

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 23rd June, 2004

The House met at 9.00 a.m.

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

### PRAYERS

### PAPER LAID

The following Paper was laid on the Table:-  
Statement on the Vote on Account for Financial Year 2004/2005.

*(By the Assistant Minister for  
Finance (Mr. Katuku) on behalf of  
the Minister for Finance)*

### NOTICE OF MOTION

#### VOTE ON ACCOUNT

**The Assistant Minister for Finance** (Mr. Katuku): Mr. Temporary Deputy Speaker, Sir, I beg to give notice of the following Motion:-

THAT, in accordance with Section 101 of the Constitution of Kenya, the withdrawal of Kshs125,998,593,737 representing one-half of the total net estimates of Recurrent and Development Expenditure made up in the manner set out in the Vote of Account schedules laid on the Table of the House, be authorized for the purpose of meeting expenditure necessary to carry on the services of the Government of Kenya during the year ending on 30th June, 2005, until such time as the Appropriation Act for the year comes into operation.

Mr. Temporary Deputy Speaker, Sir, I wish to notify the House that His Excellency the President has given his consent of this Motion.

### COMMUNICATION FROM THE CHAIR

#### LIMITATION OF QUESTION TIME

**The Temporary Deputy Speaker** (Mr. Poghisio): Hon. Members, I would like you to take note of the fact that Question Time will only be 30 minutes. So, we will try and use the time that we have.

Question by Mr. Keter!

## ORAL ANSWERS TO QUESTIONS

*Question No.152*

### GOVERNMENT POSITION ON WORK PERMITS FOR EXPATRIATES

**Mr. Keter** asked the Vice-President and Minister for Home Affairs:-

- (a) how many expatriates have been given permits to work in Brooke Bond Kenya Limited;
- (b) whether he could table the list of the expatriates, showing when the work permits were issued and when they will expire; and,
- (c) what the Ministry's position is with regard to the employment of expatriates for jobs which qualified Kenyans can do.

**The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs** (Dr. Machage): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) Five expatriates have been issued with permits to work for Brooke Bond Kenya Limited.

(b) The five expatriates are: First, the Managing Director, Mr. Richard Arthur Fairburn whose permit was first issued on 5th July, 2001. It has been renewed twice and it will expire on 4th July, 2005. Second, the Technical Director, Mr. Duncan Graham Stickler whose permit was issued on 11th March, 1998. It has been renewed twice and it will expire on 7th September, 2005. Third, the General Manager in charge of crop husbandry and Estates Management, Mr. Eric Deforesta. The permit was issued on 8th September 1997 and has subsequently been renewed. It will expire on 7th September, 2005. Fourth, the General Manager in charge of Customer Development and Lipton Company in Mombasa, Mr. Antoine William Laurent. The Permit was issued on 2nd November, 2001 and has been renewed twice. It will expire on 1st January, 2005. Fifth, the Commercial Director and Financial Controller, Mr. Manoj Chopra. The permit was issued on 23rd March, 2001 and will expire on 22nd March, 2005.

**Mr. Keter:** How about part "c" of the Question?

**The Temporary Deputy Speaker** (Mr. Poghisio): Order, Mr. Keter! Are you through with your reply, Dr. Machage?

**The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs** (Dr. Machage): Mr. Temporary Deputy Speaker, Sir, interestingly there is no written text here for part "c" of the Question. However, I could still answer it. Could he ask the Question and I will answer it?

*(Laughter)*

**Mr. Ethuro:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the Assistant Minister to give an incomplete answer on the basis that Mr. Keter has a copy of the written reply? He owes it to all of us in this House. So, he needs to give a complete answer to this House!

**The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs** (Dr. Machage): Mr. Temporary Deputy Speaker, Sir, it is not my mistake because the copy I have been given does not have part "c" of the Question.

**The Temporary Deputy Speaker** (Mr. Poghisio): Order, Mr. Assistant Minister! You actually had authority over this Question! Anyway, we do not know who gave you the written answer.

**The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs** (Dr. Machage): Mr. Temporary Deputy Speaker, Sir, maybe, there are two versions of the written answer

in the Ministry, and I have one version which was given to him. Anyway, I apologise on behalf of the Ministry.

**The Temporary Deputy Speaker** (Mr. Poghisio): Answer part "C" of the Question!

**The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs** (Dr. Machage):

(c) The Ministry's policy on

**[The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs]**

employment of expatriates is straightforward. Kenyans must be given the first priority when companies are employing workers. What we have done is that the first three positions--

**The Temporary Deputy Speaker** (Mr. Poghisio): Mr. Assistant Minister, are you reading out the written answer?

**The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs** (Dr. Machage): Mr. Temporary Deputy Speaker, Sir, the policy of the Government is that employers should give priority to Kenyans whenever opportunities for employment arise, unless such skills are lacking in the local labour market. The Government, however, does allow investors to employ three persons in key positions to safeguard their interests.

**Mr. Keter:** Mr. Temporary Deputy Speaker, Sir, I want to thank the Assistant Minister for saying that investors are allowed to employ three expatriates. When I asked this Question last year, five expatriates were working in that company but already one has been chased away. Could the Assistant Minister consider cancelling the work permit of the Managing Director, Mr. Fairburn, who is a racist and anti-African---?

*(Applause)*

**Dr. Machage:** Mr. Temporary Deputy Speaker, Sir, indeed, we have information about racism with regard to this official and we are investigating it. May I also say that this company has employed 22,655 Kenyans, out of which, it has sent a Mrs. Joyce Muendo on training to take over this very important position.

**Hon. Members:** When will that be?

**Dr. Machage:** Mr. Temporary Deputy Speaker, Sir, she will take over as soon as she completes the training.

**Mr. Ntimama:** Mr. Temporary Deputy Speaker, Sir, I would like to raise a question on part "c" of the Question which I do not think the Assistant Minister has answered properly. Considering the fact that the Department of Immigration is second in the index of corruption only after the police; and that our borders are porous--- Is the Assistant Minister aware that many foreigners have entered into this country, falsified their documents and work in this country without the knowledge of the Ministry? Definitely, those foreigners are being harboured by some crooked lawyers.

**Dr. Machage:** Mr. Temporary Deputy Speaker, Sir, I am not aware of that but I will investigation what the hon. Member has raised.

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

**The Temporary Deputy Speaker** (Mr. Poghisio): Order, hon. Members! Order, all of you! I will move on to the next Question!

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

**The Temporary Deputy Speaker** (Mr. Poghisio): Order, hon. Members! We do not have enough time! Look at the clock! Mr. Keter, ask your last question.

**Hon. Members:** Defer the Question!

**Mr. Keter:** Mr. Temporary Deputy Speaker, Sir, you can see that hon. Members are curious

about this Question. Could I be in order to request you to defer it until we have time?

**The Temporary Deputy Speaker** (Mr. Poghisio): You are actually squandering an opportunity! I asked you to ask your last question.

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

**The Temporary Deputy Speaker** (Mr. Phogisio): What is it, Mr. Cheboi!

**Mr. Muiruri:** Thank you, Mr. Temporary Deputy Speaker, Sir.

*(Mr. Muiruri and Mr. Cheboi  
argued at the Dispatch Box)*

*(Laughter)*

**The Temporary Deputy Speaker** (Mr. Poghisio): I have given a chance to Mr. Cheboi and not you, Mr. Muiruri!

**Mr. Cheboi:** Mr. Temporary Deputy Speaker, Sir, it is clear that this Question has not been answered at all and we understand that it is because we want to discuss the Budget Speech. Could I be in order to request you to defer it until after we have finished debating the Budget Speech, so that we can discuss it? This is an issue of expatriates plucking tea which Kenyans can do. This Question is of national importance.

**The Temporary Deputy Speaker** (Mr. Poghisio): There are many ways of solving that problem. I do not have to defer a Question which has been answered by an Assistant Minister.

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

**The Temporary Deputy Speaker** (Mr. Poghisio): You are out of order! Let us move on to the next Question!

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

**The Temporary Deputy Speaker** (Mr. Poghisio): Order! Hon. Members, I told you from the beginning that we only have 30 minutes before we move on to the next Order! We cannot spend 15 minutes on one Question when there are many Questions on the Order Paper. Mr. Keter, you have a chance to follow up your Question in a different way. The rules of this House allow you to do that.

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

**The Temporary Deputy Speaker** (Mr. Poghisio): Overruled! Mr. Ndambuki, ask your Question!

*Question No.488*

LACK OF FUNDS AT MACHAKOS AFC BRANCH

**Mr. Ndambuki** asked the Minister for Agriculture:-

(a) whether he is aware that the Agricultural Finance Corporation (AFC), Machakos Branch has more than 500 pending loan applications due to lack of funds;

(b) what plans he has to solve this problem; and,

(c) how much money was allocated to this office to be advanced to farmers.

**The Assistant Minister for Agriculture** (Mr. J. Nyagah): Mr. Temporary Deputy Speaker, Sir, I want to make a clarification. I had answered this Question previously but there was certain information which was demanded by this House. The argument was that the hon. Member felt that the AFC, Machakos Branch, had only received Kshs8 million or so, and I insisted that the branch had been allocated Kshs34.4 million. So, I would like to clarify that issue.

The AFC, Machakos Branch was allocated Kshs8.5 million in May last year under Phase I.

Under Phase II, which was in October last year, it was allocated another Kshs8.6 million and about a month ago, it was allocated another Kshs17.3 million under Phase III. That is how we arrived at the total figure of Kshs34.4 million. Out of this money, farmers have already borrowed Kshs26.5 million, thus leaving a balance of slightly over Kshs7 million.

**Mr. Ndambuki:** Mr. Temporary Deputy Speaker, Sir, I thank the Minister for that clarification, but I am talking about this financial year when in May, we were given Kshs8.5 million. The Kshs17 million was disbursed to the branch this month. So, I am satisfied with the Assistant Minister's explanation. I was correct when I said that we got Kshs8.5 million last time. I am satisfied with the Assistant Minister's response.

**Dr. Kibunguchy:** Mr. Temporary Deputy Speaker, Sir, I beg to ask this Question although I have not got a copy of the written answer.

*Question No.183*

MEASURES TO MAKE SECONDARY  
SCHOOL EDUCATION AFFORDABLE

**Dr. Kibunguchy** asked the Minister for Education, Science and Technology:-

- (a) whether he could inform the House what measures he has put in place to make secondary education affordable; and,
- (b) what further measures have been put in place to ensure that all university students who desire loans get them.

**The Assistant Minister for Education, Science and Technology** (Dr. Mwiria): Mr. Temporary Deputy Speaker, Sir, I am sorry that Dr. Kibunguchy has not got a copy of the written answer. I do not know what happened but copies of the written answer must have been sent here.

However, I beg to reply.

(a) My Ministry has put in place the following measures to make secondary school education affordable.

(i) Provision of adequate bursaries to assist needy and bright students. As you know, the amount was raised from Kshs548 million to Kshs770 million this year. It is encouraging that in each of the districts, at least, 5 per cent of this amount of money is allocated to the girl-child.

(ii) The Ministry has also given the following grants to secondary schools to subsidize their recurrent expenditures; ASAL grants, grants for laboratory equipment for nine schools in each district and grants for pockets of poverty which are given to schools in high potential areas.

(iii) Implementation of uniform fee guidelines in all public secondary schools

(iv) The Ministry has also regulated the costs of secondary education by rationalizing learning costs through the review of the curriculum to reduce the number of subjects. We are also encouraging the establishment of model secondary schools.

(b) With regard to university students, the Ministry has put in place measures to ensure that Kenyan students who have passed their university entrance examinations and have been admitted to universities through the criteria set by the Joint Admissions Board are awarded university education loans and bursaries.

**Dr. Kibunguchy:** Mr. Temporary Deputy Speaker, Sir, I have just received a copy of the written answer. I would like to ask the Assistant Minister this question.

*(Loud consultations)*

**The Temporary Deputy Speaker** (Mr. Poghio): Order, hon. Members! You are consulting loudly. Could we please hear the hon. Member?

**Dr. Kibunguchy:** Mr. Temporary Deputy Speaker, Sir, considering the poverty levels of 60 to 70 per cent in this country, I am sure the Ministry is aware that the bursary money that is given to secondary schools is grossly inadequate. What plans does the Ministry have to increase the bursary money for each constituency?

**Dr. Mwiria:** Mr. Temporary Deputy Speaker, Sir, as already indicated, we did very well and raised the amount from Kshs548 million last year to Kshs770 million. We are going to consider other possibilities but, again, we need to emphasise here that the Ministry of Education, Science and Technology is not the only Ministry in the Government! There is a limit on how much we could consider in terms of increasing various allocations. Nevertheless, we realise that there is a problem. We shall explore possibilities and, if possible, increase the amount.

**Prof. Oniang'o:** Mr. Temporary Deputy Speaker, Sir, the Assistant Minister knows he has not answered this Question adequately. We are aware of so many children who are unable to secure their school certificates because of money they owe to secondary schools. He has not addressed that. Even last year, he did not do so. We need the Ministry's policy guidelines on that matter.

Secondly, there is the issue of bursaries for university education, especially for students who qualify for admission, but do not automatically qualify for the loans. That Question has come here severally and the Assistant Minister had promised that the Government will make those loans available for Kenyans who are unable to get bursaries through the normal channel. Could the Assistant Minister tell us whether the Higher Education Loans Board (HELB) has received any money to take care of that facility?

**Dr. Mwiria:** Mr. Temporary Deputy Speaker, Sir, the first question by Prof. Oniang'o on what we intend to do with students whose certificates have not been released by schools, has come up many times. We explained that, for the time being, it is something that parents, students and headteachers have to work on. I realise that it is such an important issue to the extent that some hon. Members have thought of coming up with a Motion. But I think we should also appreciate the position of the heads of schools in terms of the fact that, if we allowed them to release those certificates, even parents who can afford to pay school fees will not do so. Therefore, that is a real problem.

On the issue of university loans, let me emphasize again that we are trying everything possible to ensure that we come up with resources to assist even those students who go to universities to study parallel degree programmes. But, until we get adequate resources and support from banks and the private sector, that facility will remain open only to those who have qualified and admitted by the Joint Admissions Board (JAB).

**Dr. Kibunguchy:** Mr. Temporary Deputy Speaker, Sir, the Assistant Minister is well aware that during our days at the universities, we used to get loans across the board. It used to be called "boom". Why did the Ministry find it necessary to arbitrarily award certain students some money and not others and yet, during our time, all university students accessed that money?

**Dr. Mwiria:** Mr. Temporary Deputy Speaker, Sir, they were not necessarily good times. I would also like to say that the award of loans is not arbitrary. In fact, 97 per cent of those who apply get the loans. The remaining 3 per cent of those who are able are asked to pay school fees. There is a criteria and a form to be filled, and certain factors are taken into account. It is on the basis of that, that a decision is made on who gets the money and how much.

*Question No.405*

CONDITIONALITIES ATTACHED TO  
FUNDS TO PURCHASE ARVS

**Dr. Ojiambo** asked the Minister for Health how much money Kenya benefitted from the Bush Administration to purchase Anti-Retrovirals (ARVs) and what

conditionalities are attached to the funds.

**The Assistant Minister for Health** (Mr. Konchella): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

A total funding of US\$76 million has been allocated to HIV/AIDS Control Programme in Kenya by the Bush Administration and the Presence Emergency Plans for AIDS Release (PEPAR). Out of that amount, 55 per cent of those funds, which is US\$21,595.200, will be used to purchase ARVs and branded drugs approved by the American Food and Drug Administration (AFDA). That money will come in form of drugs and is intended to benefit 50,000 patients in the first year. The programme will run for a period of five years. In the subsequent year, that is 2005, 45,000 patients will benefit. In the year 2006, 85,000 patients will benefit. In the year 2007, 115,000 patients will benefit and in the year 2008, 162,000 patients will benefit. The balance of the money allocated will be spent on other related HIV/AIDS activities. Proportionally, 15 per cent will go to care and support patients to live more comfortably. Then, 10 per cent will support orphans and vulnerable children and 20 per cent for prevention. Of the remaining amount, which is a third, it shall be spent on abstinence promotion programmes and the establishment and running of Voluntary Counselling and Testing (VCT) centres. The conditions attached to those funds are as follows:-

Most of the money shall be channelled through the United States Agency for International Development (USAID) to Non-Governmental Organisations (NGOs). The funds shall only buy branded drugs which are non-generic. Most of the branded drugs are manufactured in the United States of America (USA).

**Dr. Ojiambo:** Mr. Temporary Deputy Speaker, Sir, I thank the Assistant Minister for that comprehensive answer. But, I would like to ask--

*(Loud consultations)*

**The Temporary Deputy Speaker** (Mr. Poghio): Order, Members! Please, let us hear the hon. Member asking her question.

**Dr. Ojiambo:** Mr. Temporary Deputy Speaker, Sir, could the Assistant Minister tell us how many patients require ARVs in Kenya today, and what criteria will be used to determine the 15,000 patients, out of the very many Kenyans suffering from HIV/AIDS?

**Mr. Konchella:** Mr. Deputy Speaker, Sir, at the moment, 11,000 Kenyans are on ARVs. That number is however, going to be scaled up by the PEPAR funds to 15,000. Many more people are going to be added to that programme. That will bring the total number to about 32,000 Kenyans. The 11,000 are provided with ARVs by NGOs, private hospitals and those taking their own medications. This year, the Ministry of Health is putting 6,000 Kenyans under that programme. The drugs have been procured and are on the way. At the moment, the programme is underway as we procure certain CD4 count machines which are in major hospitals to check the need for the drugs. Out of the 2.5 million Kenyans who are HIV+, 200,000 need ARVs to survive. But, because of the capacity of our health facilities, we cannot be able to take them. Those funds will help us to create that capacity, so that by the year 2008, 200,000 Kenyans will be under ARVs.

**Mr. Sambu:** Mr. Temporary Deputy Speaker, Sir, the Assistant Minister has said that ARVs cannot be administered because of lack of capacity. After a person goes through a VCT testing, he or she is either positive or negative. The ARVs can be administered by any doctor, whether in a district or sub-district hospital. Some hon. Members are shaking their heads! Could they divide the Kshs6 billion to each district and sub-district hospital equally, according to the population?

**Mr. Konchella:** Mr. Temporary Deputy Speaker, Sir, not everybody who is HIV positive needs ARVs.

**Hon. Members:** Why?

**Mr. Konchella:** Mr. Temporary Deputy Speaker, Sir, because it depends on the viral load; that is the amount of the virus in one's blood. There is a level by which the virus will have multiplied in one's blood for one to access ARV's. So, we have those machines not only to check who needs these ARV's but to also monitor the movement of the virus, so as to know who needs these ARV's.

**Hon. Members:** I am sorry, hon. Members! If you look at the Order Paper, we cannot exceed 9.30 a.m. We have to move on to the business of the day. I am sorry, since we have to defer the Question by Private Notice by Mr. Lucas Maitha and Mr. Muiruri to tomorrow.

### QUESTIONS BY PRIVATE NOTICE

#### ILLEGAL ALLOCATION OF SIR ALI PRIMARY SCHOOL LAND

**(Mr. L. Maitha)** to ask the Minister for Lands and Settlement:-

- (a) Is the Minister aware that a portion of Sir Ali Primary School compound was carved out and allotment letters are currently being issued?
- (b) What is the Ministry doing to restore this land to the school and diffuse the tension that is mounting in the area?

*(Question deferred)*

#### ARREST/PROSECUTION OF MR. JAMES MUIRURI

**(Mr. Muiruri)** to ask the Attorney-General:-

- (a) Is the Attorney-General aware that Mr. James Karanja Muiruri was on March 14th, 2004 arrested and detained in Makindu Police Station until April 5th, 2004 without being charged?
- (b) If the answer to "a" is in the affirmative, under what circumstances was the said person arraigned in court, charged with indecent assault and now in remand prison having spent a further 23 days in police cells?
- (c) What action does the Attorney-General intend to take against the officers involved in the illegal arrest, detention and malicious prosecution of the said person?

*(Question deferred)*

### COMMITTEE OF WAYS AND MEANS

*(Order for Committee read)*

#### MOTION

THAT MR. SPEAKER DO NOW  
LEAVE THE CHAIR

*(The Minister for Finance on 10.6.2004)*

*(Resumption of Debate interrupted  
on 22.6.2004)*



*(Sixth Allotted Day of Budget Debate)*

**The Temporary Deputy Speaker** (Mr. Poghisio): Who was on the Floor? It was Mr. Miriti. Proceed!

**The Assistant Minister for Trade and Industry** (Mr. Miriti): Thank you, Mr. Temporary Deputy Speaker, Sir. Yesterday, I called on leaders, especially the ones in the Opposition to be guided by the love for this nation and our people as they comment on various issues, so that they do not affect our economy. We saw that utterances by politicians scared off tourists and investors and adversely affected our economy. Similarly, I call upon our politicians, especially those talking now to also continue supporting Motions especially those which are intended to help this country to prosper. I remember that just the other day, hon. Members voted out the Forests Bill for reasons which were not really related to the merits of the day but reasons which were derived from other factors. The reasons are well known and if the hon. Members on the Opposite side could reason, we would understand.

Mr. Temporary Deputy Speaker, Sir, it was very clear in the Minister's Speech that the Government was very concerned with the plight of the poor and under-privileged. The Speech mentioned about giving credit facilities to the poor. It shows that now, the poor and those who are not able to get loans will be able to venture into business. It also talked of bank interest rates which were undermining the business community. For sure now, when the interest rates of the banks are controlled, people will benefit.

Mr. Temporary Deputy Speaker, Sir, the Speech also had a very good message about bouncing cheques. We know that so many leaders have been issuing bouncing cheques which have persistently affected the economy.

Mr. Temporary Deputy Speaker, Sir, I congratulate the Minister for lowering the price of LPG. This will go a long way in conserving our forests.

**The Temporary Deputy Speaker** (Mr. Poghisio): Order! Your time is up!

**The Assistant Minister for Trade and Industry** (Mr. Miriti): Thank you, Mr. Temporary Deputy Speaker, Sir. With those few remarks, I beg to support.

**Mr. Sasura:** Thank you, Mr. Temporary Deputy Speaker, Sir. I find it very difficult to join my friends to congratulate the Minister for Finance for his Budget Speech because I believe I do not have good reasons for doing so. If we look at the chronology of the Budget in this country over the years---

*(Loud consultations)*

**The Temporary Deputy Speaker** (Mr. Poghisio): Order, hon. Members! The consultations are growing louder. Hon. Members, you have a choice if you want to consult. You can do it in low tones or you exit or withdraw from the Chamber and consult loudly outside the Chamber. However, while here, we need to hear the hon. Member on the Floor. Proceed!

**Mr. Sasura:** Thank you, Mr. Temporary Deputy Speaker, Sir. I was saying that there is no much reason to congratulate the Minister for Finance because of the nature of the Budget. If you look at the history of the Budget in this country, days were there when Kenyans were looking forward to the Budget Day. In the early days of our schooling, even schools used to close down from 2.30 p.m. to about 3.30 p.m. in order to listen to the Minister for Finance because the Budget meant everything to the young, old, poor and the rich. However, lately, the Budget has become a political speech. We were treated to a 46 page document of political statements, the longest time in East Africa. The Budget was being read in Uganda, Tanzania and Kenya on the same day and most of us slept. It was very embarrassing since Kenyans watched Members of Parliament sleeping because of the length of the Budget and the monotony that was carried along with it. We did not need this. What we needed

are statements that touch on the day-to-day lives of Kenyans.

**The Minister for Trade and Industry** (Dr. Kituyi): On a point of order, Mr. Temporary Deputy Speaker, Sir. Notwithstanding that it has become very popular to complain that hon. Members slept because of a monotonous Budget, is it in order for hon. Sasura to use such language when hon. Members took a closed-eye reflection, perhaps because of over-indulgence over lunch and not because of a boring speech?

*(Applause and laughter)*

**Mr. Sasura:** Mr. Temporary Deputy Speaker, Sir, I would wish to agree with hon. Dr. Kituyi that we took a closed eye reflection but I want to remind him that we do not take closed eye reflections every day but on that day, most of us took closed eye reflections because of the monotony of the Budget.

Mr. Temporary Deputy Speaker, Sir, that notwithstanding, I want to say that, that was not a poor man's Budget. It is very interesting that the only item that touched on the poor man in this country was the reduction of the cost of LPG. Almost half of the people in this country do not even know what cooking gas is all about. People are still using charcoal and firewood. So, when the Minister talked of reducing the cost of LPG, it does not mean anything to the rural poor. Life has become too expensive in this country and the Minister has good reasons to address that. While we appreciate the free primary education, it must be appreciated that despite the fact that our kids are going to school in the public primary schools without their parents paying money, this cost has been reflected in other sectors. It has become very expensive to go to schools. The amount of money they pay for the cost of transport is higher than it used to be. The cost of sugar, a basic commodity is higher than it used to be. So, it has become difficult to conceptualise the concept of free primary education. I think the Minister was cleverly evading the plight of the poor and he very smartly put it not in the form of direct taxation but in the form of political statements to pacify, maybe political pressures that exist in the country.

Mr. Temporary Deputy Speaker, Sir, I want to specifically address the issue of security. The Budget did not address much as far as insecurity in this country is concerned. Our borders are the most porous in this East African region. Everyday, in this House, we discuss matters concerning insecurity arising along our borders, from Ethiopia to Uganda, Somalia and Sudan. This occurrence is as a result of lack of facilities for our security forces. As we speak now, there are 1,500 military personnel deployed along the border of Moyale and Isiolo because of incursions by certain forces into Kenya regularly. These men and women need facilities to carry out any significant military operations. If they are not provided for in the Budget, all they do when deployed to the borders is to sit and come back having achieved nothing.

The Minister ought to have told us what he intends to do about the insecurity in this country. It is not only along our borders. The urban centres, and Nairobi to be specific, are becoming very insecure. When insecurity reaches the levels of people seeing a person's head displayed in the streets and yet we have policemen all over; be they the Flying Squad or Standing Squad, it is really worrying. This is going to have a bad impact on the image of this country and even scare away investors. The Minister ought to have addressed the issue of insecurity adequately in order to satisfy Kenyans and other people of the world.

With regard to the energy sector, which in my view is the most disappointing, over the years, the Ministry of Energy has failed in its duties to control matters pertaining to energy. When you talk about fuel prices, that reflects on the cost of commodities and at the end of the day, it also reflects at the dining table in every household in this country. We have had Budgets where the cost of bringing in crude oil is reduced. But when you visit our fuel stations, you will never hear that the price for fuel has

gone down. Immediately after the Minister had just read the Budget, the cost of fuel shot up. The Minister really owes us an explanation. The Minister of energy has failed to provide electricity to the rural folk and unless the rural electrification programme is revamped in this country, then, both the Ministry of Energy and the Kenya Power and Lighting Company (KPLC) will be doing their work in futility.

Mr. Temporary Deputy Speaker, Sir, every Kenyan in his electricity bill, pays a five per cent rural electrification levy to KPLC. Every year KPLC collects a whopping Kshs720 million on behalf of the Ministry of Energy. However, they do not remit this money to the Ministry of Energy. They claim that they use the money to maintain the existing power stations and other projects. The net effect is that power is not provided to other places in this country and the Minister keeps on saying that it will be done when funds become available. Funds will not be available for as long as KPLC handles projects under the rural electrification programme. It has to be restructured. The Government must review and reform the energy sector.

Mr. Temporary Deputy Speaker, Sir, there will be no sound economic stability in this country if there is no political good will on the part of the Government. I wish to congratulate the President for saying, last year, that Kenya is supposed to be a working nation. That is very commendable. Unfortunately, although the President means very well for this country, it is very sad to see that we are drifting from a working nation to a crawling nation. When we talk of a nation we are actually talking about representation in this House and the Government itself. When everyday the Government wastes time squabbling, definitely, we should not expect sound economic growth in this country. The government must put its house in order because the country does not belong to the few individuals in the Government. It belongs to all of us. The Government is about the Judiciary, the Executive and the Legislature. When we talk about the Government we should not focus on the ruling side only. The legislative arm is also part of the Government. So, the Government must wake up for the sake of our children, the future of this country, good governance and sound economic stability.

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

**The Assistant Minister for Transport and Communications (Mr. Ligale):** Thank you Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this year's Budget Speech. First and foremost, I would like to congratulate the Minister for the Speech. Although it was long, it was a good Budget. If some of us were caught napping, then we have to wake up because sooner than later, the activities of this House will be televised and we have to ensure that we are awake so that we do not let down those who elected us to come to this august House.

The emphasis of the Budget this year was on discipline particularly in the financial sector. The Minister did quite well on that aspect. He assured us that our relations with the development partners are improving and very soon after the Budget, at least, we have seen a reflection of that improvement. The World Bank released Kshs20 billion to our country. I want to commend the Minister and the Government, in general, for the efforts they are making to ensure that our relations with the development partners are on an even cue. However, we hope that in those relations there will be no shifting of goals. In the past, we have seen, too often, when conditionalities are placed and met others are soon added. That makes it difficult for our people to understand whether, in fact, they are headed somewhere with the development partners. I hope that the unlocking of funds as shown in the release of money by the World Bank will, in fact, ensure that the financial taps are opened and that the big gap that the Minister revealed in the Budget can be reduced by money from the development partners.

Mr. Temporary Deputy Speaker, Sir, with regard to financial discipline, I was particularly happy with the Minister's promise that he would bring a Bill in this House to introduce the in duplum rule which ensures that if you have borrowed money and you have a non-performing loan, interest does not continue to accrue on that loan. We have seen many Kenyan businessmen being harangued by banks because of loans. For example, if you borrow one million Kenya shillings and within a year or

two you fail to repay the loan, the interest on the money borrowed continues to accrue until finally you are told to pay Kshs10 million when the money you borrowed was so little. This rule will go a long way in alleviating the problems that borrowers have been having in the past.

The Minister also emphasised that in the future, all the Chief Executives of Banking institutions including the small financial institutions will be people who shall have been vetted to ensure that they are well above board. People who run financial institutions must be vetted, not only at the board level, but also at the level of chief executives. The fact that most of them would serve on contract terms and on the strength of performance is a laudable thing. Mr. Temporary Deputy, Speaker, Sir, I am happy to note that the Government is moving into the parastatal sector to ensure that key parastatals shall have only the chief executive officers serve on the basis of a contract term of three years, only renewable upon an indication that they are actually performing. In fact, this rule should also apply to the chief executive officers in the Government, that is, the permanent secretaries. The question of them being permanent and pensionable whether they are performing or not, or whether they have been involved in scandals or not should be put to test. It has been proven in our country that when people are involved in scandals they do not want to resign. They sit put until someone fires them. This is one aspect that we need to support because people will only perform as long as they are being seen to actually deliver.

Mr. Temporary Deputy Speaker, Sir, there was also emphasis on infrastructural development in the Budget. If we want the economy of this country to move, then investments in infrastructure must be stepped up. First of all, we must deal with the energy sector. The cost of energy in this country has been very high, particularly electricity. We are glad to hear that the Minister is making an effort, together with his counterpart in the Ministry of Energy to try and lower the cost of electricity. If the cost of electricity is high; if the flow of electricity is not guaranteed, and we continue having all these problems like the ones we have had in the recent past because of archaic systems which have not been upgraded, industry cannot perform. In the past, some of these chief executives have let us down, as indicated by the report of the audit that was carried out by the Nyanja Committee targeting the Kenya Power and Lighting Company. If you read that report and see some of the things that happened in the past, you really wonder how all those things happened. We hope that the new Chief Executives who have been recently appointed in that sector will be able to do a better job.

Mr. Temporary Deputy Speaker, Sir, although we want affordable energy, roads are also important. Just like the Minister has said, roads are like the arteries which run the blood through the veins of somebody's body. Roads are important. Currently, we have really seen much more talk and promises than action. We want to see these roads upgraded, and the fact that the main highways of the northern corridor are going to be privatized or concessioned is probably a move in the right direction. But those other roads which are important trunk ways need upgrading. They need renovation and resurfacing so that goods and services can be able to move quickly. We have talked of concessioning of our own railways, together with Uganda. We would hope that in that concessioning, we will not be giving away all our rights. We should retain the ownership of this vital facility in this country, and the concessionaire should only continue with the concessioning as long as they are performing very well.

Mr. Temporary Deputy Speaker, Sir, road transport has generally been giving us a lot of trouble. But I think that the recent moves which have been taken by my Ministry to ensure that there is sanity, particularly in the public transport sector have proved that point. Yesterday, my Minister was giving facts and figures to prove that, indeed, because of that discipline, road carnage has come down very drastically. Road accidents have been reduced by 70 per cent in terms of the number of deaths occurring on our roads, which has reduced by about 65 per cent. This shows that when you have a will and you are able to carry through with it, you can actually achieve good results. I hope that we will be able to maintain that tempo, and that we will not relent in any manner, so that the sanity that is now back on our roads is maintained. It has actually been proved that people are now happy to invest in the

*matatu* sector, because they are able to take away money which used to go to cartels. They are able to, actually, see a reduction in insurance premiums because the insurance companies do realize that the *matatu* sector is a sector they can do business with. It is no longer a high-risk sector as it used to be when we had indiscipline on our roads.

But Mr. Temporary Deputy Speaker, Sir, we have also seen a new phenomenon growing in our major towns, particularly in Nairobi. That is the congestion which we particularly see on a daily basis and it is increasing. The local authorities must begin to address this issue of congestion, and it is all a question to do with traffic management. There is no need for us to have delivery of services and goods happening at the same time when everybody is on the roads in the morning, or in the evening when people are leaving their places of work. If discipline was enforced on our roads by removing these wheelcarts and the rest of these, we can, in fact, reduce congestion on our roads. We need people to have the kind of resolve which my Ministry had in bringing discipline to the *matatu* sector.

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

**Mr. ole Ntimama:** Thank you, Mr. Temporary Deputy Speaker, Sir. I wish on the onset to support the Budget.

It was a very good Budget, and it is reputed to be the longest Budget since our Independence. But it did not address the real issues. One of the real issue is poverty. The poverty index is going up again. Those people who are now living below the poverty line are about 64 per cent. It is worse for the marginalized groups, who are the pastoralists and other people, who are about 74 per cent. We have not seen anything being done to relieve and fight poverty.

The second issue is graft. The Minister did not mention anything which is realistic about corruption. We cannot go on in this country, the economy cannot grow unless we really fight graft and eliminate it from our society.

Mr. Temporary Deputy Speaker, Sir, I think we should have a simpler version of the Budget Speech. The people of this country need to be informed; it is the right for them to know. But there are many things in the Budget which are explained in technical terms and which the ordinary person cannot understand. Why do we not simplify the Budget and make sure that it reaches the common man in this country, so that they can know what is happening in this House and what the Minister is saying?

Mr. Temporary Deputy Speaker, Sir, it is very interesting. The Minister in his preamble, said that we are not able to do certain things because of the previous regime. Let us not talk about the previous regime any more! Let us focus our problems to ourselves. This Government must now focus on its own problems and find out the solutions without trying to pass the buck to the last regime.

The Minister mentioned about governance. This is very important. Good governance requires accountability and transparency. We should all obey, protect and guard the rule of law. We have seen Ministers here defying court orders in this country, and they go scot free. If a Minister defies a court order, what impact does it have on the common man? It is serious! If a Minister defies a court order, that is a crime! Are some of these Ministers above the law? One of these Ministers is Mr. K. Maitha, who has defied the law, and defied a court order. It is true---

(Applause)

**The Temporary Deputy Speaker** (Mr. Poghisio): Order, Mr. ole Ntimama! You know the rules of the House!

**Mr. ole Ntimama:** Yes, Mr. Temporary Deputy Speaker, Sir. But I am saying this because it has been reported all over, and everybody knows about it. Even the Chief Justice commented about these people who are defying court orders. Definitely, even the Chief Justice is not amused with this. He said that he was going to follow up on this matter and ensure that these Ministers do not continue

defying court orders. He further said that he was going to do something about it and it was going to be a part of bad history. I am not saying anything without knowing what I am talking about. I can produce the facts, including newspaper cuttings and all these other things.

**The Temporary Deputy Speaker** (Mr. Poghio): Order!

**Mr. ole Ntimama:** Now, Mr. Temporary Deputy Speaker, Sir, the other thing is that this really faults the principle of separation of powers among the three arms of Government. We should promote the principle of separation of power between the three arms of the Government; that is, the Executive, the Judiciary and the Legislature. The Ministers are faulting this principle and we are in trouble.

Mr. Temporary Deputy Speaker, Sir, the other day, the Government reformed the Judiciary by sacking judges and magistrates, and recruiting others. We should support the Judiciary because it is very important that we do so. The three arms of the Government are very important for democracy in this country because they help in the checks and balances. Even the Fourth Estate is very important. It has helped to expose a lot of scandals, and we are asking it to go on and reveal scandals involving everybody, including Ministers. The Fourth Estate must be protected at whatever cost. They should not be intimidated, so that they can effectively play their role.

Some of the people in the NARC Government were living in the slums the other day. Today, they are living in the posh suburbs of this City, like Muthaiga and Karen in Nairobi, and in other suburbs in Mombasa. Where did they get the money? They have stolen it. The other day, these people were wearing *mitumba* suits, which looked like they had slept in them for weeks. Today, they are wearing well pressed Italian suits.

**Mr. Muchiri:** On a point of order, Mr. Temporary Deputy Speaker, Sir. You have heard what the hon. Member on the Floor has said. Could he substantiate who he is referring to? Those are just wild allegations.

**Mr. ole Ntimama:** Mr. Temporary Deputy Speaker, Sir, that is my right to give wild allegations. The hon. Member might as well mention their names, if he stands up to speak himself.

These people were wearing *mitumba* suits. Now, they are wearing very well pressed Italian suits. They used to exchange between sandals and *nginyira*, but now they are wearing well-polished shoes.

Mr. Temporary Deputy Speaker, Sir, we have a problem in Narok right now. Dr. Kulundu and myself tried to save the Mara Forest. Today, the Minister for Local Government has posted his cousin to Narok County Council. We had a clerk called Mr. Ondimu. He did good work for Narok. He saved the chaos in Narok. He is a Kisii, but that is not my problem. We wanted a good clerk. The Minister has posted his cousin to Narok and his nephew is in Trans Mara. He has posted his people to those resourceful areas where money can be collected. Somebody should find out what is happening with the Ministry of Local Government. I am told there is a cartel in the Ministry and we must stop it. We cannot have people being posted to these places without knowing what they are going to do there. They are just supposed to go there, collect money and remit it to the Ministry Headquarters. We do not know who they give this money to, but very soon, we shall know.

Local authorities are supposed to be democratic. Let us make sure that when a clerk is posted to a certain local authority, the majority of the councillors support him. If they do not, he should be withdrawn. It is very serious and unfair to impose a town clerk on a council. I am appealing to the Minister to remove all those Giriama boys from these councils. He should redeploy Mr. Ondimu back to Narok County Council. I am not being a tribalist. Mr. Ondimu is not from my clan and he is not my friend.

**Mr. Mwenje:** On a point of information, Mr. Temporary Deputy Speaker, Sir. I want to inform the hon. Member on the Floor that the Committee on Administration, National Security and Local Government will be meeting to discuss this issue. Could he come to the Committee and brief us

on that issue, so that it can be taken up by the Committee?

**Mr. ole Ntimama:** Thank you very much, Mr. Temporary Deputy Speaker. I am also appealing to you, hon. Members from Nairobi, to guard the people---

**The Temporary Deputy Speaker** (Mr. Poghisisio): Mr. ole Ntimama, are you addressing the hon. Member?

**Mr. ole Ntimama:** Mr. Temporary Deputy Speaker, Sir, I want to appeal to hon. Members from Nairobi City to look after the people of Nairobi. The privatisation of services is going to take away a lot of money from the Nairobi City Council and the employees of the council will be laid off. These are corrupt deals and they must be stopped. We were not able to stop Invesco, but I hope we can stop these other things.

I will raise this issue with the Committee on Administration, National Security and Local Government. I am appealing to the Minister to redeploy all the Giriama boys and girls whom he has posted to Narok County Council. We want Mr. Ondimu to stay there and save our forests and parks.

With those few remarks, I beg to support.

**Mr. Mwandawiro:** Asante sana Bw. Naibu Spika wa Muda, kwa kunipatia nafasi kuchangia Hotuba ya Bajeti.

Baada ya kusikiliza Hotuba ya Bajeti kwa makini, jambo la kwanza kabisa ambalo ningetaka kusema ni kwamba ikiwa tutaleta mabadiliko na maendeleo katika jamii ya Kenya, ni lazima tuwe wabunifu. Ukiangalia vile Bajeti imetayarishwa na maswala ambayo yamezungumziwa, utaona kuwa ni kama yale ya zamani, kama tulivyokuwa tukifanya wakati wote. Mabadiliko hutokea watu wakiwa wabunifu na kuangalia hali halisi vizuri na kuleta mambo mapya katika jamii. Tukiangalia katika nchi yetu sasa, tutaona kuwa ukosefu wa kazi unaongezeka. Hata ile ahadi kwamba kutabuniwa kazi 500,000 kila mwaka, mpaka sasa, jambo hili halijafanyika.

Bw. Naibu Spika wa Muda, tukiangalia vizuri, tutaona kuwa umaskini unaongezeka. Mitaa ya mabanda katika miji yetu nchini imeongezeka. Katika Hotuba ya Bajeti, hakuna sera yo yote ambayo inalenga kuondoa umaskini. Kabla hatujapambana na umaskini na kuweka mikakati yetu ya kiuchumi kuondoa umaskini, hakuna uzalishaji wo wote ambao unaweza kuendelea. Kanuni za uchumi ni pamoja na uzalishaji, ugawaji na utumiaji wa mazao hayo. Idadi kubwa ya Wakenya ambao wanaishi katika mitaa ya mabanda na mashambani hawawezi kununua cho chote cha maana kutokana na umaskini. Ukienda katika mitaa ya mabanda na uangalie idadi ya duka za kuuza nyama, chakula, pombe ama soda na ulinganishe na soko nyingine katika mitaa mingine, utaona kuwa huko hakuna soko. Kwa hivyo, kama Wakenya wengi ni maskini kiasi hicho ambao hawawezi kununua cho chote, hatuwezi kuendeleza viwanda. Kwa hivyo, ningetaka kuomba Waziri wa Fedha na Waziri wa Mipango ya Maendeleo ya Kitaifa walenge kuwa na sera za kuondoa umaskini ili tuanze kupiga hatua kutoka pahali tulipo.

Bw. Naibu Spika wa Muda, ili tuendelee, tunafaa kuacha kufanya mambo ambayo tulikuwa tukiyafanya zamani. Tuko katika hali ya kutegemea misaada kutoka nje. Huwa tunaona kwamba watu kutoka Ulaya na nchi nyingine za nje watatuhurumia na kutupa misaada. Huwa tunaona kwamba wataona juhudi ambazo tumeweka katika kupambana na ufusadi na vile tunavyoishi katika demokrasia kisha kutupa pesa za misaada. Fikira kwamba tutasaidiwa na watu wengine ili kuuendeleza uchumi wetu haziwezi kutufaidi. Ukiangalia hata sasa, utaona sera tulizonazo ni zile zinazotoka Marekani. Wamarekani husema kuwa nchi ya Kenya haina usalama wa kutosha kwa watalii. Kama hatutonyeshi kwamba hatutaki kutegemea marafiki zetu, basi tutaendelea kuwatumikia. Hata tukizingatia mambo ambayo wanataka tuzingatia, bado hatutaweza kuwaridhisha.

Ningependa kuona tukiwa na sera ambazo zaonyesha kuwa tunajua kuchunga rasimili na kuweka mikakati yetu ya kimaendeleo. Hivyo ndivyo tunavyoweza kujikwamua. Tungekuwa tunaweza kuyashughulikia mambo yetu ya kiasili. Mambo haya ni kama vyakula, nguo na malazi. Tunafaa kuwa na sera ambazo zaonyesha kuwa hatutategemea nguo za mitumba milele. Mikakati yetu

inakubali nguo ya mitumba. Hatujafufua viwanda vya kutengeneza nguo na hali tunajua kwamba kilimo cha pamba kinawaajiri watu wengi sana. Tunajua kuwa viwanda vya nguo ndivyo vinavyowaajiri kazi watu wengi sana. Tunafaa kuwa na mikakati ya kulinda kilimo chetu na viwanda vyetu kama vile viwanda vya sukari. Tusipofanya hivi hatutaweza kuongeza pesa katika Bajeti yetu.

Mambo mengine tunayofanya yaonyesha kwamba hatupigi hatua yoyote mbele. Sijui ni nani alisema kuwa mashirika ya Serikali hayawezi kuendelea kufanya kazi, na kwamba ni lazima yabinafsishwe. Wimbo huu wa ubinafsishaji unatokana na utandawazi. Utandawazi ni ubeberu. Sisi kama Wakenya tunafuata mambo hayo sana. Tunajua kwa nini taasisi zote za kiuchumi, ambazo zimekuwako kwa miaka mingi sana, zimeanguka. Hazikuwa na usimamizi bora. Zilikuwa zimekumbwa na ufisadi na uongozi mbaya. Tukisema kuwa tutauza mashirika hayo, hatutakuwa na uchumi huru. Tutakuwa tukitegemea watu kutoka nje. Tutakuwa tukiwadanganya vijana kuwa tutawapa kazi. Ikiwa tutabinafsisha mashirika hayo, kazi zitatoka wapi? Kuna uwezekano mkubwa wa kuzishugulikia, kurekebisha makosa yaliopo na kuzifufua.

Tunakubali kuwe na uegezaji wa watu binafsi, lakini uegezaji wa watu binafsi usije ukaua uegezaji uliopo sasa, na ambao unaweza kutusaidia kutatua matatizo tulionayo. Ikiwa serikali hii itafuata sera za kibepari na utandawazi, ambazo zinalenga ya ubanafsishaji wa kila kitu katika nchi hii, jambo hili litatufanya tusiwe na uchumi huru na uwezo wa kubuni kazi. Wizara ya Mipango na Maendeleo ya Kitaifa, na ile ya Fedha, na Serikali kwa ujumla, zinaweza kubuni sera za kiuchumi ambazo zina lengo la kufufua uchumi wa nchi hii katika kila sekta. Tunaelewa kuwa jambo lingine ambalo Serikali ingekuwa imefanya ni kuongoza nafasi za kazi. Kama Wizara ya Leba na Ustawi wa Mafunzo ingekuwa imewaandikisha wafanyikazi wote katika mabaa, vioski na matatu, kuweka mshahara wa chini wa kila mtu na kuhakikisha mshahara huo unamwezesha mtu kuishi na kulipa kodi ya nyumba, tungeondoa umaskini katika nchi yetu.

Hivi sasa, tunaishi kama watu wasio na Serikali. Watu ambao wameajiriwa wanaishi kama watumwa. Kuna wanawake ambao wameajiriwa kuhudumia wateja katika mabaa. Wanawake hawa wafaa kulipwa mishahara mizuri. Wengine hufanya kazi bila ya malipo. Wengine hulipwa Kshs1,000, wengine Kshs2,000 na hakuna anayeweza kuwasaidia. Ni kama hatuna Serikali. Ni kama hakuna Serikali katika nchi hii. Serikali inafaaa kutia maanani mishahara ya watu kila mahali. Katika EPZ na viwanda vingine wafanyakazi ni kama watumwa.

Kwa hayo maneno, ninaomba kuunga mkono.

**The Minister for Labour and Human Resource Development (Mr. Mwakwere):** Thank you, Mr. Temporary Deputy Speaker, Sir. I support the Budget that was presented to this House. I wish to say that, unfortunately, I missed the Budget Speech because I was out of the country. Having taken time to go through the document, I wish to say that we, as a country, are just emerging from a phase of economic decline. We are emerging from a phase, where there was no goodwill being extended to the country. This was as a result of bad governance, insecurity and other problems that were impacting negatively on our country. However, we are now trying all we can to stabilise and generate factors that will improve the economy. The Budget that has been put together has done just that.

I would like to make a contribution relating to job creation. This is an issue that has been debated time and time again by everyone in this country. As a Government that is in power now, we need to make a commitment to job creation. I would like Kenyans to bear in mind the fact that the creation of jobs needs total commitment by all of us. It is not a one Ministry's responsibility. It is a responsibility of every Kenyan. The first question that everyone should ask themselves is if they are committed to the achievement of that goal. If they are, then they should ask themselves what they are doing towards the achievement of that goal. Unless there is commitment very little will be achieved. This is important because the creation of employment is a multi-sectoral commitment. If you read the Budget, you might find it very difficult to identify where the Ministry of Labour appears. I can tell you



that it is reflected in every area of the Budget because the intention to raise the performance of the economy requires the participation of people in various sectors of employment. It is important to note that the commitment to create gainful employment in the country requires the input of every Kenyan. It is not the responsibility of an individual or Ministries. It is a commitment that can be achieved if we ask ourselves what input we are making towards the creation of employment.

Mr. Temporary Deputy Speaker, Sir, it is important to note that jobs are being created in the country. The Government is creating an enabling environment to make it possible for people to be self-employed. Kenyans should take advantage of the availability of soft loans and start their own enterprises, however small they may be. I will give you one very interesting indicator of a country's economic performance. We have today more people from the Chinese and Indian Sub-Continent and Europe coming to work in Kenya. These people do not go to a country or an economy that is shrinking. They go to an economy that provides opportunities for growth. It is an indicator that there is something that Kenyans are not analyzing effectively, and which they should take advantage of.

A good example is people working in the EPZs. The creation of EPZs is not just an opportunity for foreigners to make an input. Kenyans can take advantage of the enabling environment to invest in EPZs. But we seem to be sitting and waiting for an investor from Asia, Europe and other parts of the world to come and invest in EPZs in Kenya. We have got to do it ourselves. The Budget creates an environment that will enable Kenyans to create jobs and sustain their livelihoods in a better way.

I would like to encourage Kenyans, particularly those who make analyses in various sectors, to read the Economic Survey of 2004 as presented by the Ministry of Planning and National Development. If you read it, you will note that even the jobs that have been created in the informal sector and the Government are clearly tabulated. Whereas we know that we have got an average of 500,000 people coming out of school and getting into the job market every year, it has also been noted that most of these people need specific training to enhance their skills. They are just going through schools and leave in a state where they cannot be employed in certain sectors like the EPZs and other areas that require specific skills.

I am saying this because we, as Members of Parliament, have an allocation that will help us develop our constituencies. Time and again we have heard the requests to the Ministry to provide money for youth polytechnics. I would like to encourage hon. Members to use part of the Constituency Development Fund to improve youth polytechnics in their constituencies. Unless they do that then the growth rate in skilled manpower in Kenya will stagnate or even decrease. Youth polytechnics are the responsibility of the communities. Communities can now be given additional assistance by Members of Parliament through the Constituency Development Fund. If constituencies in a district could put together their resources then it should be possible to come up with a youth polytechnic in a district that will be making more effective contribution to the development of the youth. They will acquire skills and knowledge that will be useful in industries and even assist them in establishing their own small-scale enterprises.

I would like to mention that small and micro-enterprises contribute up to 80 per cent of the employment that is quantified here in Kenya. I am encouraging hon. Members to take advantage of that because the Budget does make certain provisions that encourage Kenyans to start small and micro-enterprises which are supported by the availability of markets. Whatever is produced by the people can now be sold not only in Kenya, but even in the East African region. That is a contribution that the Budget makes very clearly, and hon. Members should take advantage of it.

The availability of markets through the AGOA set-up is also another way of ensuring that Kenyans eventually earn better income that will improve their families status, individual growth and even contribute overall to the growth of the economy. It is important to note that when we take advantage of the AGOA arrangement we do not do that only for individual gain, but also to contribute

to the growth of the economy.

I would like to congratulate the Minister for Finance for presenting a Budget that will definitely help Kenyans to revamp the economy and move it out of the quagmire that it has been in over the last ten years. It is this little contribution, even if the real growth will go up by a small percentage that has already been projected that contributes to the overall development of the country in a very competitive world.

In support of the Budget, I would like to urge Kenyans, particularly those working in industries, to avoid strikes. Once you go on strike you not only discourage investors from coming to Kenya, but also create a situation where incomes to families and individuals also get affected. It is important that we use the machinery available, particularly of labour and the industrial relations machinery to avoid strikes. On that note I am appealing to NGOs, which do not have the mandate to participate in trade union matters to desist from inciting workers to go on strikes. Strikes in the EPZs and other sectors will definitely destroy the projection that we have made for the improvement of our economy in the coming one year. Salaries have been improved and we will keep on improving them.

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

**Ms. Abdalla:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to comment on the Budget Speech by the Ministry of Finance. In looking for a positive thing to say about the Budget Speech, all I could come up with is that that Speech was the work of a spin doctor. This is a person who says things that sound very good, but have very little substance in the actual data that is presented.

I call the Budget Speech the job of a spin doctor for the following reasons.

**Hon. Members:** What is a spin doctor?

**Ms. Abdalla:** Mr. Temporary Deputy Speaker, Sir, I hear some hon. Members asking what a spin doctor is. A spin doctor is a public relations agent who helps you to make things that are not very positive sound very positive. I hope that information has reached those Members of the Front Bench who were asking what a spin doctor is. I said that the Budget was the job of a spin doctor for the following reasons. One is that Mr. Mwiraria heard the complaints of Kenyans about the purchase of expensive and unnecessary vehicles. He told the House that he has stopped the purchase of new vehicles. Every Budget Item that involves the purchase of vehicles has a star beside it, which says that expenditure will only be incurred with the express permission of the Treasury. Part of what the Treasury will do will be to look at the engine capacities of the vehicles bought. What exactly is the Minister saying? He already has those powers yet he comes here and cheats Kenyans that he stopped purchasing vehicles. We know there are funds for the purchase of vehicles.

**The Assistant Minister for Finance** (Mr. Katuku): On a point of order, Mr. Temporary Deputy Speaker, Sir. I would like to draw the attention of the Chair to the language used by the hon. Member. She has said that the Minister came here to cheat. The use of the word "cheat" is unparliamentary.

**The Temporary Deputy Speaker** (Mr. Poghiso): Ms. Abdalla, could you, please, withdraw that word?

**Ms. Abdalla:** Mr. Temporary Deputy Speaker, Sir, I withdraw the use of the word, "cheat" and say that the Minister actually misled the nation. He also said that there would be no more purchase of vehicles, but we know that there are funds already set aside for that purpose. It is my understanding that these expensive, high horse power vehicles that have been bought are so high-tech that some of the Ministers and their drivers are touching gadgets that literally stop them. Eventually, most of these vehicles end up spending so much time in garages. If the Minister is really serious about this problem, he should order those Ministers with some of these uneconomical vehicles to sell them because we will soon be incurring high costs of running them.

In addition to the vehicle problem is the linkage between the use of the Liquefied Petroleum

Gas (LPG) with the reduction of the stress that our forests are facing. The Minister for Finance has the Department of Statistics very near his office. It is a known fact that over 90 per cent of Kenyans who use firewood cannot afford and have no idea how the LPG system works. So, this is again a gimmick of a spin doctor trying to link things that are totally unrelated. For that reason, if the Minister was very serious instead of adding that hidden excise duty on kerosene that has increased its cost, he should have worked on reducing the cost because kerosene is the nearest alternative for Kenyans even if it is used by less than 5 per cent of our people in this country.

Mr. Temporary Deputy Speaker, Sir, the other issue that is minor and has been applauded by most hon. Members of my gender was on the reduction of VAT on sanitary towels. I leave that to the report of yesterday's paper on the effect it has on the local producers.

Secondly, this Government was elected on a reform agenda. In fact, the President promised to give us a lean Cabinet that would have less economic effects on our Budget. However, as days go by, we seem to get more Ministries in place. Worse still is the number of task forces these Ministries come up with; all of them fully-fledged with relatives and all manner of friends. Why would a Ministry, for example, the Ministry of Environment, Natural Resources and Wildlife require a task force to deal with conservation and yet, it is so packed; its budget is so bloated with personnel costs? It has so many experienced people. That is a total waste of public funds. It is not only with this Ministry, but it is also happening in many Ministries. It is surprising that these Ministries are trying to outdo each other in the number of task forces they come up with. If we will rationalise spending, we must also rationalise these task forces that are totally unnecessary.

Mr. Temporary Deputy Speaker, Sir, the other thing I would like to talk about is the secrecy surrounding this Budgeting process in total. When some of us visit some Ministers, or the people who matter in this Government, they tell us to look at the Vote Book. They always re-emphasise the need for us to make sure that our agenda is put in the Vote Book. I looked at the Vote Book and the things that we were promised are not there. My hands, as a Member of Parliament, are tied in that I have no role in contributing to the contents of this Budget. If this Government is truly hoping to remain in its reform process, it must put its money where its mouth is.

Mr. Temporary Deputy Speaker, Sir, the other problem is the lack of prioritisation. During the beginning of this Session, the Member for Mandera Central Constituency caused laughter in this House when he insisted that the President visits his constituency. The story then was that he said that if the President visited his constituency, then problems faced by his constituents would be solved since his issues would be slotted in the Vote Book. Many of us laughed because we did not take him seriously. I would like to shed light on the Kshs224 million that has been allocated to the translocation of elephants from the Shimba Hills Game Reserve. Notwithstanding the human-wildlife conflict in the Shimba Hills, Kshs224 million is over 2,000 per cent increase in the budget of animal translocation of the Kenya Wildlife Services (KWS). This money is meant to translocate 400 elephants to Tsavo East Game Reserve. This translates to over Kshs560,000 to relocate one elephant. If this is not lack of prioritisation, then what do you call this? Worse still, the Government came to power with a promise that they will never have roadside declarations. This allocation is as a result of a Presidential directive during his recent visit to Kwale District. What else is there for this Government to deliver?

Mr. Temporary Deputy Speaker, Sir, the other thing is on the promise made to the ASAL areas. I have been cautioned on the fact that we have highlighted this so much that this is the reason why we were not sufficiently covered in this year's Budget. However, one should always be able to deliver on his promises. One of the biggest things that the NARC Government promised us was the revival of the Kenya Meat Commission (KMC). The re-opening of this factory would result in increased marketing potential for the products of the ASAL areas. We have been playing a cat and mouse game with the Minister for Livestock and Fisheries Development on the composition of the Board of Directors of the KMC. When somebody trivialises the kind of people that they appoint to

such important bodies, it is a clear indication that their promise is mere rhetoric. The problem with the livestock sector is the lack of marketing, and the health problems related to our ability to export livestock. That cannot be solved by a quantity surveyor heading the KMC. This Government must start taking us seriously.

Mr. Temporary Deputy Speaker, Sir, the other problem is that I do not understand the selectivity of the cost of gravelling or tarmacking roads in this country. The road between Merille and Moyale happens to be 400 kilometres long, but the funding put in the Budget is a mere Kshs5 million. Does it mean that the opening up of a market for Kenyans products, consisting of 70 million Ethiopians and Eritreans, is not big enough an issue for the Government to allocate sufficient funding? I hope the Kshs224 million allocated for the translocation of elephants is an error so that this money can be put to construct this road so that people are able to access this market.

On the fight against corruption, many of us know---

**The Temporary Deputy Speaker** (Mr. Poghisio): Order! Your time is up!

**Ms. Abdalla:** Mr. Temporary Deputy Speaker, Sir, with those few remarks, I beg to support.

**Mr. Marende:** Thank you, Mr. Temporary Deputy Speaker, Sir. First, I wish to commend the Minister for his Budget Speech, which was appropriately worded: "Enhancing Efficiency for Accelerated Development". In the Budget, we saw a serious attempt on the part of the Minister for Finance to think outside the box. He has, at least, made an attempt to move away from the traditional way of presenting the Budget. It was quite refreshing to see the Minister come up with new concepts which, although practised elsewhere, have not seen the light of day in this country. I have in mind the Minister's proposal to move appropriate legislation to introduce In Duplum Rule in the banking sector. It is my view that the introduction of that rule in the banking sector would bring about relief to long-suffering Kenyan borrowers, who have been subjected to excessive charges by banking institutions. Kenyans have borrowed very little and ended up paying up to ten times of the initial amount borrowed. I urge the Minister to move quickly and ensure the realisation of that proposal.

Mr. Temporary Deputy Speaker, Sir, it is also refreshing that the Minister came up with a proposal to remove Value Added Tax (VAT) from Liquefied Petroleum Gas (LPG). That, again, will introduce some welcome relief to a reasonable proportion of Kenyans who have, otherwise, been unable to afford cooking fuel.

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

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

Having said that, I am, however, afraid that the Budget proposals are not sufficiently innovative to move this country from the economic morass that it is in. We know that, for a long time, our country was an economic power. It was a leader; a pace-setter in the Eastern and Central Africa region. But, lately, over the past five years or so, we have been relegated to a position where we have become strugglers against countries that we were far ahead of. We now have to struggle against the economic development base of Uganda, the pace of Tanzania and even young Rwanda. Why are we in that position? In my view, it is because we have not been reasonably innovative. We have tended to become complacent in the belief that we are the best in this region. It is, therefore, important that we begin to identify our priorities and deal with them correctly. I am afraid the Minister has not sufficiently done so. Much as we have promised Kenyans to revive the economy and reduce poverty, the most we have done is to offer lip service to those concepts. In practice, we have done very little.

Mr. Temporary Deputy Speaker, Sir, for instance, in the Budget proposals, it does not make

any good sense at all for the Minister to propose to construct a residence for the Vice-President at a cost of Kshs50 million, without giving Kenyans an explanation as to what has happened to the previous residences of the Vice-President. We are still subjecting this country to a lot of wastage. Also, in the Budget proposals, in the Development and Recurrent Expenditure, there is a figure of Kshs1.3 billion to look after the President. In my view, that does not make any logic. I do not see why we should spend Kshs1.3 billion to look after the President, when there are millions of Kenyans who cannot put a square meal on their table every day.

Mr. Temporary Deputy Speaker, Sir, I do see any seriousness in the proposals that the Minister has made in dealing with the congestion on our roads - that is infrastructure! We know that today, Kenyans who live in Nairobi spend between two and four hours merely idling on the roads because they are unable to make progress because of traffic congestion. That makes no sense. It is ironic that the President himself has a concept of appealing to Kenyans to be a working nation, when they are spending up to four hours in the streets of Nairobi merely idling and sitting in their cars. It is urgent that we address that area. It is not good enough for the Minister to say in his Budget that we are going to carry out a study supported by Japan, and that we will see the fruition of their work on our roads in the year 2025. In my view, that is a joke. I urge the Minister to revisit that aspect and give urgent attention to relieve Kenyans of traffic congestion in Nairobi.

Mr. Temporary Deputy Speaker, Sir, I want to make a contribution to the land matter. The worst that you could do in investments and development is to create a situation where there is uncertainty. We are talking about investment, artefacting investors, partners in development and so on. But the question of land is so central in investment. I am afraid the Minister for Lands and Settlement has not done enough to ensure that the land policy in this country is clear. We have erratic statements coming out of that Ministry that do not have consistency. The Minister for Lands and Settlement has come up and said that they are going to nationalise idle land. He came up at another time and said that they are going to cancel all past title deeds and issue new generation title deeds. The same Minister has come up with a committee that is going to review the land policy and land laws in this country. Where is the Minister? Where is the policy on land? Can we continue that way, really? Banks are now unable to accept title deeds relating to land because of the uncertainty surrounding land in this country. Land is so core to investment. I urge the Minister for Lands and Settlement to move quickly and ensure that there are clear land laws and policy in this country.

Mr. Temporary Deputy Speaker, Sir, a reflection of how we are getting our priorities wrong is shown in the Budget as proposed now. We see an allocation of Kshs353.9 billion to Recurrent Expenditure, against an allocation of Kshs86.7 billion to Development Expenditure. In my view, the effect of that is a shrinking nation. Very soon, we will become insolvent. Last year, we spent up to 87 per cent of our total revenue on payment of wages and debts. We merely spent a paltry 13 per cent on development. In the current Budget, I do not see any effort to depart from that unsatisfactory situation.

Mr. Temporary Deputy Speaker, Sir, I also want to touch on the issue of equitable distribution of our resources. I would have liked a situation where the Minister for Finance proposed that all Government resources are budgeted for and distributed just like the way the Bursary Fund in the Ministry of Education, Science and Technology is distributed, so that all the resources are devolved to the constituency level. What we now see in the proposed Budget, especially the Development Expenditure, there is a lot of disparity. There is a dangerous trend which has to be checked, where a larger proportion of resources are allocated to areas where respective Ministers come from, at the expense of other areas. For instance, in the Ministry of Water Resources Management and Development, Kshs500 million has been allocated to Nyeri District. Without any explanation, the rest of the districts have been allocated merely Kshs5 million! Where are we going?

With those few remarks, I beg to support.

**Mr. Kipchumba:** Thank you, Mr. Temporary Deputy Speaker, Sir. I want to contribute to the Budget Speech as given by the Minister for Finance.

When you look at this Budget, it is a typical reflection of a man who went to the old school of economics. What the Minister has done is just to print a duplicate of what he gave us last year. I want to give the Minister some ideas on what he should have done and especially, on the economic side.

Mr. Temporary Deputy Speaker, Sir, when the East African Community Treaty was being signed, there are a few issues that the Minister should have addressed. I believe the treaty that was signed by the Presidents was signed in the wee hours of the night when many of the Ministers in this country were asleep, while Ugandan President, Yoweri Museveni was very awake.

It is going to be a very difficult thing to swallow for us when this country will lose an estimated Kshs8.6 billion, which is an equivalent of one month's revenue collection, because the amount of tax that we will have to forego will be approximately to that tune. My concern is the fact that Tanzania is a member of Southern African Development Co-operation (SADC). It is unfortunate that some of the goods that will be imported from South Africa could easily be re-exported to Kenya in the name of having been manufactured in Tanzania. We know the track record of Tanzania. She pulled out of the Common Market for Eastern and Southern Africa (COMESA), which is a very unfortunate situation. What guarantee do we have that Tanzania will not pull out of the East African Community (EAC) when the five years expire? I keep asking myself. This country would have lost money to the tune of approximately Kshs50 billion in five years.

Mr. Temporary Deputy Speaker, Sir, when we go to beg from the World Bank and other bilateral donors, we even looked for Kshs4 billion to support our education system and infrastructure, when we are willing and ready to lose money to the tune of Kshs50 billion in the name of establishing an East African Community. I am not against the establishment of the EAC. But it can only be done when members belong to one community.

I would like to appeal to this Government to re-look at this issue more seriously because, ultimately, all the manufacturing firms will relocate to Tanzania and Uganda. What will happen? Kenya will finally be a net importer of the goods that we are exporting now. BIDCO, for example, has already relocated to Uganda.

Mr. Temporary Deputy Speaker, Sir, what is it that we manufacture in Kenya? We are not an industrialised country! Kenya is an agricultural country. We export raw materials. We export raw coffee and tea. What is it that we manufacture that Tanzania and Uganda do not? That is why I am asking, why are we in a hurry? That is the typical behaviour of this NARC Government. They are always in a hurry to implement "free primary education" or "free medical care". We are not a welfare state. In welfare states, taxes are in the tune of over 50 per cent. Taxation in Kenya is only 30 per cent. How are we going to sustain these programmes?

I would like the Minister for Finance, before this is implemented in January next year, to go and re-examine the merits of the EAC. That is my basic concern. I do not want to look at the other issues, because I know you know them; they are just the musical issues that we hear every day.

Mr. Temporary Deputy Speaker, Sir, the pledges that we got from the World Bank to the tune of Kshs4.1 billion; I would like to know from the Minister, how much have we received and how much have we utilised? This country, in my own view, does not have the capacity to absorb the kind of funds that--- When you read through the Minister's speech, he is appealing to donors to accelerate lending so that we can implement our programmes. Do we have the capacity? The capacity is zero! When we are told that we made savings last year to the tune of about Kshs22 billion, is it that we made savings or we never provided services? This is the Biblical story. You are given Kshs100 so that when the boss comes, you give him Kshs100 just because you did not spend and you say, "I have done very well, boss, I am giving you back your Kshs100." You better use it and lose the money.

Mr. Temporary Deputy Speaker, Sir, zero tolerance to corruption is the same music. We do

not want to hear it any more, we do not want to see it being written anywhere, because it does not happen. Why tell us there will be zero tolerance? What is zero to this Government? Is it zero ten, zero twenty or zero five? They cannot differentiate between zero and one. This Government is riding on promises they cannot deliver and they will never deliver anything.

I would like to congratulate the Minister for Transport and Communications for introducing safety regulations in our roads. But did he look at the repercussions? There are no seat belts in *matatus* for children! How do you take care of yourself and there is not seatbelt for your own children? Would you better die or it is better your child dies? Some Members are very ignorant. You cannot use one seatbelt for yourself and your child. There must be a deliberate policy to have certain seat belts made specifically for children. The Minister did very well, but he did it in a hurry. Everything in this country is done like there will be no tomorrow. Probably this Government is scared that they will not be there for long.

Mr. Temporary Deputy Speaker, Sir, I do not even want to talk about the physical infrastructure because it is in chaos. But because the Minister for Energy is here, when you convert Kshs15.9 billion to be preference shares, if you convert that money in any company and if that company does not do well, then it had better be closed. For how long will we convert shares of the Kenya Power and Lighting Company (KPLC) to preference shares? For how long? Then, it goes to beg for Kshs20 billion from donors! We must start a radical surgery in that company.

The Minister is asking for more money for the National Bank of Kenya. You cannot change National Bank of Kenya unless you change the management itself. The kind of management that we have in that bank; they are the same managers that were transferred from elsewhere. This Government and the previous Government have lent a lot of money to the National Bank of Kenya; Kshs2.1 billion which it was supposed to repay and yet, it has no ability to pay. You still have the old management system, a fellow who was somewhere else, he is old and he cannot change the company. Unless you remove the management, there is no point of injecting more money into National Bank of Kenya. That bank must be sold to Kenyans. You cannot sell it to anybody else. In many other countries of the world, financial and banking institutions are owned by the indigenous people.

Mr. Temporary Deputy Speaker, I have seen the deliberate policies that the Government has put in place. Last year, the Minister for Finance said that bank charges must be approved by the Government. If you look at the bank charges in every bank, they have their own different bank charges. The Minister has gone ahead to repeat the same statement. When, last year, he did nothing. That is why I am saying what he has basically done is to photocopy the same speech that he gave us last year. Even if you look at the Printed Estimates, word by word and figure by figure in some of the Ministries - I have had the opportunity to look at the Ministry of Energy, for example - the money that we were given for the Rural Electrification Programme in every district is the same. You wonder why this country is not changing! Then when you are told that there is single-digit inflation and prices of fuel and food have gone up by 50 per cent, it makes a mockery of our intelligence.

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

**The Minister for Energy** (Mr. Ochilo-Ayacko): Thank you, Mr. Temporary Deputy Speaker, Sir. I want to start by congratulating the Minister for Finance for disappointing people who were sceptical about the NARC Government. If we listened to news the week prior to reading the Statement, a lot of sceptics predicted that there would be increase in taxation. A lot of people looked at the front and saw darkness and thought that we were headed for a dead end. However, when the statement was read by the Minister and everything tabled, it turned out that this is a poor person's Budget. Nothing was increased that touched on or affected the poor person. Those of us who were always optimistic are very happy and celebrating.

I want to congratulate the Minister for Finance and his people for putting up a very good Budget that is friendly to poor persons. It is a pro-poor Budget!

I also want to add that the Minister for Finance put together a Budget that captures the commitment that we have had to citizens of this country. The Government is committed to funding free primary education and we can see that in the Printed Estimates and in the Financial Statement. Therefore, there is commitment from the Exchequer to continue funding free primary education. Those on the other side who have been thinking that this was a populist statement and that free primary education would collapse, have already been disappointed.

The Government is committed to funding constituencies and in the Printed Estimates, the Constituency Development Fund has been captured. This shows that we are a truthful Government; we are a Government committed to honouring some of the pledges that we made. Already there is money for constituency development and it is in that Fund. This will go a long way in assisting areas that were left behind in realising their development needs and objectives. There is Kshs6 million that has already been disbursed and it is awaiting release to various constituencies. Hopefully, this is going a long way in ensuring that constituencies achieve their development agenda.

We are committed to honouring the obligation that the Government had between it and teachers through the Kenya National Union of Teachers (KNUT). It is true that the Minister for Finance provided for that kind of arrangement and our teachers and lecturers are no longer jittery. I want to give the Minister for Finance and his Assistant, Mr. Katuku, who is here, a pat on the back for honouring the pledge that was made to teachers and lecturers when it is known to both sides of the House that scarcity is around and about. We know that we do not have sufficient funding but at least when you make a commitment to organisations like the KNUT and lecturers, you honour such promises.

Mr. Temporary Deputy Speaker, Sir, in the statement and Budget, there is commitment to cut expenditure. Ministries have been directed not to buy vehicles exceeding certain capacities. There is also commitment not to buy new vehicles for top civil servants and Ministers so that Ministries with vehicles in excess of what they need can be arranged. This is a commitment to preserve the little revenue that we have and to try and apply the same revenue to serve the people of Kenya.

In the energy sector, we are trying to do our best within the Budget to ensure that the quality of electricity in this country is addressed. We are also trying to ensure that quantity is addressed by connecting about 150,000 new customers. It may not have been captured in the Budget *per se* but a lot of the money that we will be receiving from our development partners will be applied in that regard. I want to thank organisations like AFD for committing to fund us to the extent of 30 million Euros. I also want to thank the World Bank for approving disbursement to the energy sector amounting to about Kshs17 billion.

Regarding graft, the energy sector has done its bit and graft is no longer visible. It may be there but it is only in micro-scope scale. It is not visible and we intend to apply the funding we get to make sure that members of the public are able to see that. A lot of the funding that will be received will be used towards strengthening the distribution and transmission lines so that blackouts are not as regular as they have been. Blackouts cannot be completely wiped out. The kind of outages that we have are in excess of 11,000 and if they are reduced to about 3,000 a month, then quality electricity shall have been captured. This is what we intend to do.

We also intend to apply the funding that we will receive towards geothermal resource assessment and development. In that regard, we have come up with a company called Geo-Thermal Development Company. What that company will do because it is very expensive to develop and assess geothermal energy, is to develop it and sell steam both to the KenGen and any private sector person who wants to develop it. That will capture the energy policy of affordability. This is because what makes energy generated through geothermal expensive is that those who invest in it capture the cost of exploration. However, if that is underwritten or undertaken by a public company, it will be possible to give affordable tariffs.



Mr. Temporary Deputy Speaker, Sir, the Minister for Finance waived VAT on Liquefied Petroleum Gas (LPG). A lot of sceptics think that this is targeting the few affluent people who use LPG. If we look at the energy policy and if we have been listening to what we are doing at the energy sector, we are approaching the issue of LPG on a grand scale. We intend to put up an import bulk handling and storage facility at Mombasa. We also intend to have a storage facility in Nairobi, Sagana, Nakuru, Eldoret and Kisumu. The purpose or object of having this storage facility is to debottle-neck distribution and marketing of this product. The grand programme will be done in partnership between the Kenya Power and Lighting Company (KPLC) on behalf of the State and private sector who will be leading that scheme. Already a study has been undertaken and this project will see the light of day soon.

We appreciate the fact that domestic energy used in this country is about 80 per cent wood fuel and that is a threat to our biomass.

Mr. Temporary Deputy Speaker, Sir, we have done a study and we will soon come back to this House for legislation to standardise valves and regulators, so that it will be possible to distribute Liquefied Petroleum Gas (LPG) to people in various corners of this country. What we hope to achieve by this is an increased consumption of LPG and a reduced consumption of biomass and, therefore, preservation of our environment. So, those who think that the VAT waiver was directed at the few consumers should know that there are other plans that have been put in place to ensure that the consumption of LPG is increased.

The Minister for Finance did very well. Eventually, LPG will turn out to be cheaper than kerosene. What makes the cost of LPG high is not just the VAT. It is the fact that we do not have adequate storage facilities. So, we cannot import an economical shipment of LPG. The tanks that we have in Mombasa can only decant about 1,300 metric tonnes of LPG, whereas an economical shipment is about 7,000 metric tonnes. So, a lot of the charges that are passed over to consumers are due to the fact that freight is expensive.

Mr. Temporary Deputy Speaker, Sir, I think the Minister for Finance did a very good job in very difficult circumstances. Therefore, I beg to support.

**Mr. Bahari:** Mr. Temporary Deputy Speaker, Sir, I would like to support the Motion.

There is only one or two things which I can consider positive. The theme of the Budget Speech - Accelerating Growth through Improved Efficiency - is quite right. I am, however, surprised that although the theme is right, there is completely nothing to show that the Government is committed to it. There are no proposals to improve efficiency. This is where we start getting it wrong. The Minister, being in charge of the responsibility of providing policy guidelines, has not highlighted the areas where he intends to improve efficiency. That is a bad start. He has not proposed anything towards improving efficiency.

Mr. Temporary Deputy Speaker, Sir, although Kenyans have always been in need of services, time and again, the funds that were allocated to Ministries found their way back to the Treasury. That is gross injustice against the people of Kenya. It is an insult, because Kenyans need those services. Why do we allow Ministries to return them to the Treasury for some unacceptable reasons, like issues to do with procurement procedures? What do Kenyans have to do with procurement procedures? They need services. Funds are availed for provision of those services, but they are subsequently returned to the Treasury. What more injustice can we do to the poor citizens of this country than keeping that money at the Treasury?

Towards the end of a financial year, Government departments rush to commit funds. In the process, they commit a lot of errors. Consequently, we do not realise value for our money. In the process, a lot of injustice is done to Kenyans, who lack a lot of very basic services. Why is there no proper planning? I know that in some departments, there are work plans. Who follows up to ensure those work plans are implemented on time? The old tradition still exists. There is lack of control,

monitoring and evaluation. Everything, including lack of guidelines, as seen in this Budget Speech, is lacking.

It was quite clear from the beginning that the idea of the Minister presenting the Budget for three hours was to keep us and other Kenyans busy. The Minister must know that Kenyans are very keen and sensitive to Budget Speeches. They all watch the Minister's presentation on television. On Budget Day, players in the private sector ensure that their television sets are on. All serious people take the word of the Minister as he speaks here. These people were very disappointed, because nothing came out of that Budget Speech at the end of the day. It was only political talk and window-dressing. No practical steps were taken.

Mr. Temporary Deputy Speaker, Sir, this country is hardly known in most parts of the First World. We have not marketed our country well. We behave as if people will come for us. That is the wrong notion. While marketing a product, people move from their houses. You will see them on the streets or highways, selling their products. They will stop you and start selling those products to you. As a country, what have we done to market ourselves abroad? These are the things that are going to make us irrelevant. What have we done to improve the capacity of the people who are responsible for those assignments? Our missions abroad must be given very clear targets. They have no staff or resources or guidelines, and nothing is achieved at the end of the day. It is high time we re-packaged ourselves and looked into these issues very seriously.

*(The Minister for Finance  
entered the Chamber)*

I am happy that the Minister has come in!

We are doing nothing to market Kenya abroad. Nobody even knows where Kenya is located in the world. It is time we took this assignment very seriously and put in place persons and mechanisms of marketing this country abroad, because we have a lot of potential. We cannot keep on talking about having a lot of potential for the last 40 years. It is now time we put in place practical measures to convert that potential into something tangible.

Mr. Temporary Deputy Speaker, Sir, when the issue of the residence of this country's Vice-President came up, we were told about printing errors. I wonder how many such printing errors are in the Estimates. They must be so many. I do not know what has gone wrong with the Ministry of Finance, which is supposed to have flair for figures. I remember that this is not the first time we have had such a case. Cases of printing errors have come up in many occasions, even in very basic things. It is important that the Minister takes these issues very seriously. We cannot afford to make those "printing errors." We are not sure whether they are genuine printing errors or whether these are new tactics of going round issues, because the Budget is known to be very tactical. We must respect our Budget and the figures contained in it.

I will not be surprised if we are told that the provision that was made to facilitate the contract that the Government entered into with Anglo Leasing Company was also a printing error. The Government of Kenya enters into contracts with people it does not know. Up to now, we have not been told. Is it also an error? How are we going to trust all the other figures? We were told no more vehicles will be bought for senior Government officials. The Government has already bought so many vehicles. Is there need for any more vehicles? We have not been told what has happened to the old ones which were there. I know that, at some stage, in the last financial year, the Minister had some plans for them. However, even now, the boarded vehicles and those which are still serviceable are all over. That is how we waste resources.

We then go round globe-kneeling before institutions to solicit for funds when we have not met the basics. In any organisation, or institution, we can meet 80 per cent improvement without having to

beg or ask for resources from anywhere else. Those who are in modern management know about that. It is only the other 20 per cent that we can go round the globe and ask for funds. In this economy, we can just do that. However, there are still a lot of loopholes. This is the area, and I am lucky the Minister is here, that I want him to focus on. What is happening in the district treasuries and all other treasuries? Even right now, civil servants are not properly apprised about Treasury procedures. There is a lot of push and pull. At the end of the day, what happens? No service delivery occurs and the money goes back to the Treasury. It is not acceptable! It is the highest degree of injustice that we can do to this nation; when we desperately need those services, but yet, the money goes back to Treasury. Every department must ask why this money went back to Treasury. It is the Ministry which requested it. They must make use of this money efficiently and effectively! What is the cause of returning that money to the Treasury? It is not acceptable because the cost is immense. This costs us much because of simple procedures when Kenyans need services.

Mr. Temporary Deputy Speaker, Sir, the theme of accelerating growth is a good theme. I am happy that the Minister, like in the previous Budget, concentrated a lot on financial sector reforms. This is good. For proper growth we need stability in the financial sector; a guided stability. We all know that the backbone of this economy is agriculture. What have we done about agriculture? If we have not addressed agriculture then we have not addressed the problems of Kenya.

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

**Mr. Munya:** Thank you Mr. Temporary Deputy Speaker, Sir, for allowing me to contribute to this very important Budget Speech. First, I would like to congratulate the Minister for being bold enough to take important steps that are intended to jumpstart our economy, streamline service delivery and inject efficiency in the delivery of Government services. This Budget really gave us what we could not see during the over 24 years of KANU rule.

Specifically, I am very happy with the measures the Minister intends to take to streamline the banking sector, especially in trying to control the interest rates that have been a big burden on borrowers. We know very many companies and businesses that have gone down because the borrower is unable to pay the interest rates that continue escalating and increasing even beyond what the original debt was. The introduction of the In Duplum Rule by the Minister goes a long way in helping the borrowers who are also important in sustaining the banking sector. Measures which are also intended to bring stability, efficiency and affordability of credit from the banks are very important. You will remember the very bad history we went through when banks collapsed in this country like houses or cars because of political interference in the banking sector. That was also the case because of using banks as vehicles to run politics in this country. The measures the Minister for Finance has introduced will put banks away from politics and run them as good business entities without politicians walking in and out with bags of money to finance campaigns and white elephant projects. An economy without an efficient financial sector cannot grow. Those measures are important.

Mr. Temporary Deputy Speaker, Sir, the measures the Minister has also proposed on the micro-finance sector are very important. This is because ordinary people, or *watu wa kawaida*, in this country survive on borrowing small loans from the SACCOS and small women groups. We are eagerly waiting for the Micro-Finance Bill and see how well it is drafted to take care of *mtu wa kawaida* in the villages. The ordinary people who participate in economic development should also be pulled out of poverty so that our country can move forward. These measures are intended to encourage domestic savings because it is not borrowing from outside that will save this country. It is our accumulated savings which will take this country out of its economic doldrums. So, all the fiscal and monetary policies which are intended to streamline these sectors are welcome.

Recapitalization of the National Bank of Kenya (NBK) is also welcome. But we would also like to know why we need to keep on recapitalizing this bank. What happened to those who borrowed money from that bank? Are they not repaying their loans? When KANU was in power, we

always heard that it was the non-performing loans which made some banks collapse. We thought that we would know those big creditors, the political borrowers and those who had not given any collateral for their debts when NARC took over power. We also thought those people would be followed. What happened? Those are the big questions we would like to ask because we would not like public money to be paid to bail out individuals who borrowed money from the NBK and other banks. So, as much as we want the NBK to come back on its feet, restructure it and make it serve the purpose it is supposed to serve in the national economy, individuals who fleeced the bank must be followed.

Mr. Temporary Deputy Speaker, Sir, many other measures need to be taken to push the reforms that we need so that our economy can grow. The most important aspects in the Budget Speech are the reform measures. NARC was elected on the basis of reforms and nothing else. Any sector we run as business as usual will not be taken very kindly by the voters who voted NARC into power and expect reforms. That is why when NARC took over and we were promised radical surgery in the Judiciary, most people were excited and happy. We knew the judges who survived on bribes, fleeced and denied the citizens of this country justice would see their last day in the Judiciary. We were happy with those reforms. But even after those reforms were carried out, we still have shortage of magistrates.

If you go to Mombasa, which is a very busy station, you will find that it has only three magistrates right now. This is the case, and yet we have many lawyers out there who want to be appointed magistrates. Why are we slow in recruiting more people to work in the Judiciary? I am asking this question because justice is not only based on having a good judge in the High Court, but justice is also based on quick delivery of justice. If you have only one magistrate handling so many cases, you, again, deny people justice by keeping their cases there for five or seven years. So, we need more magistrates to be recruited. We also need to weed out the few corrupt elements who were left in the Judiciary.

I propose that a committee, like the Ringera Committee, should not be an *ad hoc* one; that is, be established, does investigations, does a report, it is implemented and then we think it now business as usual. Even the good judges who have been appointed can become corrupt over time. So, we need a permanent committee that can be taking complaints from members of the public, just the way we have one for lawyers. We should have a committee where people can complain about lawyers. We should also have a committee where people can complain about judges. To say that the Judiciary has reformed because we have appointed good judges--- They are human beings! They can be good today and tomorrow, they can be tempted to steal. When there are no rules to catch them, they can get tempted. Temptations are always there! The sharks that still want to buy justice have not died. They are still there! So, a permanent committee to deal with public complaints against judges and magistrates will keep them on their toes permanently. It is only then that our people will have confidence in the judicial reforms that we are carrying out. I am, therefore, commending the Minister for Justice and Constitutional Affairs for those bold reforms. He took very courageous reforms under a lot of resistance from those with vested interests from all sides. We even have a Motion being brought to this House to censor him for the purpose of making him slow down in carrying out his reforms. We are telling him: "Move on! We are behind you, Mr. Minister!" He should move on because---

**The Temporary Deputy Speaker** (Mr. Ethuro): Order, Mr. Munya! You cannot anticipate debate on Motions that are already before the House!

**Mr. Munya:** Mr. Temporary Deputy Speaker, Sir, I withdraw that. I was just telling the Minister to move on boldly. He has the support of very many citizens in this country. Where we see mistakes, we will always point out. What is important are the good intentions that are meant to make this country move on.

The other issue which is very important, and to which I do not know how much money has

been allocated, is the saving of our forests. It is unfortunate that a Bill that was drafted to save our forests, and which had very good intentions, was rejected by this House. We are looking forward for that Bill to come before the House again. I would like hon. Members to keep personalised politics aside, when a good Bill is brought to this House! Whether you have personal differences with the individual who brings the Bill, let us look at the common good of this country. It is unfortunate that partisan politics and individual ambitions are clogging the capacity of this House to move the reform train forward. That is why we lost a very good Bill!

But, at the same time, I would like to ask Ministers to treat Back-Benchers with respect. They must know that we represent people with specific interests that must be listened to. If there is a specific provision in a Bill that is going to affect the people in your constituency and the Ministers think we will gloss over it and vote, then I can tell them they are getting late. We are here to represent specific interests.

The *shamba* system is critical because it makes many people survive in areas where the Government has not given people land! You cannot gloss over it and expect that people will just sit down and accept that it must go.

With those few remarks, I beg to support.

**The Assistant Minister for Education, Science and Technology** (Dr. Mwiria): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute. First, like many of my colleagues, I would like to congratulate the Minister for being bold enough to initiate reforms that may not be particularly palatable with certain sections of this society. May I also commend him, coming from the Ministry of Education, Science and Technology, and say that we have got fewer problems with teachers and university lecturers because we have got money to pay them. We also hope that, in future, we will continue to review the terms and conditions of service of our teachers and lecturers. We depend very much on them with regard to supporting our education system. We also congratulate the Minister for dealing with issues relating to availability of credit facilities, good governance, efficiency, security and other areas. There are other areas where there could have been some improvement.

Mr. Temporary Deputy Speaker, Sir, as it has already been pointed out, there are certain areas where consultations could have helped. I think hon. Members who have spoken about a Parliamentary Budget Committee are making an important point. Many of the issues that we are raising about the Budget could have been pre-empted, if there was an opportunity for Members of Parliament or a committee to see the initial draft of the Budget. That would ensure equitable allocation of resources. There are cases of unequitable allocation of resources for a variety of reasons. Maybe, such things would be clear with more consultations.

Mr. Temporary Deputy Speaker, Sir, with regard to key stakeholders, now the manufacturers of sanitary towels are complaining because it is going to be much more difficult to compete with those who import them duty-free and exporters of scrap metal and others have also complained. Maybe, a certain amount of consultations with these kind of stakeholders would have pre-empted some of these complaints.

Mr. Temporary Deputy Speaker, Sir, on donors, I am glad that we made a lot of progress and that we continue to get the support, and I congratulate the Minister for being quite able to negotiate so effectively for this country. However, I would like to say that a lot of donor resources could be better spent and there are many loopholes that we need to seal. First, we need to take care of the conditionalities that we are given by donors. Sometimes, they are not too easy to implement or to live up to. Secondly, we need to get more serious in our Ministries and various departments since we get much more interested in the design of the projects right at the beginning. In a lot of cases, I think there are cases where donors just impose their own ideas because there is not a great deal of interest on the part of those in the Government, or those who have been allocated the responsibility to deal with the

donors to be involved in the actual design and implementation of the projects, such that a lot of it is left to the will of donors.

Mr. Temporary Deputy Speaker, Sir, it is also important for us to identify the best people to run these donor projects. I say this because sometimes, donor projects are the main source of extra income in Ministries and sometimes, the individuals who have been appointed to run projects are not necessarily acquainted on the basis of merit or qualifications. They are appointed due to their friendship with the appointing officer. They are appointed on the basis of ethnic leaning. They are also appointed because of all sorts of loyalties. That is a problem, such that we find that a lot of inefficiency associated with donor projects has got to do with the kind of people that have been appointed to run those projects, and usually, this is only the responsibility of one or two officials in a Ministry.

Mr. Temporary Deputy Speaker, Sir, it is also important to ensure that much of the money goes to workshop programmes as opposed to paying for seminars, honoraria, vehicles, fuel and consultancy fees. We also need to use fewer foreign experts on these projects. I think many of them come with the condition that we have to recruit consultants from outside. It has, in fact, been estimated that more than 25 per cent of donor resources for most African countries actually go back to those countries through the appointment of experts from those countries and the bringing in of consultants to run the projects. It would be much more useful if these resources were used to develop local capacity in our universities and research institutions, so that we use local people who are much more familiar with the environment and also ensuring that most of the resources remain within.

Mr. Temporary Deputy Speaker, Sir, the point has been made about returning money to Treasury. I think it was by hon. Bahari and it is much more common with donor resources. Sometimes, because we cannot meet the conditionalities, we tend to return money to the Treasury or to donors. I think this is scandalous and it is partly because most of the same inefficiency we talk about with regard to the people that run those projects cannot fit up to the schedules. Of course, the flip side of it is whereby there are Ministries that are continually going to Treasury to ask for more money because they have over-spent and not because they have any to return to the Treasury. Again, a great deal of discipline is required in this area.

Mr. Temporary Deputy Speaker, Sir, on anti-money laundering, maybe, we should have a system whereby we declare amounts of money that we have got with us as we exit out of the country, as is the case of many other countries of this world. We should also ensure that the funds that are used on education, hospital bills, importation of duty-free cars and so on, to camouflage opportunities for exporting money out of the country--- I think we need to seal those kind of loopholes.

Mr. Temporary Deputy Speaker, Sir, it is important that we are now putting a lot of emphasis on the matter of central policies. However, when you look at the resources that have been allocated to some sectors, such as the water, energy and tourism sectors, I think we really need to do much more. In the case of tourism, in addition to allocating more resources to this sector, we need to check on the infrastructure. We also need to ensure that we have our people on missions abroad so that we can be able to sell our country. The people we appoint to serve in the embassies must be people who are familiar with that environment and are able to aggressively market this country.

I am happy that we have done several expenditure reviews in the Ministries. However, there are still problems. There are certain cases from which we ought to have learnt a lot. For example, with regard to the amount of money we allocate for trips both locally and abroad, it is a problem because there are many trips organised by senior people in the Ministries or by even politicians. We do not get reports for some of these trips. It must be a requirement that for any trip by the ministerial officers, a report must be prepared. Secondly, we have a problem with senior Ministry officials and politicians flying to places, for example, Mombasa or Kisumu, and still be accompanied by their vehicles. It should be possible for Ministries to organise in their departments how these travelling officers or Ministers could be received in the places they visit. Otherwise, it is seriously wasteful to have vehicles

follow Ministers when they are being flown to visit various places.

Mr. Temporary Deputy Speaker, Sir, with regard to international travel, we must limit the number of people who accompany Ministers, for example, personal assistants, bodyguards and so on. There are Ministers who take along with them, these people when it is just enough for them to go with only a permanent secretary or one officer who is directly connected with the business of the trip. Basically, if this trend is to continue, then, we shall continue to greatly waste public resources. It should not be allowed at all costs.

Concerning fuelling of Government vehicles, I think we have so many loopholes in this area. Drivers go claiming for imprests and so do Ministers and other officers who are on those trips. I wonder why one should claim for money for fuelling the vehicles when the vehicle was fuelled in a petrol station assigned for that purpose. This is a loophole that should be sealed. Perhaps, by introducing a voucher system, it will be possible to ensure that these resources are not wasted.

Procurement continues to be a big problem. I can give my own example. I have a big photocopier machine which was bought only six months ago. Unfortunately, it is not working already. My surprise is that I realised it was bought even without a warranty. This example highlights the situation with regard to purchases in various other Ministries.

Mr. Temporary Deputy Speaker, Sir, on recruitment of consultants for projects in the Ministries, it is my view that such an exercise should not be left to a few individuals like the permanent secretaries. They are the ones who decide on who to recruit for local consultancy. I think this matter should be discussed so that where consultancies require money, permission ought to be granted by the Treasury to ensure that it is in keeping with the proper ways of spending public resources.

I am glad the Minister emphasised on the need to rationalise our foreign embassies. We have too many officers and too many embassies. A lot of money is spent on running the embassies, including purchase of buildings and payment of exorbitant rent.

Mr. Temporary Deputy Speaker, Sir, I am also glad that the Minister, when talking about public administration, indicated that we were moving towards decentralisation. However, more importantly, this needs to be associated with the resources. For example, with regard to the bursary programme, we could get further if we allocated constituencies money directly.

We need to pay a lot attention to our local markets if we want to improve on agriculture and trade. We should improve the markets' sanitation and shelters. Decongestion of the roads in Nairobi is also important. We need to improve public transportation and have incentives given to those who use public transport. We need to have parking space outside the town centre and continue to demolish those structures that are built on the road bypasses. It is unfair for those whose property was destroyed to know that there are other people who have structures on the road bypasses, and yet they have not been demolished.

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

**Eng. Muriuki:** Thank you, Mr. Temporary Deputy Speaker, Sir, for allowing me time to contribute on this Motion, which I support.

However, I am dissatisfied that the Budget has not taken care of our people in the rural areas, where most of us come from. We all know that more than 80 per cent of our people live in the rural areas, but the focus of the Budget is not on these people. In his Speech, the Minister gave us an indication that there has been a serious drop in the output and value of agricultural produce. Yet, agriculture still remains the employer for more than 80 per cent of our employed people. When we talk about infrastructure, we only seem to talk about infrastructure in the main projects in the cities. But when it comes to the rural areas, the provision for infrastructure in the rural areas appears to be one study after another one. It is about time that we got serious about helping our people in the rural areas.

For example, the Minister gave us some figures on the analysis of the domestic economic growth, and I noted that, for example, the growth of the financial sector in terms of profits is upwards

by 65 per cent. Also, in tourism, where most of the income goes to foreigners, the Minister stated a growth of 18.6 per cent. But agriculture recorded a growth of only 1.5 per cent. So, where are we heading to? If 80 per cent of our people are in the rural areas and the areas which are recording high growth rates are in the financial sectors, which are owned by *bourgeois* from outside Kenya, and foreigners; I think we need to turn around our budgetary system.

Even the energy sector received a very good analysis from the Minister for Finance, who gave us some figures of growth in the energy sector, petroleum and electricity. But there was no mention of rural electrification. I think that it is about time that we also brought our people in the rural areas aboard. I did note that there has been talk that, perhaps, people in the rural areas contribute little taxes, and for that reason, they get little benefits through the Budget. But how will they pay taxes if you do not help them to earn? In any case, I think that the income tax returns forms are meant for urban people. They are too complicated. I think the Minister for Finance should liaise with the Kenya Revenue Authority (KRA), so that they can simplify those tax returns forms. I think we have too many citizens who are still in subsistence economy. Until we somehow turn everybody to get into market economy, I do not think we will get anywhere. We shall still continue saying that we are developing, but we will not be getting anywhere.

Mr. Temporary Deputy Speaker, Sir, I have a quarrel with the privatization of public enterprises. Maybe, it is a good idea where, perhaps, the Government is indulging in doing business which should be done by the private sector. We can privatize such business. But my problem is that every time we try to privatize our parastatals, we find that the majority prospective buyers are all foreigners or rich Kenyans who stole from our institutions. So, if we are going to retain our institutions so that Kenyans can own them, we should not try to privatize them in a hurry. In any case, there are far too many institutions which were marked for privatization, which, to me, are all strategic organizations like the Kenya Ports Authority (KPA), which runs Kilindini Harbour.

A few years ago, we had a move to privatize Kilindini Harbour. Even now, I think that move is still there, because it was marked as one of the organizations which can be privatized. Three or four years ago, a Committee of Parliament in charge of ports, the Committee on Energy, Public Works and Communications, took it upon itself to see how other ports are run in the world. We looked at other ports which were said to be private; for example, we visited Dubai, Singapore, Antwerp in Europe, and Rotterdam. We found out that it is true that all those ports had been privatized and were not being run by the Government. But we also found out that the word "privatization" in those countries had a different meaning. When you privatize an institution, it does not mean that the Government stops owning those facilities. What happens is that the Government brings in private managers so that they can run the port efficiently. When we say that we want to privatise our port, we are getting lost.

Mr. Temporary Deputy Speaker, Sir, there is a provision to recapitalise the National Bank of Kenya. There is nothing wrong with that. The National Bank of Kenya requires to be recapitalised because it gave a lot of bad loans to the big fish, some of them fraudulently. In the rural areas, we do not have branches of the National Bank of Kenya or any of these big banks, but we have the farmers savings and credit co-operatives (SACCOs). If we are going to use public funds to bail out the National Bank of Kenya, then, we must use some portion of those funds also to bail out the SACCOs which were looted by committee members, the same way the National Bank of Kenya was looted by the directors.

Last but not least, I appreciate the support the Government is giving to the concept of the Constituencies Development Fund. I appreciate that in this financial year, which is coming to an end, Kshs1.26 billion has been set aside for the purpose. I also appreciate the fact that in the new Budget, Kshs5.4 billion has been set aside for the same purpose. However, it appears the Minister got his arithmetic wrong. In one part of this Budget Speech, he told us that the ordinary revenue of the Government in the new year is estimated at Kshs223.5 billion. The Constituencies Development Fund



Act requires that 2.5 per cent of that money goes into the Fund. If you calculate 2.5 per cent of the estimate which the Minister gave us of Kshs223 billion, it comes to Kshs5.6 billion and not Kshs4.5, which is provided for in the current Budget. I hope that somewhere along the way, the Minister will find another Kshs1.1 billion to satisfy the requirement of the Constituencies Development Fund Act.

Mr. Temporary Deputy Speaker, Sir, over the years, when it comes to discuss the Votes of each Ministry, we discuss only, maybe, half of them and many of them are subjected to the guillotine procedure. As a result, many Votes are not discussed. In the last financial year, we ended up discussing only half of the Votes. As a result, we end up with a lot of money floating around. This is where many civil servants and other crooked people scheme to buy passport equipment, which we already have, and forensic laboratory equipment, which we do not require. Even if we require it, it does not cost Kshs4 billion.

Finally, since the Minister has stopped those fraudulent schemes which appear to be schemed because we do not discuss these Votes here, nearly Kshs7 billion will be saved. Could he, kindly, put the Kshs7 billion to the Constituencies Development Fund? This money will be put to better use.

With those few remarks, I beg to support.

**Mr. Serut:** Mr. Temporary Deputy Speaker, Sir, I stand to support the Budget Speech. From the onset, I want to say that a Budget is actually about how people are governed. It is about how a regime wants to govern its people. It is the business of a particular regime which wants to distribute its resources. I want to say that the Budget which was presented to this House is not representative. Why was the Budget read here? Why was it not read in State House or Harambee House? The purpose of reading the Budget here is for it to get support. It has to be representative. It is for us to look at it.

Mr. Temporary Deputy Speaker, Sir, I have looked at the Printed Estimates of the Ministry of Health and I have seen that no money has been allocated for the development of health facilities in Mount Elgon District. I do not know what the Minister had in mind. As we speak, the people of Mount Elgon need medical facilities. Has the Minister given us guarantee that we are not going to fall sick? Is there a guarantee that the people of Mount Elgon are not going to die and, therefore, they do not require a mortuary? Is there a guarantee that the people of Mount Elgon do not require X-ray services? This is a question which I will still raise when the Vote for the Ministry of Health will be presented in this House.

I also looked at the Estimates of the previous Budget. The Estimates reflect a biased document to areas where people voted for KANU during the last general election. That being so, I stand here to ask the Minister for Finance that during the next Budget for 2005/2006, he should rectify this anomaly, if this Government will still be in power. That is the only way in which we shall sit and agree on the Budget together. The Budget talks of waiving--

**Mr. Muriithi:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to imply that there are some pending issues in the Budget that should be sorted out, and that may result in the NARC Government being pushed out of power by the year 2005?

**The Temporary Deputy Speaker** (Mr. Ethuro): What is your point of order?

**Mr. Muriithi:** Mr. Temporary Deputy Speaker, Sir, he has said that we should rectify an anomaly if we will be in power in the financial year 2005/2006.

**The Temporary Deputy Speaker** (Mr. Ethuro): The hon. Member is in order to make his suggestions. I will advise that you heed his advice, if you are a member of the Government.

*(Applause)*

**Mr. Serut:** Thank you, Mr. Temporary Deputy Speaker, Sir, for having saved me from my colleague from the other side of this House, who had no point of order. We have heard of money

being deposited into the National Bank of Kenya (NBK) every year. Where does this money go to? In every financial year, there is Kshs4.2 billion or so that is deposited at the NBK. Where does the money go to after it has been deposited in this bank? Does it go to the politically correct people or do we have a hole at the bank, where the money disappears to? I am happy that the Assistant Minister for Finance is here. I hope that in his response, he will tell us where it goes to.

During the KANU regime, the Government was accused of depositing a lot of money in the National Bank of Kenya (NBK). The Government was accused of letting the money go to politically-correct people. The NARC Government should tell us where the money is going to now. It is high time the Government stopped depositing its money in the NBK; otherwise, this country is going to collapse. It is my opinion that the NARC Government considers that very seriously.

The Minister told us that he had removed VAT from liquefied petroleum products, and that this lowered the price of cooking gas. He said very clearly that he intended to assist those people who have been using firewood for cooking. Let me set the record straight because I live along Mount Elgon Forest, and I know what happens there. The people who destroy forests cannot afford cooking gas. They are the people who live in mud and grass-thatched houses. Whenever they realise that they have no food or sugar, yet they have to survive, they dash to the forests and smuggle out trees for sale. The Minister should have addressed the issue of poverty. The poverty index, which is very high amongst those people, is making them go to forests and smuggle out wood fuel. The Minister assisted the middle class and not the actual poor people.

Mr. Temporary Deputy Speaker, Sir, the Minister touched on the issue of retrenchment. I do not know which country in Africa has succeeded by retrenching its civil servants. I say so because I have been a civil servant. We got so many people retrenched and they went to the streets. Today, there are very few who are still alive because of frustrations. Why do we want to send our people to the streets? Why can we not let these people continue living on their meagre salary instead of retrenching them and giving them Kshs80,000 to go home and die? What is the rationale behind all this?

I have said very clearly that a Budget is about how a Government wants to govern and distribute its own resources. Is this Government out to finish its own people, or subject them to poverty? If you tell a Kenyan who has reached the mandatory retirement age to go on retirement, he will not be ready to do so because he knows that the next minute he will be nearing the grave. So, there is nothing like voluntary retirement in this country. The Government should come out clearly and say that it wants to evict certain ethnic groups from offices, the Jefferson way when he took over government in the USA.

You will be shocked that after retrenchment, there will be an outcry about the---

**Mr. Ngoyoni:** On a point of order, Mr. Temporary Deputy Speaker, Sir. I was waiting for this issue to come from the other end, but it seems they are very quiet. Is this hon. Member in order to suggest that this Government is so discriminative to the extent that it wants to make some communities in this country extinct?

**Mr. Serut:** I think those are the hon. Members' words. I said that I hope this Government does not want to go the Jefferson way in the USA. The Jefferson way was that when he took over the Government, he removed everybody who was working in the previous regime and brought in a new crop of civil servants altogether. I am not saying it is discriminative. I am only saying that, maybe, this Government wants to introduce a new crop of civil servants in this country.

*(Mr. Ngoyoni consulted loudly)*

Mr. Temporary Deputy Speaker, Sir, can you save me from the hon. Member here?

**The Temporary Deputy Speaker** (Mr. Ethuro): Mr. Ngoyoni, let us have some order.

**Mr. Serut:** Mr. Temporary Deputy Speaker, Sir, this Budget has looked into various issues,

and I want to touch on financial management. This is to do with cases where Ministries have been returning money to the Treasury. This has not started with the NARC Government. It started during the KANU Government, where, in the Printed Estimates, you got money, but by the end of the financial year, nothing had been implemented. I think it is high time the NARC Government showed some change by coming up with Printed Estimates only if there is money to finance projects reflected in them. Let projects not only be in the Printed Estimates. I know the Government puts projects in the Estimates, but if it does not get money, they just remain in the Printed Estimates.

**The Temporary Deputy Speaker** (Mr. Ethuro): Mr. Serut, your time is up.

**Mr. Serut:** Thank you, Mr. Temporary Deputy Speaker, Sir. I oppose the Motion.

**Mr. Muchiri:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to support the Budget Speech. The theme of the Budget Speech is quite timely; that is, "Enhancing Efficiency for Accelerated Economic Growth." This theme is very good. The Minister is on the right track in trying to revive the economy. He was able to emphasise that good governance would be a pre-requisite ingredient for economic growth. That was also timely because without good governance, the economy cannot grow. That is why we wish to see politics of this country toned down so that we realise a healthy climate and forge ahead with development. This Government is doing a lot to eradicate corruption. However, it is not enough just to take people to court. Kenyans are waiting for those who took money from this country to return it. It is important that we emphasise the return of that money. For example, in Nigeria, when this kind of thing happened, the Government of that country was able to negotiate with the looters to return the money. Unfortunately, I know there are some people who will be very happy to even to go to jail and retain that money. So, it is necessary for the Government to find ways and means to ensure that this money is returned.

Kenyans lost a lot of money through the foreign banks. However, those banks were managed by Kenyan directors who are currently roaming around with flashy cars, big houses and boasting of a host of other assets. Why can they not be told to return the money? It is also true that most managers of the co-operative societies of this country, the so-called SACCOs, and I am happy that the Minister for Finance will soon bring before this House the SACCO Bill for debate, so that we bring sanity to co-operative societies in this country. There is a lot of money in these SACCOs; they are banks of today. However, a lot of people think that SACCO money is for free. Most of the foreign SACCOs had managers who were looking up to them. These managers, like my good friend and neighbour, the Member of Parliament for Ol Kalou said, are now walking around scot-free, yet a lot of money has been sunk. Good examples of this management is, for example, the Ol Kalou Farmers SACCO. I am also told that the NACICO cannot pay its members. The same applies to Reli Co-operative Society and many other such cases. Therefore, the SACCO Bill will---

**Mr. Kipchumba:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to pronounce SACCOs as "SACHOs"?

**The Temporary Deputy Speaker** (Mr. Ethuro): Mr. Muchiri, are you referring to SACCOs or Sacho High School?

**Mr. Muchiri:** Mr. Temporary Deputy Speaker, Sir, I am talking about the Savings and Credit Co-operative Societies (SACCOS). Probably, Mr. Kipchumba is worried that I am talking about his home area. I would urge him to calm down and listen to what I am saying.

I am happy that the Minister for Finance will soon bring a Bill here to regulate these SACCOs. I was saying that most of these co-operatives, for example, the Reli Co-operative Society, are not able to pay their members the money they are holding for them. Kenyans would like those people who have appetite for other people's money and public funds to now swallow their appetite because the Government will not tolerate them. Therefore, I welcome the Bills that would be introduced to this Parliament to regulate SACCOs in this country. Kenyans in the rural areas have no access to credit. We hope that when the Micro-Financing Act is brought, ordinary Kenyans will be able to access credit

and expand their businesses. That is the only way we shall create jobs that were promised by the NARC Government. The Minister for Finance should ask the Department of Monopolies and Prices to tell him why, during the Budget fever, prices of supermarket items went up. That is the problem with ordinary *wananchi*. Why have the supermarket prices gone up? The prices of flour, sugar, petrol and even the Liquefied Petroleum Gas (LPG) have not come down. The Minister must now find out why the traders have increased the prices when he has not instigated those increments. The traders must be warned that if they continue increasing the prices arbitrarily, we will advise the Government to return price control for essential goods. That is the only way we can cushion the ordinary *mwananchi*.

Although Value Added Tax (VAT) for LPG has gone down or has been zero-rated, we are being accused, as the Government, that the LPG is an elite's fuel. That may be true because LPG can only be used in the urban areas and rarely in the rural areas. I want to ask the Minister for Environment, Natural Resources and Wildlife to take up the challenge because 90 per cent of fuel is based on forests. I am glad that my friend, the Professor, is here; that is, the Assistant Minister for Environment, Natural Resources and Wildlife. I am advising the Ministry, because we want to reduce wood fuel more than anything else, to provide seedlings to us. There is a lot of land out there, whether in private or public hands, where seedlings could be very useful. I think leaving it to the whims of the ordinary people to have seedlings is not going to encourage forestry. Therefore, we are going to have dwindling wood fuel in the country. The Ministry should take up that challenge to plant more trees. The challenge is to them. Money has been allocated to them and I believe that they would be able to do that in comfort.

Mr. Temporary Deputy Speaker, Sir, I also wish to say that a lot of money in the Budget has been allocated for studies and consultancy. I wonder, because most consultancies are actually given to foreign companies. This country has many professionals in every sector; in land, engineers, doctors, educationist and so on. I wish that those monies allocated for studies and consultancies could be given to local consultancies and not foreign consultancies. Anybody giving us money and telling us that we must follow it up with the consultancy is not doing the right thing. The Ministries must be able to negotiate to give the local people an opportunity to undertake consultancy work. The local professionals know about our local conditions. They have schooled here. They know our problems. They are not like anybody else who will come from far, use us and sell the information at a premium.

The Minister for Finance is working very hard to resuscitate the economy of this country. He mentioned about the housing policy in this country. Could he also go a little bit further and try to give some impetus on how we can increase more houses? If we do not build houses, people are not going to have shelter. They are going to pay higher premium rents. I have one or two things to tell the Minister. Could he, for instance, reduce taxation on rental income? It is now standing at about 30 per cent. If it is reduced, it is going to increase the housing stocks in this country. That is something that I think needs to be done. We also need to reduce taxes related to buildings materials. I am happy that the Minister has imposed duty on scrap metal that was being exported from this country, at Kshs3 per kilogramme. That particular measure is going to ensure that reinforcing bars that we use in our buildings are going to be cheap. I have a bit of experience in construction and I can tell you reinforcing bars prices have doubled just because we are exporting scrap metal for them to re-ship it back as reinforcing bars.

Mr. Temporary Deputy Speaker, Sir, I would wish that the Minister for Lands and Settlement provided land for housing, cheaply, because land is becoming a major factor in the construction of houses. In fact, 30 per cent of the housing costs are taken up by land. With those kinds of measures and others---

**The Temporary Deputy Speaker** (Mr. Ethuro): Order, Mr. Muchiri; your time is up!

**Mr. Muchiri:** Oh, I am sorry. I beg to support. But I am also happy that the Ministry of Finance has---

**The Temporary Deputy Speaker** (Mr. Ethuro): Order! Mr. Muchiri, your time is up! Hon. Members, let us observe time. If your time is up, you get five minutes warning when you see amber light before the red one.

**Mr. G. G. Kariuki:** Thank you very much, Mr. Temporary Deputy Speaker, Sir, for this opportunity. I have a few remarks to make on this Budget proposal.

From the time of Independence, we have followed the same procedure of handling the Budget. I always wonder when the Ministry of Finance and the Government as a whole will go and think whether the procedure that we apply during the preparation of the Budget is the right way of doing things. I ask myself all the time, why can the Government or the Ministry not start thinking in a way of devolving the decision making? People in Baringo or Laikipia districts should be involved in making a Budget of this nature. Why do I say this? We have organisations like the District Development Committees. There is no time the Minister for Finance has asked them, "What are you proposing to do this year? How much money do you collect from that part of the country" so that the money could be brought into the national account. But the way the decisions are made from top-down and even through this Parliament, no one is allowed to question. You can question and make noise, but you cannot change a penny. Therefore, I think time has come when our minds should be free, not to think like machines, that whatever was left here by the British, our officers and Ministers just follow the same procedures. Why can we not start thinking which is the best way decisions can be made by our people because we are budgeting this money for them? That way, we would know which district is collecting most tax, which one is so poor and needs to be assisted. But the way things are done, we have not changed.

Mr. Temporary Deputy Speaker, Sir, this is the most ambitious Budget I have ever seen because it runs to Kshs440 billion. Now, are we laying proper ground for this money to be used and to reach or to do the intentions that people wanted? Do we have enough political security? Are we working for this money to be spent? Are we politically stable in this country? Is our security properly manned? Are the investors going to accept to come to this country under the current wrangling by politicians? These are the things that we need to ask ourselves. This Parliament cannot be sitting here to talk about roads in Ol Kalou or Laikipia; or even about water supply somewhere, while we know that our security is at stake. We should concentrate on talking about security of this nation. Security of this nation can be provided by politicians themselves. However, we are the cause of all the problems because if politicians do not agree or, at least, agree to disagree, but continue making noise and wrangling, our people will also follow suit. This is because they think that once you become an hon. Member of Parliament, you become a magician and a most intelligent person under the sun, which is not the case. Let us try and train our people; let them know that we are just as human as they are and we have all the problems like they do in taking decisions.

Mr. Temporary Deputy Speaker, Sir, I think the problem is not what is being said here. The Minister has done his job. Our biggest question which we should ask ourselves is: Are we going to see this Budget through in the next 12 months? Are we going to maintain security to enable our people enjoy this Budget? Are we going to provide them with security so that their health can be properly taken care of? Or what are we proposing to do?

Those fundamental factors are very important; security of this nation, political stability and the behaviour of politicians. People should realize that tribalism will never give them anything to eat. It will just enable somebody to become an hon. Member of Parliament. Nothing beyond there! People at home do not benefit from tribalism. Those who are elected, because we all come from tribal areas, are the ones who benefit. If you are promoted, it is you who is promoted but not your tribe. If you are sacked, it is not your tribe which is sacked, but you.

Time has come when we have to look at it very carefully. If we do not maintain political stability, the deficit in this Budget, which is running to about Kshs117 billion. Who are these donor

friends who are going to give us money to support our Budget in a situation of chaos or misunderstanding like we have in this country today? I think if you want to be supported, you do not invite people when your house is in chaos. You cannot get anyone to come and assist you or support you. They will just let you sort out your chaos first, then they come later. Since we have a serious responsibility as hon. Members of this House, we should stop this chaos.

On creation of jobs, how do we do this? We can only create jobs if the Kshs117 billion deficit is provided, and particularly so that we can support the farming industry in this country. It is only farming--- If we create good infrastructure in our rural areas, most people will shift from urban centres or big cities back to the rural areas. We always say that a majority of this nation stays in the rural areas. This is true but what do they do living there? They are as frustrated as people in town. Therefore, what we need to do is to make sure that we have given them enough facilities to enable them to be attracted to those areas where they are supposed to be.

Mr. Temporary Deputy Speaker Sir, unless a lot of emphasis is put on agriculture, I cannot see ourselves employing the number of people we are talking about. Why have the prices of several commodities gone up? Farmers used to get Kshs400 per bag of maize in the previous regime. The NARC Government has given farmers about Kshs1,200 per bag of wheat. Definitely, the price of wheat must go up in urban centres. If you give more to the farmer, the price of wheat in urban centres will increase. That is common. As hon. Members have complained, it is true that the prices of commodities have gone up. What caused those increases? Now, what do you do to address the issue? You want to support the farmers and, at the same time, control the prices of commodities. That is not feasible. It is sometimes very difficult to comprehend when an hon. Member talks about politics. Politicians do not care what happens to other things except what they want to say.

Talking about the issue at hand, the meeting that is going to be held in the coming weekend--- These kind of meetings are a recipe for chaos. We must tell the public the truth. The public cannot stop the publication of the document that came from the Bomas of Kenya. They need not to be told about it. We must settle our problems here, and not take them to the public. So, I strongly oppose any move by some politicians to create chaos in our country.

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

### ADJOURNMENT

**The Temporary Deputy Speaker** (Mr. Ethuro): Order, hon. Members! It is now time for interruption of business. The House is, therefore, adjourned until this afternoon at 2.30 p.m.

The House rose at 12.30 p.m.