoveries. Therefore, if you look at this Bill today, it actually captures the natural resource and incomes. Formerly, there were tax systems. That is the new thing which is coming up and we must benefit from these discoveries. As the investors make money, Kenyans must also get their bit through the taxes.

Somebody was asking what benefits we have given to those investors. I want to tell hon. Members that for somebody who is exploring; this Bill provides that for the first machineries that are used for exploration, they be allowed 100 per cent tax exemption for the purposes of reducing their tax payment. That is a serious benefit which is actually encouraging the investors to invest in this sector.

Hon. Temporary Deputy Speaker, we did the VAT Bill. We did the Tax Appeals Tribunal Bill and soon we will be doing what we call Tax Procedure Bill. I was saying that shows that the Government and the National Treasury is speeding up and we are reducing the number of amendments that come through the Finance Bill, going forward.

Hon. Temporary Deputy Speaker, our revenues in this country must be increased. We must increase the revenue that is supposed to fund our expenditure. I can see a lot of people calling for a referendum to increase monies to the counties. For anybody who went to school, he should actually know that we do not need to spend Kshs8 billion in this country now to

increase the percentage to 45 per cent. This is because the Constitution is talking about minimum of 15 per cent. The Constitution allows it to be increased to 45 per cent and it even allows it to be increased to 100 per cent. We will only require a referendum, if the Government was to reduce income to counties to less than 15 per cent. That is the time referendum could be required; but this will be unconstitutional.

As we speak right now, instead of working hard to generate revenue or instead of implementing projects such as roads, people in charge of county governments--- When you look at the monies that have been given, you will be shocked that some of the counties have actually absorbed less than 50 per cent and they are talking about increasing the percentage. I think we must accept that for this country to change, everybody must work. We should stop giving excuses.

Hon. Temporary Deputy Speaker, I want to encourage the Senate that they must do their job with zeal. You cannot demand the Senate to give you money and then when you are asked to account for the same money, you hind behind referendum. That is wrong and governors must account for the money they have been given. If there is any revenue loss or money has been diverted from the people of Kenya, it should be accounted.

Hon. Temporary Deputy Speaker, I would want to encourage our colleagues from the CORD side – you can look at it, the House is almost empty on the other side. Then tomorrow they will go to rallies and say that they opposed that law. I think that is an irresponsible opposition. We need an opposition which is responsible and whose hon. Members are present in the House. I want to thank my good friends from Alego Usonga and Rarieda because they are present on that side. Otherwise, if it were not for them, it would have been 100 per cent absent.

I want again to thank hon. Members, in case of anything serious; we will look at the amendments at the right stage.

With those few remarks, I beg to respond.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, I will not be able to put the Question. I direct that we will put the Question in the next sitting at the appropriate time.

Next Order!

MOTION

ADOPTION OF REPORT ON NATIONAL CONSTRUCTION AUTHORITY REGULATIONS

(Hon. Cheptumo on 6.8.2014)

(Resumption of Debate interrupted on 6.8.2014)

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, we are on Order No.10 which involves the Chairman of the Committee on Delegated Delegation. We are annulling Regulation No.24(2) only. The Committee has agreed upon all the other regulations. I direct that we dispose of the Motion today.

Hon. Gikaria, you had spoken on this. I can see your request, but it must be for another Motion. What is it hon. Gikaria?

Hon. Gikaria: I need some guidance, hon. Temporary Deputy Speaker. When I last spoke, this Motion had not been amended. Now that it has been amended, can I not speak to it?

The Temporary Deputy Speaker (Hon.(Ms.) Mbalu): Hon. Gikaria, we heard you. The record shows that you spoke. Your time was well consumed. Your request is not going to be taken by the Speaker. Eng. Gumbo.

Hon. (Eng.) Gumbo: I thank you, hon. Temporary Deputy Speaker for giving me the opportunity to speak to these regulations. You will recall that for a long time I have been at the forefront in wanting these regulations to come to this House so that we can approve them and be able to regulate the construction sector.

The need to regulate the construction sector in Kenya cannot be gainsaid. The construction sector in Kenya has been going through a lot of changes in the recent past, both in terms of volumes and in terms of those who are participating in the sector. It is also important to note that this is one sector which is really a contradiction of sorts. It is in this sector where you find some of the most qualified professionals in this country – here I am talking about some of the best architects, engineers, quantity surveyors and planners in Kenya. At the same time, this is the sector which is littered with masqueraders. Almost anybody in Kenya today can stand up and claim to be a contractor. It is, therefore, so important that this sector is properly regulated not just because of the contribution it makes to the GDP--- You know that housing, even in our Constitution is one of the basic rights of Kenyans. So, bringing these regulations is very timely and I want to thank the Chairman of the Committee on Delegate Legislation, hon. Cheptumo for bringing forward the regulations.

I will quickly express my agreement with some of the provisions in the regulations. For example, Regulation 11(2) says that where a foreign firm applies under this regulation to undertake construction or project under Category NCA, such firm shall demonstrate to the authority capacity for--- This is so important. One of the problems we have had in this sector is that we have foreigners coming to Kenya and they pitch for jobs which really ought to be exclusively for Kenyans. I am glad that the National Construction Authority working with Parliament has seen it fit to limit the participation of foreigners only to jobs under Category NCA1 which is the highest category under this sector. It is very depressing. When this Bill came to Parliament in 2011, I expressed my displeasure at seeing foreigners, particularly the Chinese – I do not intend in any way to be prejudicial – working on sites which of necessity should be reserved for the people of Kenya. I am glad about the provision that these foreign contractors will only be registered under Category NCA1. Better still is Regulation 11(3)(d) which requires that they shall sub-contract to a local person or local firm not less than 30 per cent of the value of the contract work for which temporary registration is sought. This is so important. I am one person who believes that if Kenya is to grow, it is the people of Kenya who will grow Kenya. I do not see any reason whatsoever why a foreigner should come here with an incentive of wanting to make our country grow. Most times foreigners come here to make money and take it back to their countries.

The requirement to transfer technical skills not available locally to a local person or firm in such a manner as the Authority may determine from time to time is so important. For instance, when Thika Road was constructed, this was a new experience in construction in Kenya as far as road construction is concerned. It is so important that now we are making it mandatory that you are not just coming here to do the work, but you are also coming here to transfer the necessary skills. The requirement under Regulation 11(3) that they shall not source for any other construction works, contract or project during the period of existence of the contract is so important. In my view, this is a way of weeding out buccaneers and people who come here as masqueraders. They come and get a contract and hide behind that contract to get more contracts.

Regulation 11(4) states that registration shall be valid for a period of construction works and contract, or project. This needs to be enforced because if we do not do so then we are going to have foreigners working here. I said that it is not my intention whatsoever to be prejudicial because I am alive to the fact that there are also Kenyans out there who are looking for

work in other countries. Priority must, however, at all times go to the people of Kenya. I am looking at the provision under Regulation 13(4) which states that the Authority may give such exemption to this Regulation. This regulation is about the ratio of ownership of the joint venture. This is a good provision, only that it is important to point out here that as we give that exemption, we also take measures to ensure that it is not abused.

On the question of registration of works where it says all construction works, contracts or projects shall be registered with the Authority in accordance with the Act is so important. This will make it possible for us to have a catalogue of what is going on. In a lot of our estates, especially in the major urban centres, construction works have become a labyrinth activity where quality is a second consideration. This regulation is, therefore, so important.

I want to speak to Regulation 22 which is on the imposition of the levy. When this Bill came to Parliament, the proposal initially was to have the levy at 0.25 per cent. I brought an amendment which took it to 0.5 per cent. The reason I was doing this was from the awareness that unless you have a regulator who can bite and who has the muscle, you are not going to get anywhere. This is because the construction sector is big. We do not want a scenario where some of the operators in the sector are actually bigger than the regulator. I fully support this requirement that the levy should be 0.5 per cent.

Hon. Temporary Deputy Speaker, Regulation 23 says that every owner shall notify and submit to the Authority, in a prescribed manner, details of any other contract which--- It is very important that as we go along and look at these regulations, we specify timeframe. Having said that, I am aware that there has been some opposition to these regulations in some quarters, particularly within some county governments. But this is ironically unacceptable. Many county governments like the County Government of Nairobi charge about 1.25 per cent on the cost of construction but other than charging, they do nothing to ensure the quality of the work is up to standard. It will be good to give the National Construction Authority (NCA) teeth to control the sector.

With those few remarks, I fully support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Very well spoken from an engineer's point of view.

Hon. Nakara: Hon. Temporary Deputy Speaker, I rise to support the Bill. If there is a sector in this country that we need to put in order, it is the construction sector. Coming up with the NCA is to bring order into

construction companies. If you go to all towns in this country, the kinds of buildings we have, have been the cause of killings in our towns. We want to encourage this Authority to come up with very strong regulations to control such kinds of buildings in our urban centers. This is because you will find that in some urban centers, some buildings are substandard and as a result they cause death during construction.

As I support this Bill, I want to bring to your attention the fact that some contractors are senior and they should not be charged the same across the board. There are contractors who do not have certificates while others have. Some have just joined construction business recently but when they are coming into business, you will discover that they are being charged the same fees like other businessmen who have been in this sector for a long time. Charging them Kshs25,000 is a lot of money. A young man who has just got out of school, maybe out of college and wants to start a construction company is asked to pay Kshs25,000. For such a person who has just completed college and wanted to engage in the construction business, we must have categories so that we encourage young men to be contractors and at the same time to engage in construction business.

We have fake engineers in this country and we need to tame them. Having this Authority will check the kind of engineers we have in this country because some of them have no papers, they have never gone to school but they call themselves engineers. Hon. (Eng.) Gumbo can tell you that there are some guys claiming to be engineers and yet they are not even members of the Engineers Association. Having such an authority will take care of the fake engineers. It will also tell us who are trained engineers and who are not. We will encourage this Authority to have all the names of the engineers in this country for ease of accessibility and contact.

Finally, we want to encourage our people to invest in construction companies. People like Turkanas who have not been in this business for long should be encouraged. We want to encourage this Authority not to exclude people who want to do business by saying that they must be engineers and have companies. That will eliminate some people from business. We want the Authority to level all people to allow them to do this business. I want to encourage the Authority to lower the charges for the youth and women so that we can have many companies in this sector.

I support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you. Hon. Members, we have exhausted our request list of the debate on the Motion by the Chairperson, Departmental Committee on Delegated

Legislation and I, therefore, call upon the Chairperson, as the Mover, to reply.

Hon. Cheptumo: Hon. Temporary Deputy Speaker, thank you. I wish to very sincerely thank hon. Members in this House for their contributions towards this very important Motion. The construction industry in this country, as said by hon. Members, is really a very important sector. These regulations will help to streamline this sector and so because of time, I just want to thank my colleagues for the support they have given to this Motion. I am very certain that this is going to help in streamlining the construction industry for the betterment of Kenyans.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, again, we will not be able to put the Question because of the reasons that you know.

Next Order!

MOTIONS

ANNUAL REPORT TO NATIONAL ASSEMBLY ON STATE OF NATIONAL SECURITY

THAT, pursuant to Article 240(7) of the Constitution and Section 16 of the National Security Council Act, this House notes the Annual Report to Parliament on the State of the National Security submitted by H. E. the President on Thursday, March 27, 2014 and laid on the Table of the House on Tuesday, 1st April, 2014.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): This is a Motion by the Leader of Majority Party who is not in the House to move it. So, I declare the Motion deferred.

(Motion deferred)

INQUIRY INTO THE SAFARICOM TENDER

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): This is by the Chairperson of the Departmental Committee on Administration and National Security. You can use the remaining minutes to move and you can continue during the next sitting.

Hon. Abongotum: Thank you, hon. Temporary Deputy Speaker. This is a report of the Departmental Committee on Administration and National

Security on the matter of the inquiry into the tender for the proposed National Surveillance, Communication, Command and Control System for the National Police Service. The Departmental Committee on Administration and National Security is constituted under Standing Order No.216 and is mandated to, *inter alia*, investigate---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Abongotum, please move the Motion.

Hon. Abongotum: Hon. Temporary Deputy Speaker, I beg to move the following Motion:-

THAT, this House adopts the Report of the Departmental Committee on Administration and National Security on the matter of the Inquiry into the Tender for the proposed National Surveillance, Communication, Command and Control System for the National Police Service, laid on the Table of the House on Thursday, 24th July, 2014.

The Departmental Committee on Administration and National Security is constituted under Standing Order No.216 and is mandated to, *inter alia*, investigate, inquire into and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments. I chair the Committee and hon. Lentoimaga is the deputy. We have 29 Members of Parliament. The matter of the tender for the national surveillance, communication, command and control system for the National Police Service (NPS) came to the attention of the Committee through media reports on 13th May, 2014 to the effect that Safaricom Limited had been awarded the tender for the system through direct procurement system. The Committee, in exercising its oversight role on mandate, held a sitting---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Order, Hon. Abongotum! This is a House of procedure and rules. You will have your time to continue moving in the next sitting.

ADJOURNMENT

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, it is now time to interrupt the business of the House. The House, therefore, stands adjourned until tomorrow, Wednesday, 13th August, 2014, at 9.30 a.m.

The House rose at 6.30 p.m.