

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 27th July, 2004

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

QUESTIONS BY PRIVATE NOTICE

OPERATION OF FOREIGN LEGION AGENTS IN SAMBURU/LAIKIPIA DISTRICTS

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

(a) Is the Minister aware that agents of a Foreign Legion are operating in Samburu and Laikipia districts, interrogating Kenyans?

(b) Under what protocol are they operating?

(c) What urgent steps is the Minister taking to stop their operations and offer Kenya citizens the protection they deserve?

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

(a) The Royal British Military and Civil Police had visited Samburu District to interview women who had complained of rape cases by British troops while training in Kenya at Mukogodo Division and Archers Post in Samburu District. During the month of June, 2004, nominated Councillor Nabala of Maralal Town Council approached a Non-Governmental Organization (NGO) at Maralal Township in engaging a British lawyer Martin Clay to file a suit against Britain, on behalf of Samburu bomb blast victims.

(b) The presence of these troops is as a result of bilateral agreements on training entered into between the two countries over two decades ago.

(c) The presence of British Civil Police in Samburu District is designed to investigate accusations of rape by the British troops and compensation for victims injured by unexploded ordnance left by the British troops.

Mr. Leshore: Mr. Speaker, Sir, it is strange that the Assistant Minister says that this is an agreement between the two countries.

I have never heard, in the history of investigations, that certain agents of foreign armies or whatever can go to an independent state, investigate, intimidate and harass the victims of alleged cases of rape or unexploded bombs.

Could he tell us when the Government entered into such agreement with the British Government that their agents could come and harass Kenyans as if we are not an independent State?

Prof. Kibwana: Mr. Speaker, Sir, I am not aware of any harassment which occurred because of this particular operation.

The truth of the matter is that there were complaints that Kenyan women had been raped and

it was necessary for both the British Army and ourselves to get into the bottom of this allegation. This has been done in an atmosphere of getting to discover the truth, and it is possible. This is because we would not want any allegations of rape to persist without us resolving them.

Mr. Angwenyi: Mr. Speaker, Sir, I am really surprised by the answer given by the Assistant Minister that the Government wants to get to the bottom of the truth. Could our investigation agencies not conduct in-depth investigations and get to the bottom of the matter, and then give the findings to the British Government? Do they not trust our investigation agencies?

Prof. Kibwana: Mr. Speaker, Sir, the leadership of this operation is within our own military police. However, as far as the British soldiers are also concerned, it is necessary for their own officers also to investigate because they face charges even in their own country.

Dr. Galgalo: Mr. Speaker, Sir, you can imagine what kind of justice our people will get when the accused is investigating himself. But that aside, what are the benefits of these training exercises to Kenyans when British soldiers rape our innocent citizens and leave behind bombs that detonate and harm our people?

Prof. Kibwana: Mr. Speaker, Sir, in today's world, countries have joined operations of this kind. This is not something that is simply happening in Kenya alone. Therefore, in terms of international law, there is no problem with this exercise. There are no current rape cases. In actual fact, because of the way this matter has been highlighted, we have noticed that the British military personnel are behaving quite well.

Dr. Galgalo: On a point of order, Mr. Speaker, Sir. The Assistant Minister is avoiding my question. What benefits do we get from these agreements? Could he just tell this House what these benefits are?

Prof. Kibwana: Mr. Speaker, Sir, the benefits are obvious because there are military co-operations. When any two countries relate together in this way, it is possible for people to learn from each other in terms of military affairs. As I said earlier, this is something that happens everywhere in the world.

Maj-Gen Nkaiserry: Mr. Speaker, Sir, I do not think we can allow the Assistant Minister to get away with this. The Question is very clear. There are people from a foreign country who are interrogating Kenyans. What is the protocol being followed? Where are the Kenyan security organs? Are they accompanying these people? What appropriate action has the Government taken to ensure that Kenyans are not interrogated by foreigners?

Prof. Kibwana: Mr. Speaker, Sir, Maj-Gen. Nkaiserry was in the military and I am sure he knows that things are being done properly. I said earlier that our military police are in charge and the British personnel are simply involved because there are accusations against them. They also face charges in their country. I want to assure this House that our people are not being intimidated or harassed by the British soldiers. Women Non-Governmental Organisations (NGOs) are very happy that investigations are ongoing, so that we can get to the bottom of this matter of rape.

Mr. Leshore: Mr. Speaker, Sir, I understand Prof. Kibwana was a human rights activist. He is now telling us that the British soldiers are behaving well. I do not know whether he was in Kenya last year when our women were demonstrating in the streets against harassment by the British soldiers. Under what protocol did the Government allow these soldiers to be there alone? They are not even accompanied by the Criminal Investigation Department (CID) officers, the Kenya Police officers, the Administration Police or the Kenya Military Police. Under what protocol are they operating?

Prof. Kibwana: Mr. Speaker, Sir, I was and I am a human rights activist, and I abhor rape. Our military police officers are in charge of this operation, so that we can get evidence about the allegations that have been made. This is something that must be supported, so that we can do justice to our women who were demonstrating here.

Mr. Speaker, Sir, as long as our police officers are leading the investigations, there is no problem.

THREAT TO FINANCE MINISTER'S LIFE

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

- (a) Is the Minister aware that the life of the Minister for Finance is in danger?
- (b) Could he inform the House, who is threatening the said Minister?
- (c) What action has the Government taken to ensure that the Minister is safe?

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

- (a) I am not aware that the life of the Minister for Finance is in danger.
- (b) The Minister for Finance has not lodged any formal complaint to the police about any threat directed at his life.
- (c) The Minister has adequate security detail like all other Cabinet Ministers.

Mr. C. Kilonzo: Mr. Speaker, Sir, it is common knowledge that the Minister for Finance went public on Anglo Leasing and Finance Company and said that his life was in danger. Naturally, when people get involved in a bad deal, none of them will report to the police. Was the Minister taking Kenyans for a ride by saying that his life was in danger?

Mr. Mungatana: Mr. Speaker, Sir, I am not aware that the Minister was taking Kenyans for a ride. However, I am aware that there were some Press reports about this issue. I want to assure this House that every Minister is given adequate security upon his request. Our records at the Office of the President show that there is even a Minister who has only a single security officer. So, security is given upon request. As far as we know, the Minister for Finance is adequately covered.

Mr. Angwenyi: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister implying that this Question is based on Press reports? Is that allowed by our Standing Orders?

Mr. Speaker: Order! The Assistant Minister has given his side of the story. If you have anything to challenge him on, go ahead.

Mr. Leshore: Mr. Speaker, Sir, I know very well that the Minister for Finance is not a coward until he was just about to release the names of the people behind the "Anglo fleecing agency" in this country. Could the young Assistant Minister tell us what additional security he has given to the Minister? We know that the Minister's life is threatened.

An hon. Member: *Toboa! Toboa!*

Mr. Mungatana: Mr. Speaker, Sir, I want to assure this House that we will provide sufficient security to every Minister upon request. The security of the Minister for Finance is not in question. He is safe.

Maj. Madoka: Mr. Speaker, Sir, I think the issue is more important than that. The Minister for Finance, in this very House, said that his life was threatened. It is then upon the Minister to say whether he was taking this House for a ride or the Office of the President is covering up something. We need to know.

Mr. Mungatana: Mr. Speaker, Sir, the statement that was made to this House was not misleading. The Minister for Finance has received adequate security.

Mr. C. Kilonzo: Mr. Speaker, Sir, did the Minister tell this House that his life was in danger and expect to get away with it? We are talking about Anglo Leasing and Finance Company.

Mr. Speaker: Order! Mr. C. Kilonzo, your brief is to ask the Assistant Minister whether the Minister for Finance is safe. Will you be happier if he is unsafe?

Hon. Members: No! No! We want to know who is threatening him!

Mr. C. Kilonzo: Mr. Speaker, Sir, we all know why the Minister's life is in [Mr. C. Kilonzo]

danger. We want to know whether he will be protected. Until the issue of the Anglo Leasing and Finance Company is tackled, he cannot be safe. Could the Assistant Minister tell us who is threatening the life of the Minister for Finance?

Mr. Mungatana: Mr. Speaker, Sir, I want to assure the House that we will protect this Minister. If he requests for more security officers, we will provide them.

ORAL ANSWERS TO QUESTIONS

Question No.527

DEATH OF BEATRICE KAHASO MASHA

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

(a) whether he is aware that Beatrice Kahaso Masha, a standard seven girl, disappeared from Goshi Primary School on 21st January, 2002;

(b) whether he is further aware that she was found lying unconscious in a nearby thicket, having bled profusely from deep cuts and that she later died while undergoing treatment at Kilifi District Hospital;

(c) what the results of the postmortem were; and,

(d) what action the police have taken to apprehend the perpetrators of the crime.

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

(a) Yes, I am aware of the disappearance of the said school girl on 21st January, 2002.

(b) Yes, I am aware.

(c) The postmortem conducted at the Kilifi District Hospital indicated that the cause of death was due to drug overdose to procure abortion.

(d) Police investigations led to the arrest of two suspects who were arraigned in court and charged with murder. The evidence that was adduced against the accused was, however, considered too weak to sustain a successful conviction. Consequently, the matter was placed under a public inquest before a Kilifi Magistrate's Court, who closed the case on 6th June, 2002, under Section 375(5) of the Criminal Penal Code. The case is still open to investigation. However, no fresh evidence has been established to enable prosecution.

Mr. Kingi: Mr. Speaker, Sir, the death of Beatrice is a very unfortunate incident. Miss Beatrice went to school and disappeared during break time. However, there are some people around the school who saw her talking to a stranger. She was then in that person's house around 11.00 a.m. Later on, the same person went to the school and asked Beatrice's colleagues to look for her. When she was found in the bush---

Mr. Speaker: Mr. Kingi, that is now a long story. What is your question?

Mr. Kingi: Mr. Speaker, Sir, I think we need to hear this story. Beatrice was found bleeding from wounds on her head. A blood-stained blanket and a knife were found in the first suspect's house. There were also blood stains on the floor of his house. What more evidence do we need to link the first suspect with the murder of this girl?

Prof. Kibwana: Mr. Speaker, Sir, as I have indicated in the answer, the postmortem report indicated that the deceased had died from an attempted abortion. It is a fact that she was about six

months pregnant and she was just 16 years. If the hon. Member has any evidence that would assist us to get to the bottom of this matter, I would be happy to receive it and communicate it to the relevant police officers, so that they can move on the basis of the new evidence. We are relying on the postmortem report, which indicates that she died from the consequences of an attempted abortion.

Mr. Khamisi: Mr. Speaker, Sir, such incidents have been very common in the past year. In fact, Bahari Secondary School in my constituency has been raided three times. Could the Assistant Minister tell this House, the measures he has taken to ensure that schools are safe from criminal elements?

Prof. Kibwana: Mr. Speaker, Sir, I almost thought that, that was not Mr. Khamisi, because he used to sit behind me on the Government side.

(Laughter)

But it is a fact that there are problems within our schools, some of which emanate from the students themselves, while others emanate from strangers. In conjunction with the Ministry of Education, Science and Technology, we are trying to sensitise students about possible criminality from outside as well as from within. We hope that this will assist curb the dangerous wave of criminality in our schools from within and without.

Ms. Ndung'u: Mr. Speaker, Sir, the Assistant Minister has said that the postmortem results indicated that the girl died as a result of trying to induce an abortion. We are actually not looking for an individual killer. Could he tell us what this Government will do about the silent killer of very many women, which is the procurement of abortion?

Prof. Kibwana: Mr. Speaker, Sir, I think we will get policy direction on what we should do from the Ministry of Health. If I try to answer that substantive question, I will mislead the House.

Mr. Kingi: Mr. Speaker, Sir, the Assistant Minister has said that he was aware the girl was found in a thicket bleeding profusely from head wounds. How does he connect that bleeding with the use of drugs? I do not understand.

Prof. Kibwana: Mr. Speaker, Sir, I indicated that the cause of her death was due to drug overdose to procure abortion, and the postmortem report confirmed that. Of course, depending on who administers abortion, when somebody becomes unconscious, she can fall down and harm herself. Because this is a serious matter, I have said that if the hon. Member has got additional information which will assist the police to get justice for that girl, we will be very happy. As we do whatever we are doing, we will be very happy to receive that information so that we can get justice for Ms. Masha.

Mr. Rai: Mr. Speaker, Sir, I think the cause of death has been indicated as pregnancy and we have not been told who was behind the pregnancy, because that was a school girl. Could the Assistant Minister, who is here, undertake to send a team of investigators to ensure that the person who impregnated the girl is arrested?

Prof. Kibwana: Mr. Speaker, Sir, I agree with the hon. Member that the incidents of young girls being lured by teachers, old people and everybody else is very worrying. I hope that no hon. Member of Parliament is involved in such things. I will liaise with the Ministry of Education, Science and Technology, so that--

Mr. Oloo-Aringo: On a point of order, Mr. Speaker, Sir. I do not want to interrupt the Assistant Minister, but is he right to say that even hon. Members of Parliament can be involved in luring girls out of school? This is casting aspersions against hon. Members of Parliament.

Mr. Speaker: Order! He said everybody!

(Laughter)

Prof. Kibwana: Thank you, Mr. Speaker, Sir. "Everybody" includes hon. Members of Parliament, but hon. Members of Parliament are of good behaviour.

So, I will liaise with the Ministry of Education, Science and Technology so that we can send officers to that particular school to determine who put the girl in the "family way".

Question No.627

UGRADING OF MR. DAVID NTELLA M'IKIAIRA

Mr. Munya asked the Minister for Education, Science and Technology:-

(a) when Mr. David Ntella M'ikiaira, Teachers Service Commission (TSC) No.359484, was upgraded from UT A-level to S1 and why the Ministry has failed to confirm his upgrading to the TSC; and,

(b) when the TSC will adjust his salary and pay him appropriately.

The Assistant Minister for Education, Science and Technology (Mrs. Mugo): Mr. Speaker, Sir, I beg to reply.

(a) The teacher, David Ntella M'ikiaira, TSC No.359484 was graded from UT-A level to S1 status with effect from 1st July, 1996. The grading was confirmed to the Secretary, TSC, through letter Ref. No.INS/GT/TSC/2003/13 of 30th April, 2003. The letter was received by the TSC on 12th May, 2003.

(b) The TSC has adjusted his salary to the correct grade and Mr. M'ikiaira will receive his adjusted salary on payroll by the end of August, 2004.

Mr. Munya: Mr. Speaker, Sir, you can see from the answer the Assistant Minister has given this House that, that teacher was confirmed S1 teacher on 30th April, 2003. It is now more than one year, and yet, he has not received his adjusted salary. I have been following this matter for the last one year. Is the Assistant Minister prepared to take action against his officers who have been sitting on Mr. M'ikiaira's adjusted salary?

Mrs. Mugo: Mr. Speaker, Sir, a committee was set up in November, 2003, to vet S1 certificates of the affected teachers and it has now finalised its work. That was the cause of the delay in the upgrading. But Mr. M'ikiaira will be paid his whole salary.

Mr. Bifwoli: Mr. Speaker, Sir, you have heard the Assistant Minister say that her Ministry promoted UT-A level teachers to S1 status. What did she do with P1 teachers who had A-Levels certificates?

Mrs. Mugo: Mr. Speaker, Sir, evaluation takes place and everybody tries to better his or her grades all the time. Those teachers study and go through upgrading courses. I do not think hon. Members of this House will have a problem with teachers who try to better their grades. Even the S1 teachers will also aspire for a higher grade. Upgrading goes on all the time.

Mr. Bifwoli: On a point of order, Mr. Speaker, Sir. The Assistant Minister has avoided to answer my question. She said that UT A-level teachers were promoted to S1. I have told her that there are P1 teachers with A-Level certificates who are still in that grade. What plans does the Ministry have to promote P1 teachers with A-Level certificates?

Mr. Speaker: Order! If I understand Mr. Bifwoli well, he is saying that there are some teachers, after attaining A-Level certificates, who trained and qualified as P1 teachers. He has also said that there are some UT A-level teachers who did not undergo any training but were promoted

to S1. Those teachers have overtaken the trained teachers, even though they have the same A-Level certificates. That is his concern!

Mrs. Mugo: Mr. Speaker, Sir, that is why a committee was set up to get those certificates. But if the hon. Members are not satisfied, I will go back and get a proper answer.

Mr. Speaker: I think you are well advised! I will defer the Question until next week!

(Question deferred)

Question No.218

GOVERNMENT EXPENDITURE ON
ADULT EDUCATION TEACHERS

Mr. Masanya asked the Minister for Education, Science and Technology:-

(a) how much money does the Government spend on adult education monthly; and,
(b) whether he is satisfied that the money is sufficient to carry out and promote the adult education policy.

Mr. Speaker: I understand that this Question---

Mr. Masanya: Mr. Speaker, Sir, the written answer is from a different Ministry---

Mr. Speaker: Do not worry! He will answer you. The Question should have been directed to the Ministry of Gender, Sports, Culture and Social Services. So, could the Assistant Minister answer the Question?

The Assistant Minister for Gender, Sports, Culture and Social Services (Mrs. Chelaite): Mr. Speaker, Sir, I beg to reply.

(a) Currently, the Department of Adult Education has 1,950 adult education teachers and the Government spends a total of Kshs18,728,960 on them monthly. The salaries for individual teachers depend on their job groups, which range from "D to G".

The Department has also an establishment of 4,000 part-time teachers who are paid a monthly honoraria of Kshs500. That amounts to a further Kshs2 million and hence, brings the total amount spent monthly on adult education teachers to Kshs20,728,960.

Mr. Speaker, Sir, it is worth noting that the allocation for honoraria for part-time teachers during the 2004/2005 Financial Year is only Kshs8,197,600, as compared to Kshs27,325,360 during the last financial year, 2003/2004.

The reduction noted was due to a general cut on all items across all the Ministries. On realising that, the Ministry has appealed to the Head of Public Service and the Treasury to reinstate the budgeted amount of Kshs27,325,366 to meet the annual requirement to pay the 4,000 part-time teachers at a rate of Kshs500 per month.

In the meantime, the Ministry is developing a position paper to be submitted to the Directorate of Personnel Management, which seeks to enhance the honoraria from Kshs500 to Kshs2,000 per month, per teacher.

(b) Mr. Speaker, Sir, the money allocated to the Department of Adult Education is not sufficient to promote adult education to the desired levels. More funds are required, especially for hiring 4,000 more teachers over the next three years, with effect from 2004/2005 Financial Year.

Mr. Masanya: Mr. Speaker, Sir, I would like to thank the Assistant Minister for her answer. We all know that, that programme started about 40 years ago. The Government engaged and trained people to handle the adult education programme. The Ministry did not even have the curriculum or subjects for those classes!

Mr. Speaker: Order, hon. Members! I think there is a competition between the Member and the Assistant Minister as to who would speak the longest! So, can you ask the question, Mr. Masanya?

Mr. Masanya: Mr. Speaker, Sir, I want her to elaborate, so that I can get a clear answer. What is the Ministry doing to increase the personnel and improve the curriculum which made many adult students run away from those schools?

An hon. Member: To restore order!

Mrs. Chelaite: Mr. Speaker, Sir, one problem is that the Department of Adult Education has always been shifted from one Ministry to another. It is now under our Ministry and recently, we started working on a new policy. We have drafted a policy document which is currently being studied by stakeholders. We are going to improve the terms of those teachers.

Prof. Oniang'o: Mr. Speaker, Sir, the whole intent of free primary education is to make sure that many Kenyans have basic literacy, reading and mathematical skills. The Department of Adult Education sits in the wrong Ministry. Could the Assistant Minister, first of all, tell us how many illiterate adults are there in Kenya and, secondly, does she think she has the capacity to handle adult literacy or it should be moved to the Ministry of Education, Science and Technology?

Mrs. Chelaite: Mr. Speaker, Sir, a survey is being conducted and soon, we are going to get the results and tell this house how many illiterate adults are there in Kenya. Secondly, the department was brought under our Ministry early this year. It is up to the Government to decide whether it fits in our Ministry. But we are able and we are carrying out the programme sufficiently.

Mr. Mwenje: Mr. Speaker, Sir, the Adult Education Programme in Nairobi is as dead as a dodo! It is not there! Could the Assistant Minister tell us whether they will revive it in Nairobi? Have they done away with it in Nairobi?

Mrs. Chelaite: Mr. Speaker, Sir, the programme is alive. But we are reviving it at the moment. But, as I said, we were given a very little amount of money. I am, therefore, asking the House to advocate for it. That way, we shall revive it and put it in the Votes.

Dr. Godana: Mr. Speaker, Sir, it is interesting to note that the Assistant Minister is saying that the programme is alive and yet, they are asking for money to revive it.

(Laughter)

Mr. Speaker, Sir, I think the Assistant Minister should face the facts and accept that, adult literacy classes are not going on anywhere in Kenya and that, the so-called adult education teachers across this country are actually doing their own work and earning the said salaries. So, they should either come up with a better scheme or wind up that programme! Would she accept that?

(Applause)

Mrs. Chelaite: Mr. Speaker, Sir, I cannot say that the programme is dead. It is going on in some areas. We are also trying to revive it in other areas. There is a draft policy in place, and as soon as we have the strategic paper ready, we are going to have the programme going on all over the country.

Mr. Speaker: Who is that lady?

Ms. Mwau: Mr. Speaker, Sir, my name is Ms. Adelina Mwau.

You have just heard the Assistant Minister say that they are actually working on a Policy Paper. At the same time she is saying that the programme is alive. Where is the programme alive? I worked in Turkana in 2002 when I was carrying out an evaluation of the adult education programme

which was being run by the Diocese of Lodwar. There was not one class that was going on in Turkana District at that time. Where is the adult education programme alive in this country?

Mrs. Chelaite: Mr. Speaker, Sir, she is talking about the year 2000 and I am talking about 2004.

(Loud consultations)

Mr. Speaker: Order, Members!

Mrs. Chelaite: Mr. Speaker, Sir, I want to assure the House that the programme is very much alive in Nakuru, Mombasa and Kisumu. It is actually going on.

(Loud consultations)

Mr. Speaker: Order, Members!

Mr. Boit: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister really in order to tell us that in 2004, there was no student who enrolled while we know for a fact that there was an old man of 87 years who went to normal class? That was not a case of adult education. It was a case of normal primary school education. What is she talking about? Where is the adult education programme she is talking about?

Mr. Speaker: Order, Members! Mrs. Chelaite, I think the agitation in the House tells a story on its own. What the hon. Members are asking you is: Where is the adult education programme working? Where is it alive?

Hon. Members: Nowhere!

Mrs. Chelaite: Mr. Speaker, Sir, we have a department responsible for adult education. We also have officers and teachers in that department. I said that we spend about Kshs20 million per month on the programme. I want to tell the House to wait and give us time. When the policy is ready, they will see it everywhere.

(Loud consultations)

Mr. Speaker: Order, Members! What is agitating you, Maj. Madoka?

Maj. Madoka: Mr. Speaker, Sir, I was going to suggest that this Question be deferred so that the Assistant Minister can tell us clearly where the adult classes are going on. She should be able to tell us the number of students attending those classes and the number of teachers involved. She should come with details in this House because we are all concerned. We doubt her information that the programme is working in Kisumu, Nakuru and Mombasa.

Mr. Speaker: What is your reaction, Mrs. Chelaite?

Mrs. Chelaite: Mr. Speaker, Sir, my reaction is that given time, I will bring the details. I am sure that the adult education classes are on.

Mr. Mwandawiro: Mr. Speaker, Sir, I can understand the difficulties that the Assistant Minister is facing. We are doing things in the same old way. If adult education means wiping out those people who do not know how to read and write, that can be done within one year. Let them come with a policy so that we give them ideas on what should be done.

Mr. Speaker: What is your question?

(Loud consultations)

Order, Members! Quite frankly, I did not understand that. However, I will defer the Question for a

week. Is that okay with you, Mrs. Chelaite?

I think the interest of hon. Members from what I can observe is that, perhaps, you are spending money for no service being given to Kenyans at all. That may very well be the case. If that is true, then, it is very bad.

(Applause)

So, what we need is, maybe, to get statistics, even for your interest, in every district whether there are classes going on and whether there are teachers. After that, you can bring the information to the House.

Mrs. Chelaite: Mr. Speaker, Sir, I want to be given two weeks. I will come with comprehensive statistics here.

Mr. Speaker: I will grant you that. The Question is deferred.

(Loud consultations)

Order, Members! Order, Dr. Awiti! Hon. Members I have to shout because you are talking too much. Please, give me an opportunity to talk to you in a civilised language.

(Question deferred)

Question No. 691

MEDICAL FACILITIES FOR
WAGWE/KANDIEGE HEALTH CENTRES

Dr. Awiti asked the Minister for Health:-

- (a) whether he is aware the Wagwe and Kandiege Health Centres lack medical facilities to cater for maternity and emergency cases;
- (b) if he could consider providing an ambulance to cater for West Karachuonyo Division; and,
- (c) what urgent measures he is taking to provide the facilities in (a) above.

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

(a) I am aware that Wagwe and Kandiege Health Centres lack medical facilities, but services are being rendered with limited resources in place.

(b) There are four ambulances in Rachuonyo District. These include two at the Rachuonyo District Hospital, one at the Kendu Bay Mission Hospital and another at the Ramula Kabondo Health Centre. In view of the above, the Ministry is satisfied that the number of ambulances allocated to the district can serve satisfactorily, the emergency cases for now.

(c) We have instructed the Medical Officer of Health in Rachuonyo to provide prioritised and cost details of the lacking facilities so that Ministry could consider providing assistance immediately.

Dr. Awiti: Mr. Speaker, Sir, I would like to thank the Assistant Minister for his response to the Question. However, I do not understand what a health centre means. For example, in the case of Wagwe and Kandiege Health Centres, there are no mosquito nets and yet this is the area where mosquitoes are prevalent. There is no ambulance and the Assistant Minister has confirmed that. There is lack of water, beds and microscopes. Last time, the Assistant Minister had said that because

of the poverty in the country, the people going to the dispensaries should not be charged any fee. Last week, I was at Kandiege Health Centre where I found so many women patients who were complaining that the nurse on duty was charging them consultation fee.

Mr. Speaker: Order, Dr. Awiti!

Dr. Awiti: What is the policy---

Mr. Speaker: Order, Dr. Awiti! You must obey my order at all times. Now you are ordered to ask your question.

Dr. Awiti: Mr. Speaker, Sir, I would like to know whether free medical services are being given because in these two health centres patients are being charged a fee.

Mr. Konchella: Mr. Speaker, Sir, as far as the Ministry is concerned, all the health centres and dispensaries in the country have been instructed, as from 1st of July, to charge Kshs10 in all dispensaries, and Kshs20 in all health centres. If what Dr. Awiti has said is really happening, then, it is an offence. However, at the end of this month, we shall have free medical care being provided at the health centres and dispensaries. I hope we will be able to do an audit to evaluate the actual requirements of those facilities, to enable the Ministry allocate adequate funds in the future.

Mr. Poghiso: Mr. Speaker, Sir, the problem with this Ministry is that you have to prompt the Minister by asking a question about your particular dispensary. If not, the dispensary or health centre will probably go unattended to. That is exactly what I feel. If the hon. Member is saying that the health centres in his constituency do not meet the standards of a health centre, is there a minimum standard of requirements for health centres, or do we just name them so? Could the Assistant Minister give us a list of reasons for them being called health centres?

Mr. Konchella: Mr. Speaker, Sir, the basic things that a health centre requires include the provision of 12 beds, which could be used for maternity purposes or as a sick-bay for people who are ill and are not able to go home. So, 12 beds should be the minimum requirement for a health centre. But there may be no bed for people to sleep in a dispensary, because the people are able to reach the dispensary and go home. Otherwise, they should be referred to a health centre if they are too ill to walk back home.

Mr. Speaker: Mr. Kajwang! Who is that?

Hon. Members: Mr. Manoti.

Mr. Speaker: Sorry, proceed, Mr. Manoti!

Mr. Manoti: Thank you, Mr. Speaker, Sir. I am not Mr. Kajwang.

Mr. Speaker: Order! I have already noticed that you are not Mr. Kajwang, and that is why I called you Mr. Manoti. You do not have to go back to the matter.

Mr. Manoti: The Assistant Minister has said that we are going to have free medical services in all our health facilities. We know that watchmen and cleaners in health centres and dispensaries are paid using the cost-sharing money. Is the Ministry prepared to take over the payment of salaries of those employees?

(Applause)

Mr. Konchella: I have just said that we are going to conduct an audit at the end of this month to find out the actual requirements in terms of the funds that are needed to employ watchmen and cleaners, and also to provide those other disposables that are normally required in a health centre or in a dispensary. So, we cannot make a decision now because we are carrying out an audit, and we are aware that, with the cost-sharing fund which they have now, they will be able to provide services for the next few months.

(Applause)

Mr. Mwanicha: Mr. Speaker, Sir, this Ministry is starting to "confuse" health services in the country. What should have come first; a declaration that health services will be provided free in the hospitals, or that an audit will be carried out?

Mr. Konchella: I did not hear his question, can he repeat it?

Mr. Mwanicha: Mr. Speaker, Sir, first I said that you are starting to confuse health services in this country. Then, my question was this. What should have come first; was it the audit on the employees, to decide whether you are going to pay them or not, or the declaration that health services will be free? What should have come first?

Mr. Konchella: Mr. Speaker, Sir, you appreciate that the Ministry of Health has managed to bring a Bill before this House which will enable us to provide free medical services to the people of this country by July, 2004. So, the consequences of the delay in discussing and passage of the Bill by this House has brought about what we are talking about now. So, the matter of auditing is simply a consequence of the fact that the Ministry can only operate with the funds which this House has given it for now. Not until we operationalize the National Social Health Insurance Fund (NSHIF) shall we be able to talk about business.

Mr. Munya: On a point of order, Mr. Speaker, Sir. The Assistant Minister is misleading the House instead of answering the question. The question was: Why did they stop the cost-sharing programme before they have sourced for money to employ those officers who are employed with the cost-sharing funds? The audit was supposed to be done first before the declaration. Let him answer the question; it is very specific!

Mr. Konchella: The dispensaries and health centres have received sufficient funds from cost-sharing to pay for these services for the next two months, by which time this House shall have passed the Bill, or we will make appropriate decisions.

Mr. Kipchumba: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister really in order to mislead the House that there is cost-sharing money when, indeed, all those health centres have been told not to charge patients any fee? Therefore, at the end of this month, the support staff, water and electricity bills will not be paid, and, therefore, all the health centres and dispensaries will shut down!

Mr. Konchella: Mr. Speaker, Sir, we allocate funds to health centres in the country, and it is the duty of the medical officers of health there to identify the needs of each dispensary in each location and provide the necessary requirements. They receive funds from the Ministry to meet those needs.

Dr. Galgallo: On a point of order, Mr. Speaker, Sir. This Assistant Minister continues to mislead this House. He is saying that money has been allocated for health centres and dispensaries. But we know that nothing was allocated for them, because we just debated the Vote of this Ministry a few weeks ago, and we know that there was no extra funding. He just continues to mislead. That is why the NSHIF, whose Bill is before this House, is facing stiff resistance from several stakeholders, because the Ministry is unprepared. What plans do you have to prepare and upgrade our rural health facilities and district hospitals, so that they will be able to offer for the services which have been proposed in the NSHIF Bill, if it ever becomes law?

Mr. Konchella: The Ministry is prepared and willing to upgrade health facilities in this country. This House must support us to be able to get funds either from the Treasury, or through the medical scheme that we are proposing to put in place, so that we will be able to do what hon. Members require.

Mr. Mwenje: On a point of order, Mr. Speaker, Sir. The Assistant Minister is absolutely

misleading this House! We have just dealt with the Vote of the Ministry of Health, and Dr. Galgallo has just reminded him that, that figure was not there. They did not even include it. They continue charging people for the services in hospitals. Even if you go to a hospital now, you will still have to pay. The Assistant Minister is misleading this House. Can he tell us the actual position? Despite the Assistant Ministers' assertion, they continue to charge people for various health services in hospitals, yet he is now telling us that they are not charging for the services. But we know that they are charging patients. But the figure that he is talking about is not in the Budget. What is the true position?

Mr. Speaker: Order! You are all confusing the House now! I have heard some hon. Members saying that the Assistant Minister has totally removed all cost-sharing funds.

Hon. Members: Yes! Yes!

Mr. Speaker: Now, hon. Mwenje is saying that cost-sharing is still there, nevertheless. The Assistant Minister is saying that treatment in health centres and dispensaries is free because he has given money. What about hospitals? What is actually happening? This is not a mute question, Mr. Konchella.

An hon. Member: No money was allocated!

Mr. Konchella: Mr. Speaker, Sir, this House passed the Vote of the Ministry, and the Ministry is allocating funds to each hospital in the Republic. The issue of non-payment of fee in the cost-sharing programme only applies to dispensaries and health centres, but the hospitals are charging patients normally, and that is going on as usual.

Mr. Speaker, Sir, the district hospitals should be able to assist the dispensaries that will be having problems because of lack of these funds until an audit is done by the Ministry to see how much more money we can allocate to the districts for those services to be provided.

Mr. Speaker: Very well, we will proceed to the next Question. Actually time is up. Maybe I should give one more chance to a Member on the Government side.

Dr. Awiti: Mr. Speaker, Sir---

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

Mr. Speaker: Order! Will you, please, sit down?

Proceed, Mr. Kingi!

Mr. Kingi: Mr. Speaker, Sir, I was saying that the problem is that most of these directives we hear about are issued by the roadside. There are no circulars issued to communicate these directives. When you go to the dispensaries and tell medical personnel not to charge patients, they ask for a letter from the Ministry.

Mr. Speaker: You have to be brief.

Mr. Kingi: Mr. Speaker, Sir, why does the Assistant Minister not issue a circular to that effect and give us copies so that we can also assist to enforce that kind of declaration?

Mr. Speaker: Dr. Awiti, ask your question so that the Assistant Minister can answer both questions.

Dr. Awiti: Mr. Speaker, Sir, could the Assistant Minister tell this House when this facility will be provided in Kandiege and Wagwe Health Centres since he is already aware that they lack the facilities? Could he give us the time frame as to when these facilities will be provided?

Mr. Konchella: Yes, Mr. Speaker, Sir. We have asked the Medical Officer of Health (MOH) to look into the needs of these two health centres because they require delivery of equipment in particular. This equipment should be procured immediately because it has been provided for in the current Budget.

Mr. Speaker: We will defer the remaining Questions.

Question No.428

CLEAN WATER FOR MASINGA RESIDENTS

(Question deferred)

Question No.501

STATUS OF DUGO SETTLEMENT SCHEME

(Question deferred)

Question No.541

DISPUTE OVER DANDORA LAND

LR No.11379/3

(Question deferred)

Next Order!

COMMITTEE OF SUPPLY

*(Order for Committee read
being 7th Allotted Day)*

MOTION

THAT MR. SPEAKER DO NOW
LEAVE THE CHAIR

Vote 07 - Ministry of Finance

The Minister for Finance (Mr. Mwiraria): Mr. Speaker, Sir, I beg to move that Mr. Speaker do now leave the Chair.

During the preparation of the Budget for the fiscal year 2004/2005, the country faced many challenges arising mainly from poverty and unemployment which have persisted for over a decade. In particular, it targets the available resources to high priority basic social services such as free primary education and improvement of fiscal infrastructure, especially roads. In response to the rising demand for increased public services, the Government has initiated a variety of reforms, which have targeted revenue mobilisation, expenditure management and public enterprises.

There are a number of emerging international and regional challenges that have had a strong and direct bearing on our trade and fiscal policies. With the signing of the East African Community Customs Union Protocol earlier this year, we are expected to enter into a common external tariff come January, 2005. This will affect our investment, trade, fiscal policies and so on. We, therefore, need to respond to these changes appropriately in order to cushion public revenue---

(Loud consultations)

Mr. Speaker: Order, hon. Members! I think we are on the Vote of the Ministry of Finance. Please, listen to him because, tomorrow, other hon. Members will come and ask: "What did he say?" and yet you were in the House. Proceed.

The Minister for Finance (Mr. Mwiraria): Thank you, Mr. Speaker, Sir.

I was saying that the common external tariff which will come into force on 1st January, 2005 will affect our investment, trade, fiscal policies and so on. We, therefore, need to respond to these changes appropriately in order to cushion public revenues together with private investment from negative impact. In addition, with the realisation of peace in Southern Sudan and the Great Lakes region, there is an immense business potential and investment opportunities in the region. There is also potential pressure on the transport system in the northern corridor. We, therefore, need additional resources to improve our physical infrastructure and institutional management capacities, to take advantage of these emerging opportunities.

Mr. Speaker, Sir, let me briefly highlight some of the key issues and areas where action will be needed. The first one is parastatal debts write-off. Some of our critical public enterprises have accumulated huge losses, which have made it difficult for them to operate. It has also made their balance sheets unacceptable to lending financial institutions. Before they can borrow to deliver on their functions, they need restructuring. These key enterprises include the Agricultural Finance Corporation, Kenya Power and Lighting Company and the Kenya Generating Company Limited, just to mention a few. As part of the restructuring effort, we have provided resources under the Ministry of Finance for these parastatals.

The second issue relates to revenue mobilisation under the Kenya Revenue Authority. As I said when I was delivering the Budget Speech in June, there is a demonstrated need to reform and strengthen revenue administration. This is necessary to enhance revenue collection, control leakages and improve on overall tax administration to expand the revenue base. In particular, the Government has undertaken the following key measures. First, we have embarked on the re-organisation of the Kenya Revenue Authority to improve its integration to achieve synergy among the revenue departments; optimise on its resources and raise productivity, efficiency and standards of service delivery.

Secondly, we have upgraded its capacity through the integrated information systems and communications technologies, particularly in the Customs and Excise Department. These changes will enable the KRA to capture, compare and collate data and other important information from within itself.

Thirdly, we have provided additional resources in order to fund programmes designed to bring into the tax net the faster-growing areas such as the informal technology sector. Fourth, we have purchased and installed scanners to improve clearance of cargo at the port of Kilindini. Fifth, we have purchased boats to enhance surveillance along the coastline and the lake region in order to curb smuggling and protect revenue collection. Sixth, we have provided additional resources to the KRA to enable it to effectively and decisively deal with incidents of dumping counterfeit goods, adulteration of fuel and other unfair trade practices. Seventh, we have reviewed and tightened transit cargo procedures to speed up the trade facilitation to attract more business from the region to the northern corridor while protecting both revenue and investors.

Mr. Speaker, Sir, having regard to the foregoing, the Ministry has set aside Kshs5.6 billion for the KRA. This includes a Recurrent Expenditure of Kshs4.4 billion, Kshs408 million for payment of court awards, Kshs430 million for computerisation and Kshs328 million for payment for scanners, which were ordered quite some years back. It is expected that when these resources are

availed, the Kenya Revenue Authority (KRA) will improve its activities and mobilize more revenue for the Government.

Mr. Speaker, Sir, regarding external resources, as hon. Members are aware, the Government held a very successful consultative group meeting with the development partners in November, 2003, when a total of US\$4.1 billion was pledged. The Ministry has initiated discussions with multilateral and bilateral organisations to translate these pledges into actual commitments. For this reason, the Ministry has sought additional budgetary provisions to finance these activities which are necessary to increase disbursement from the current low levels. Substantial parts of the provisions will go towards facilitating continuous engagements with development partners to identify and fund projects and programmes identified in the Economic Recovery Strategy (ERS).

Mr. Speaker, Sir, the Ministry has also embarked on the strengthening of the public debt management capacity to maximise use of debt resources. Planned changes will include: Review of the current legislation on internal and external debt with a view to having a single legislation with clear debt management objectives and goals, consolidation of debt management functions into a single entity in accordance with best practices and, finally, provision of better co-ordination on all public debts, whether borrowed for use by the Central Government or for on-lending to local authorities and public enterprises.

Mr. Speaker, Sir, the Government has also decided to maintain and add credit information, communication and technology services in order to improve service delivery. This is especially critical to the improvement of financial management in the whole Government. It is for this reason that additional resources have been budgeted for. Of special interest is the need to support the in Government together with Integrated Financial Management Information Systems (IFMIS) to ensure that we are not left behind by other countries where information technology forms a core tool for decision-making.

Mr. Speaker, Sir, with regard to accounting services, the Government plans to improve communication between the Treasury and line Ministries. Under the IFMIS, we expect to establish direct connections with all spending units, down to the districts. Improvement in the accounting system is part of our efforts to enhance countrywide accountability and transparency. The objective of these reforms is to enable the Accountant-General to monitor both expenditure management and revenue collections on a timely basis. Ultimately, IFMIS will be used for expenditure tracking such that, as and when the need arises, it will be possible to assess expenditure impact on target beneficiaries. The current fragmented systems are not suitable for generating management information which is necessary to improve the use of resources. To address the current problems, IFMIS will consolidate the existing accounting and management information systems into one system. In short, IFMIS is not just a financial management system, but also a tool for improving transparency and accountability in the way the Government allocates and uses public resources.

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, the proposed Financial Management Bill which is now before this House, has been prepared, in consultation with relevant stakeholders, and it forms an important part of our financial management reforms. It is expected to replace the current Exchequer and Audit Act, Cap.412, which was first enacted in 1948 and reprinted in 1955. I appeal to hon. Members to give this Bill special attention and enact it at an early date. Once enacted, it will provide

a legal basis to enforce more effective compliance with financial regulations and also provide sanctions for non-compliance by those entrusted with public funds.

Mr. Temporary Deputy Speaker, Sir, let me say a few words on the pensions services. As hon. Members are aware, there is a great need to improve and speed up delivery of services in the Pensions Department. The department has considerably reduced delays in processing and payment of pension benefits. However, much more remains to be done. The objective of the on-going reforms is to ensure that retirees are paid their benefits immediately they retire. Towards this end, the department is working with players in the financial sector to pay pensioners using their infrastructure. We also planning to relocate the department to Bima House where it can have a permanent home. This will also facilitate closer co-ordination with the Treasury and provide easy access by pensioners, as the department will be located near the ground floor.

Mr. Temporary Deputy Speaker, Sir, there have been many complaints on the procurement processes and procedures used by our Government. To address the cited problems, the Ministry is reviewing the current procurement regulations to improve on their application. In this regard, I would like to invite input and proposals from hon. Members and any other stakeholders. As will be recalled, the draft Procurement Bill has been prepared, which seeks to incorporate the best practices based on experience elsewhere; learning from others who have already gained experience. Once enacted, it will help improve the situation. In the meantime, we will review the regulations to make them more procurement-friendly.

Hon. Members are also aware, and they share the concern of the Government on the loss-making public enterprises which have been sucking public resources, and whose performance has been wanting. Efforts have been initiated to turn round viable enterprises to profit-making entities. To this end, a tentative privatisation strategy has been prepared and now awaits final touches. Once approved, it will target the remaining non-strategic public enterprises. As hon. Members will appreciate, privatisation is an integral part of the public sector reforms which the Government intends to first-track to spur the economic recovery in the country. As part of this effort, a number of privatisation measures have been scheduled for implementation, which will include, among other things, financial restructuring; encompassing debt equity conversion, debt write-offs, capital injections and equity contributions. This is expected to improve the liquidity position of these public enterprises to enable them carry their mandate effectively. Thereafter, such enterprises may be considered for eventual divestiture or privatisation.

Secondly, we have prepared a Privatisation Bill, which is currently before the House and which, when enacted, will provide an appropriate and transparent framework for privatisation. That Bill has been carefully considered by the Finance and Trade Committee, and I implore hon. Members to support the amendments suggested by that Committee, so that the law could be enacted early. As a general rule, reforms in the public enterprises will be implemented as part of an overall improvement of the role of the private sector in the economy. It will also aim to reduce the demand of public enterprises on the Exchequer resources, while maximising on the use of scarce financial resources. Besides, it will enhance returns of Government spending, while improving efficiency.

In so doing, the Government will aim to broaden the ownership of privatised public enterprises with special emphasis to encourage Kenyans to buy into them, thus, enhancing capital markets development in the country. It is for that reason that we prefer to sell public enterprises through the Stock Exchange. A key objective of those reforms is the separation of commercial and regulatory functions in all public enterprises.

Mr. Temporary Deputy Speaker, Sir, to achieve the goals that I have just enumerated, substantial budgetary provisions have been included in the Printed Estimates currently before the

House. Let me highlight a few of them.

First, regarding foreign exchange losses, as may be recalled in the 1999/2000 Financial Year, the Government introduced a policy to compensate development financial institutions for foreign exchange losses arising principally on money borrowed externally for on-lending to local investors. Unfortunately, the Government did not proceed to set aside money in the Budget to pay for those financial obligations. To clear that commitment, a budgetary provision of Kshs559.3 million has been made in the Estimates of the current Fiscal Year.

Secondly, regarding the Constituency Development Fund, a total of Kshs4.5 billion has been provided under Vote D7 to cater for that Fund.

The third one is on the cleaning up of the Agricultural Finance Corporation (AFC) balance sheet. Under that Item, a total of Kshs8.5 billion has been provided under Vote D7 to write off AFC on-lent loans. That amount has already been approved by this august House. Needless to say, that is only a book entry exercise and no actual money is involved. In addition, the Vote reflects Kshs2.8 billion; the amount provided for conversion of Government loan to Kengen to preferred equity. That has been necessitated by the need to restructure the energy sector to restore financial viability in the Kenya Power and Lighting Company (KPLC) and the Kenya Electricity Generating Company, in order to increase electricity generation and distribution. Besides those provisions, a further Kshs240 million has been provided for additional equity in the East African Development Bank. Development banks are essential for any developing economy. They provide the badly-needed capital to support industrialisation.

Mr. Temporary Deputy Speaker, Sir, to enable the Ministry deliver on its current mandates, I am seeking approval for the net Recurrent Expenditure amounting to Kshs13.1 billion and Kshs18.86 billion for Development Expenditure. Those sums include the adjustments detailed above. I have explained that the country faces many challenges. We have a severe drought that is decimating large portions of our country. We will also be entering into a Customs Union with the East African Community (EAC) partner States come 1st January, 2005. In addition, we are faced with the problem of an unstable neighbour to the east and a country in transition in Southern Sudan. When we add all those challenges emanating from free primary education, the need to improve access to health care and the need to restore our infrastructure, the country needs to harness all its energies and resources. We, therefore, need to maximise on unity of purpose with a single-minded approach to those problems. We have a duty and a responsibility to change this country for the better. Let us work together for the good of the Kenyan people, who sent us to this august House.

With those few remarks, I beg to move.

The Minister for Trade and Industry (Dr. Kituyi): Mr. Temporary Deputy Speaker, Sir, thank you very much for according me a chance to second this important Motion on the Vote of the Ministry of Finance. Thank you also for the privilege to say a few words about a Ministry which is doing its work very well. We live in a society where we do not appreciate, when people have done a job. The honourable Minister for Finance is a conscientious and a decent man and, to my mind, he is doing a very good job.

(Applause)

Mr. Temporary Deputy Speaker, Sir, through the Minister, I would also like to extend our appreciation to the Kenya Revenue Authority (KRA) that while in last year's Budget, many donors faulted this Minister, that he was making very generous projections about revenue collection, outturn has been that you overshot those generous projections by Kshs8.2 billion. You collected Kshs8.2 billion more than the generous ambitious projections you had made. I think that is a very

important statement of a society that is ready to pay its taxes, of taxpayers who have trust with the Treasury that it will take good care of their money and of a Government agency that did the job and passed on money to the Treasury.

While I am still at the KRA, I would like to urge, through the Minister, that, indeed, their commitment and active participation in the war against contraband and counterfeit goods entering into our markets, should be doubled. While we have made very important strides in attracting new investments, increasing the volume of trade and increasing trans-shipment of goods through our territory, the challenges of keeping counterfeit and substandard goods from entering into our market is critically important, if domestic industry is going to survive and legitimate business is going to be rewarded. I hope that, on the basis of some of the earlier gains in intercepting some counterfeit goods, a lot more efforts, both by his Ministry, our Ministry and the police, and collaboration by the judiciary, will yield much more expensive price for those who want to short-circuit legitimate trade in Kenya.

Mr. Temporary Deputy Speaker, Sir, the Minister has mentioned the projected revenue loss from Customs because of the decline of the top ceiling of tariffs from 35 per cent to 25 per cent beginning January next year. I do understand and share his concern. But I can understand the reason why, in many cases, items where, because of compliance with the Customs Union provisions, migrated maximum duty to 25 per cent, he has supplemented this by a 10 per cent Excise Duty.

But I want to express the hope that we are ready to bite the bullet. The East African Customs Union, in the medium and long-term, is good for this country. While it may be necessary in the short-term to use alternative instruments to compensate for the shortfall in public revenues, I think it would be important, in the longer term, that we need the spirit of the agreed tariff bindings. One possibility in this area is, indeed, exploring collectively with the other partners in the Community, the establishment of an East African Community Compensatory Fund, like the COMESA Fund, to which you can seek donor support for East Africa, to help compensate for short-term costs of adjusting to the Customs Union.

But more importantly, I urge the Minister, and others in the Government, to retain the commitment that we do not migrate the date when the Customs Union comes into force or we stagnate the steps towards the Customs Union, as has been a lot of pressure over the past half year.

Mr. Temporary Deputy Speaker, Sir, I also want to thank the Minister for the attention he has given to infrastructure. This country must enter the 21st Century. There is no short-cut to it. We must extensively invest in infrastructure; transport, power grid for the transmission of electricity and critically, infrastructure for entering the information age. You may want to know that East Africa has the only coast in the whole world, which is not covered by fibre optic cables for broadband communication and Information Technology (IT). It is critically important that while much of the burden is being borne by the private sector, that the political leadership in East Africa is also ready to invest taxpayers' money to fast-track wiring us onto the relevant technology today.

Similarly, I very much appreciate the efforts by the Ministers for Finance and Energy, which have culminated in the initiation of works by the Chinese, to help upgrade the power transmission grid and reduce the wastage of energy from the current prohibitive 25 per cent to the more respectable 14 to 15 per cent range.

Mr. Temporary Deputy Speaker, Sir, the Minister mentioned something about the critical importance of development finance. It is true that we cannot transfer the benefits of privatisation to the business community in our country unless Kenya has a domestic development finance vehicle which can lead in providing long-term financing for such participation. For this, while, I laud the provision of resources to clean up Agricultural Finance Corporation (AFC) and Kenya Electricity

Generating Company (KenGen), to put them on their feet once again, I would have been glad if, beyond the Kshs559 million, which is rather a post-humous expenditure, that more positive resources were availed to the available finance institutions in this country; the DBK and Industrial Development Bank (IDB). Although we are looking for strategic partners from outside, public interest in Kenya requires that at least, 50 per cent of the development finance available is controlled by the public of this country, to secure their contribution and role in infrastructural projects, in public housing and all up-coming private sector development.

Mr. Temporary Deputy Speaker, Sir, I wish to take advantage of this opportunity to mention something important that I needed to mention. There has been a very substantial attention in this country in the recent past, on the fate of Uchumi Supermarkets. It is true that historically, Uchumi Supermarkets has been a very important institution in this country. It is also true that very soon, we may be coming back to this National Assembly, with concrete proposals about what we intend to do and how we need this Parliament to assist us. But it is important at this early moment that I mention that as a principal shareholder in Uchumi Supermarkets, the Ministry of Trade and Industry, with the collaboration of the Ministry of Finance, are not going to allow Uchumi Supermarkets to go under.

(Applause)

Mistakes have been made, but where I come from, we have a saying that when a fox is about to take your chicken, chase the fox back to the thicket before you complain to the chicken why it wandered close to the bushes. We will drive the fox back to the wilderness before we deal with the issue of the chicken wandering close to the bushes. But we think it is part of our responsibility and patriotic duty, that the premier vehicle for Kenyan participation in retail networking should not be allowed to go under because of mistakes of a few. We are committed as ever that we will do what it takes to avoid the recurrence of such mistakes and to punish those who may be culpable. But we cannot, at the same time, let such a critical public institution to go under.

In which light, I could then volunteer to Members, that when Questions have been coming on the Floor of the House about the shortage of sugar, mainly because people had been going into Uchumi Supermarkets, we were not telling all, that Uchumi Supermarkets had problems with its suppliers, and that is why it did not have sugar, and that, it had nothing to do with the presence or absence of sugar in the country.

Mr. Temporary Deputy Speaker, Sir, to finish off, I want to say the following. This country is at a critical moment. We have a unique historical opportunity to ride the vehicle of regional intergration; to ride the opportunities of peace in Southern Sudan; to ride the dividends of emerging peace in Somalia. But we cannot ride those vehicles. We cannot reverse the brain-drain out of our country if, as a political class, we are not singularly united and focused on the critical responsibilities of economic governance. So long as politics as usual remain the temptation to trade insults, to cast aspersions, to avoid critical questions of how to turn round this country's economy, a unique opportunity to turn our country round will have been wasted and posterity will not look at us kindly. I believe, with goodwill, we have the capacity, the opportunity and the intellectual resources in this society to raise our country again from the ashes and make it the pride of Eastern Africa and a shining example from Africa.

With those very many remarks, I beg to second.

(Question proposed)

The Temporary Deputy Speaker (Mr. Khamasi): Mr. Billow, are you responding on behalf of the Opposition?

Mr. Billow: Yes; thank you, Mr. Temporary Deputy Speaker, Sir.

The theme of this year's Budget is "Enhanced Efficiency for Accelerated Economic Growth." I believe "efficiency" with regards to utilisation of resources and service delivery. If there is efficiency in service delivery, it would mean reduced cost of Government services and such a reduction would also mean efficient utilisation of resources.

However, the subject of efficiency in service delivery and efficient utilisation of public resources is one of our major concerns in this country today. The citizens of this country are the owners of the Government and, at the same time, the customers of the Government. As customers, they expect improvement in customer service. We need to see a break with the past. We need to see the public servants and the bureaucrats in Public Service breaking out of their routine bureaucracy in terms of focusing on the needs of the society. This is something that we need in this age, and with the new transition that we have in this country.

Mr. Temporary Deputy Speaker, Sir, transparency and accountability in use of public resources is one of the fundamental pledges that this Government made to this country. The Ministry of Finance, naturally, is mandated with that oversight role. It is in that oversight role over public resource management, that I believe this Ministry has not succeeded in; in the last two years.

We still note that the financial management system in the country is very weak. We have not seen any significant changes; there are major weaknesses in the area of internal controls in the Government. Some of the proposed reforms in public expenditure which are outlined in the Economic Recovery Strategy largely stand un-implemented. For example, one of the major pledges which have been made with regard to public expenditure reforms, in the Economic Recovery Strategy, is with regard to reduction of the Budget deficit. That there is going to be a change in the ratio between capital and Recurrent Expenditure; that the Government will reduce operations and maintenance expenditure and transfer some of those resources to core poverty programmes; that the Government will reduce the wage bill as a percentage of the Gross Domestic Product (GDP) and that they are going to use the recommendations of the Public Expenditure Review of last year in preparation of the Budget. However, again, we note that all these reforms are yet to be carried out, two years into the transition.

However, let me go to one of the most important things I believe that this Ministry needs to address. This is with regard to the Budget deficit. The total expenditure Budget that this Ministry came up with is about Kshs440 billion; Kshs308 billion for Ministerial expenditure and about Kshs132 billion for the Consolidated Fund Services. A total of Kshs440 billion but the Minister is able to raise only Kshs27 billion from ordinary revenues. That leaves a gap of Kshs168 billion and the Minister has informed this House that his Ministry will obtain external loans and grants of Kshs51 billion. However, the balance of Kshs117 billion will have to be raised from domestic sources through domestic borrowing. Indeed, out of the Kshs51 billion that he intends to raise externally, Kshs21 billion is foreign debt and combined with the domestic debts of Kshs117 billion, for this year's Budget, the Minister intends to create an additional debt burden for this country of Kshs138 billion in one year alone. The unfortunate thing is that out of that Kshs138 billion debt that he creates this year, 75 per cent of it or about Kshs102 billion is going to be for consumption; Recurrent Expenditure. We can all imagine the impact that would have on future generations! They will have to pay for what we consume today. Our children are going to pay, in this country for many years to come, for the flashy vehicles that Ministers have to drive and the expensive furniture that Ministries are going to buy in the next few months and so forth.

What if the external loans and grants of Kshs51 billion are not going to be obtained by this

Government? What would happen? It would mean financing a gap of Kshs168 billion will have to be sourced domestically through Treasury Bonds and Bills. We know what that means in this country because we have the unfortunate experience of having gone through it and we know what it means in terms of higher interest rates. If donors pull out in the manner that they threaten to do, we know what it means in terms of devaluation of the Kenya Shilling and we also know that all this is going to create higher inflation. Last year alone, inflation doubled from 5 per cent to 10 per cent.

Mr. Temporary Deputy Speaker, Sir, the Minister has not explained how he intends to contain these risks. He has not explained how he is going to address the impact of this on the cost of living of poor Kenyans. He has not even bothered to explain what would happen if the Kshs5.9 billion, for example, he factored in the Budget as proceeds from the sale of the Telkom licences is not going to be received. How is he going to raise that additional money?

Talking about the same public debt, the schedule of the public debt at the end of the Recurrent Expenditure, this year alone, this Government has to service Kshs113 billion in terms of payment of public debt. However, it is the failure to manage this portfolio of public debts more than anything else, that is the concern of this country today; the infamous payments that have been made to M/S Anglo Leasing Finance Limited, for example. These are debts that have been incurred by this Government and the previous Governments yet Parliament, which is responsible for determining and approving all these debts is not even aware of the loans and grants, their terms or the projects or expenditures for which all those loans were for. We are not in a position to say that an amount of Kshs113 billion out of public resources will be utilised for this or that type of project.

The portfolio of public debt, simply in this country, has become a major source of resource leakage. It is high time the Government explained to Kenyans every single loan, grant and liability that binds this nation to any other institution or any other country so that we know what we are borrowing and how we are going to spend that money.

Mr. Temporary Deputy Speaker, Sir, national priorities of this country are set out in the Economic Recovery Strategy. We need regular updates from the Minister on the compliance with that Strategy. We must have them regularly as that is the only way we can know that Government expenditure is in line with priorities which are set out in that Strategy. The Budget of this Ministry alone is Kshs34 billion yet the Ministry of Finance may not be a priority to most ordinary Kenyans. It may, however, be very important to donors and to the rich but not to ordinary Kenyans. Yet that Kshs34 billion given to this Ministry is more than the combined budgets of some of the most important Ministries to ordinary Kenyans. It is more than the combined budgets of the Ministries of Agriculture, Livestock and Fisheries Development, Water, Energy and Tourism and Wildlife. All those Ministries' budgets combined amount to this single Ministry's budget yet it is the same Ministry where we have a lot of concerns with regard to expenditure of resources.

I will look at one of the major provisions that have been made for this Ministry. There is Kshs12 billion, for example, in debt write-off that has been factored to various financial institutions in the budget of this Ministry. This is largely because the Government needs to restructure these banks so that they can be sold. They will be sold because donors want it. However, has the Government, or the Minister, in any way, examined whether the returns from the proceeds of selling those institutions will be worth the amount of investment we are going to make? Is it worth the Kshs12 billion we are going to pump in just to restructure them so that we can sell them? This Kshs12 billion can be spent in many ways. His Excellency the President recently sent out an appeal to the international community for Kshs10 billion to feed over three million Kenyans who are starving. I come from a constituency where half of the population is staring death in the face yet we have to appeal for Kshs10 billion when at the same time we are giving Kshs12 billion to writeoff debts of people in this country who can afford to pay those debts without charging anyone with the

responsibility for having incurred those debts in the first place. Is it necessary or urgent at the time when this country faces starvation and three millions are likely to die for lack of food and we have to spend Kshs12 billion? Can we not defer that decision to next year or another year? All these banks are doing pretty well yet none of them is receiving money from the Treasury to survive! This is a question of a Government that is not keen on its priorities. The same Kshs12 billion is what the Ministry of Education, Science and Technology is looking for to set up 40,000 new classrooms. It is the same amount of money that people of the North Eastern Province are looking for to tarmack the road between Garissa and Mandera. It is the Kshs12 billion that we have been looking for! I am sure that there are many good uses to which that money can be put including setting up seed money for small and micro-enterprises in this country. If we really want to fight and eradicate the poverty that is in this country, we should give that Kshs12 billion to small and micro-enterprises in the rural areas all over this country and we will see the change in the lives of Kenyans.

Mr. Temporary Deputy Speaker, Sir, there are other provisions in this Vote which need to be explained by the Minister to enhance transparency. There is Kshs2.2 billion internal Government transfer that he needs to explain. Who is being paid? What is this internal Government transfer? Similarly, there is another Kshs500 million for Numerical Machining Complex. We asked for this information when the Budget was submitted, but the Minister was not able to explain to this House.

I appreciate what the Seconder of the Motion said with regard to the Kenya Revenue Authority (KRA). We are all very proud that they have been able to collect revenue. I hope that they will be as efficient and accountable in expenditure, because they are going to receive Kshs5.9 billion in this year's Budget in expenditure alone. I hope that they will spend that money in a very accountable manner.

Mr. Temporary Deputy Speaker, Sir, I would now like to turn to a very important area, namely, procurement, which the Minister talked about. Procurement has simply become the main conduit for corruption in this country. It is under the Ministry of Finance, and it is the most glaring failure that this Ministry has to live with today. One of the main problems is that there is no law, as the Minister alluded to. The procurement regulations are there, but I think it is mainly because of lack of commitment to those procedures that has led to the wastage, corruption and losses that we have seen through procurement in the last few months. Simply said, the Government will spend more than Kshs100 billion on procurement of goods and services this financial year.

The Public Procurement Complaints and Review Board (PPCRB) is a very important institution. It examines complaints from bidders of public procurement. My concern is that the Permanent Secretary, Treasury, sits on that Board and at the same time, he is a member of the Tender Committee. When the pre-shipment contract of Kshs1.9 billion per year for three years, which adds to about Kshs6 billion, was last year awarded to BBI for financial years 2003 to 2005, the same Permanent Secretary, who sat in the Tender Committee was again sitting in the PPCRB to determine whether the complaint that was brought by one of the losers, ITS in this case, was, indeed, acceptable or not. You can imagine whether there will be any justice in that kind of situation. It is time that the Government looked at some of its procedures.

Mr. Temporary Deputy Speaker, Sir, one of the areas of major concerns in procurement has been the security contracts. We have said it in this House before, and we are saying it again, that the Government must come up with a technical committee that will independently verify procurement contracts relating to security. We have also seen concerns that have been raised in this country. The licensing bid for the second land line telephone provider that was cancelled last week is a very good example. We have all seen a situation where the Minister, who has no role at all in the opening of tenders of Telkom Kenya, had to interfere to postpone the opening of the bids. You can imagine the concern of all the investors we are trying to invite to come and buy our public companies. What will

be their feelings that the last minute before the tenders are opened, someone else who is not supposed to be involved gets involved? We have seen the same concern with regard to tendering processes at the Kenya Ports Authority (KPA) and insurance tenders. The sad thing is that when concerns are raised regarding these procurement issues, which we read about in the Press daily, we do not hear of any Government department that comes forward and says that it is going to investigate or action will be taken. Kenyans have to make noise for weeks and months before something happens.

Mr. Temporary Deputy Speaker, Sir, in the area of privatisation, indeed, lack of Government policy and an appropriate law have been exploited by the Government to dispose of some of the public institutions. Kenyans have been denied the opportunity to participate in disposal of Government or public enterprises. It was one of the pledges this Government made; that it would ensure transparency and concern for national interest with regard to sale of Government institutions. Hon. Members, who are the most important people with regard to representation of Kenyans in this country, are uninformed, for example, on public companies that have been listed for sale such as Telkom Kenya Limited, Kenya Electricity Generation (KenGen) Company Limited and KPA.

We have read about a Kshs237 billion railway line being put up from Juba area of Southern Sudan to Mombasa. The House is not aware of the details of this commitment. We read about consessioning of other railway lines and roads. We read about privatisation of water services in Nairobi, Mombasa, Nakuru and other towns, worth billions of shillings. We even read about privatisation of refuse handling in Nairobi worth US\$30 million, yet this House does not even know what is going on. How is this done? The whole country is on sale and yet Kenyans are in the dark. Where is the transparency that this Government pledged? Why is it so difficult for Government Ministers to bring Sessional Papers to this House to explain some of these transactions?

The other area I want to mention briefly is on pending bills. The Minister had promised that there will be no payments until he okays all the pending bills. The Public Accounts Committee (PAC) has also recommended that there should be no payment until this House receives a Sessional Paper with regard to the pending bills for approval by this House, but we do not know the current position. Are we still paying pending bills? We have seen a provision of Kshs480 million in the Budget for payment to Mr. Chandaria, among others. What is the current position with regard to pending bills? The Minister needs to tell us how much is being paid. Does he know about it, or is he still trusting his lieutenants at the Treasury that he was doubtful about?

Mr. Temporary Deputy Speaker, Sir, finally, may I conclude that the Minister needs to in charge of his docket. The payments that were made to M/s Anglo Leasing and Finance Company, which we have read about, made by his Ministry is his responsibility. It cannot be any one else's responsibility. He needs to address quickly the internal controls within his Ministry and appreciate that he is the one who is ultimately in charge of the total expenditure of the Kshs440 billion that is provided in the Budget. The responsibilities of all the other Accounting Officers are delegated responsibilities. As the Minister in charge the Treasury, the Minister for Finance is the one responsible for ensuring that the resources that are approved by this House are, indeed, spent on the purposes for which they are approved.

In that regard, the Minister mentioned that the House needs to approve the Public Financial Management Bill. When we were debating this Bill, we mentioned clearly that the Bill is completely useless. We said, in reference to the Bills that have been passed by other countries like South Africa, the Bill that the Minister brought to this House is not comprehensive. It does not address some of the major concerns in this country that are responsible for the mismanagement of public resources. The Minister and his team need to go through the suggestions that have been made by hon. Members when they contributed to the Bill. All our comments are in that debate. He needs

to go through the HANSARD, come up with appropriate amendments and bring to this House a comprehensive Bill that will address the aspects of concern to hon. Members with regard to management of public resources.

Lastly, I need to mention the Office of the Controller and Auditor-General, who also falls under the Ministry of Finance. It needs to be empowered. That office has been given additional resources. It is time we got audits on-line or current, so that the Controller and Auditor-General can audit accounts of the previous financial year and not those of, say, Financial Year 1997/98 or 1998/99.

Mr. Temporary Deputy Speaker, Sir, those are the comments I wanted to make with regard to the Ministry's Vote. We will appreciate if the Minister addresses the points we have raised when he replies to this debate.

With those remarks, I beg to support.

The Vice-President and Minister for Home Affairs (Mr. Awori): Bw. Naibu Spika wa Muda, asante sana kwa kunipa nafasi hii nichangie mjadala huu juu ya makadirio ya pesa za matumizi za Wizara ya Fedha. Jukumu la kwanza la Serikali ni kutoa huduma kwa wananchi. Wananchi wanataka kupata huduma za matibabu, elimu, kawi na katika nyanja zingine nyingi ambazo Serikali hii iliwaahidi wakati wa kampeini.

Hatua ya kwanza ni kufufua uchumi wa nchi hii. Sote tumekubaliana kwamba uchumi wa nchi hii unategemea sana kilimo kwa sababu sisi hatuna viwanda vikubwa, madini, mafuta na kadhalika. Tunategemea mashamba yetu kwa kilimo. Tukiangalia hatua ambazo Waziri wa Fedha amechukua, kwanza kabisa ameanzalia maslahi ya wakulima kwa kuwawezesha kupata mikopo ambayo itawasaidia kuendeleza kilimo. Hivyo basi, amesaidia kufufua shirika la AFC ambalo, kwa miaka mingi, lilikuwa ni benki ya wakulima. Hata hivyo, kwa miaka mingi wakulima wamesahauliwa. Imefika wakati sasa wa kuwakumbuka kwa sababu kilimo ni uti wa mgongo na nguzo muhimu ya uchumi wetu. Tukiwapatia mikopo na kuimarisha mbinu nyingine wataendelea na kilimo na uchumi wetu utaenda mbele. Wakulima wengi, hasa kule mashinani, hawana chakula cha kutosha. Umefika wakati wa kugeza mbinu zetu za kilimo ili kiwe kama biashara. Biashara katika kilimo inataka watu kujiunga na kufanya kazi pamoja. Ikiwa ni shamba lisiwe ni shamba la ekari mbili au tatu, kwa sababu huwezi kutumia mashine kulima ekari hizo. Nafikiri Waziri amezingatia swala hili kikamilifu.

Waziri pia hajawasaidia tu wakulima kupata mikopo, bali pia amewasaidia kwa njia za kuuza mavuno yao. Tunataka wakulima wawe na soko la kuuza mavuno yao, kwa mfano, mahindi au chai. Hivyo basi, Waziri amechukua hatua za kurekebisha mazingara ambayo yataweza kuwasaidia wakulima na wafanyi biashara kuendesha biashara zao. Je, mazingara yenyewe ni yapi? Tunataka tuwe na maji ya kutosha kwa sababu kila mwaka kuna kiangazi katika sehemu nyingi nchini, kwa mfano, Mkoa wa Mashariki. Tunapeleka chakula cha muda wakati kama huu. Hata hivyo, pesa zinazotumika zingefaa kutumiwa kuongeza miradi ya maji ambayo inaweza kutumiwa kunyunyizia mimea ili tuweze kuwa na chakula cha kutosha. Tunataka kutunza mito yetu kwa sababu mito huleta hasara kubwa wakati wa mvua nyingi kwa sababu ya mafuriko na kadhalika. Nafikiri Waziri ameongeza pesa za kusaidia kutatua shida hii. Tunataka kujenga mabwawa ambayo yataweza kuhifadhi maji ili tuweze kuyatumia.

Tunataka pia kutengeneza njia za mawasiliano, kwa mfano, barabara. Hii itawawezesha wakulima kusafirisha mavuno yao sokoni bila shida yoyote. Tunataka pia kawi iongezwe. Katika makadirio haya ya matumizi ya pesa za Wizara ya Fedha, Waziri ameongeza pesa za kushughulikia miradi ya kawi. Kawi inasaidia haswa sekta ya Jua Kali kwa kutoa nguvu za umeme.

Bw. Naibu Spika wa Muda, nitazungumza machache juu ya taratibu za kununua bidhaa, yaani, zabuni. Tusipogeza mwenendo wetu wa kutoa zabuni ili kununua bidhaa za Serikali, basi

hatutafufua uchumi wetu na kuendelea mbele. Tukiangazia kutengenezwa kwa barabara, kwa mfano, sheria za utendakazi wakati huu, zinasema ikiwa unataka kujenga barabara, pengine utapewa kandarasi hiyo baada ya miaka mitatu au minne. Ningependa kumuuliza Waziri sasa aangalie jambo hili. Hili si jambo la Katiba. Ni jambo la yeye kukaa na wenzake na kubadilisha sheria hii na baadaye aichapishe katika Jarida Kuu La Serikali.

Bw. Naibu Spika wa Muda, hakuna biashara ambayo inaweza kuendelea ikiwa riba iko juu. Ni furaha kuona kwamba Waziri amezihifadhi riba za benki zote kuwa chini. Tusikubali riba hii kupanda juu. Hatutaki benki zetu ziuzwe. Tuna benki mbili kubwa nchini. Hizi ni Kenya Commercial Bank (KCB) na National Bank of Kenya (NBK). Kama vile mhe. Mbunge aliyenitangulia alivyosema, wakati mwingine tunatumia pesa nyingi kurekebisha kampuni zetu kabla ya kuziua.

Kuna sehemu moja ambayo wengi tumesahau ambayo inaweza kutuletea pesa nyingi za kusaidia nchi. Nazungumza kuhusu wale Wakenya ambao wanaishi nchi za ng'ambo, kama vile, Marekani na nchi zingine za Ulaya. Inabidi tuwatambue kwa kuanzisha chombo ambacho kitawasaidia kuweka akiba na itumwe hapa. Tunataka benki zetu, kwa mfano, KCB na NBK kufungua matawi kule New York, London au Paris ambako baadhi ya Wakenya wanafanya kazi huko. Wanaweza kuweka akiba zao na kuzihamisha bila kutumia gharama kubwa. Wakati huu wanatumia gharama kubwa na robo ya pesa hizi zinabaki katika mataifa hayo. Ikifika hapa, vile vile asilimia nyingine hurudi huko. Tunafaa tuwe na matawi ya benki zetu huko ili Wakenya wanaoishi huko wazitumie kuhamisha na kuhifadhi pesa zao.

Mwisho kabisa, ningependa kuzungumzia swala la kodi. Tukiongeza idadi ya watu ambao watalipa kodi, basi tunaweza kuongeza pesa ambazo tunapata. Wakati huu nafahamu kwamba tunapata zaidi ya Kshs220 bilioni. Ikiwa watu wote ambao wanastahili kutoa kodi watalipa kodi na ikiwa Shirika la Kenya Revenue Authority (KRA) litajitahidi sana kuokota pesa hizi, basi tutapata pesa za kutosha na siku za usoni tunaweza kuiambia Benki ya Dunia na wafadhili wengine kwamba: "Asante kwa kazi mlifanya siku zilizopita, lakini wakati huu tunataka kujitegemea wenyewe." Nimeelezwa kwamba mwaka huu tunataraji kupata kiwango kikubwa cha kodi.

Bw. Naibu Spika wa Muda, kwa hayo machache, naunga mkono Hoja hii juu ya matumizi ya pesa ya Wizara ya Fedha.

Mr. Kagwe: Mr. Temporary Deputy Speaker, Sir, I rise to support this Motion and congratulate the Minister for Finance for a well-thought-out Budget, including that of his own Ministry.

However, I am also sympathetic to what the Shadow Minister for Finance, Mr. Billow, raised here pertaining to the Budget deficit. I quite see where he is coming from. There are two ways of stabilising an economy. The first one is to cut down on cost, as my colleague has suggested. The other way is to increase the revenue base. Therefore, I am pleased with the manner in which the Government has invested in the Kenya Revenue Authority (KRA), so that we can increase the revenue base. If they have already exceeded their target without the computerisation that is now budgeted for, I believe that with computerisation that efficiency, which the KRA is exhibiting at the moment, will be improved even further.

Mr. Temporary Deputy Speaker, Sir, I am also impressed by the way the Minister is investing in E-Government. It goes without saying that it is not possible today to operate our Government manually with other governments, which we are dealing with overseas and regionally, are all operating on the basis of E-Government. For that reason, I hope the Minister will not just invest in hardware, but also improve the human resource in terms of training that is required to run those computers that we are investing in.

I would like to talk a little bit about privatisation. I believe that there is a lot of pressure on

the Government to privatise our parastatals and other institutions, sometimes arbitrarily and without a definite plan. For example, the method of privatising the National Bank of Kenya (NBK), which has been spoken about at length by both the International Monetary Fund (IMF) and the World Bank is unacceptable. The issue is how to do it. There are those of us who are against the so-called strategic partners. Strategic partners are people with money. If they believe that they have enough money to run a bank in this country, by all means, they should come and start their own bank. If they believe that the bank is not viable, it cannot stand on its feet and it is not a good investment, why would they want to invest in such an institution?

Therefore, we would like to see the Government diluting its shareholding via the Stock Exchange. That is what happened to the Kenya Commercial Bank the other day; very successfully. The money that will be raised should be for salvaging the National Bank of Kenya and should go to the bank itself. The Government should not sell its shares at the NBK to a strategic partner and keep that money. The Nairobi Stock Exchange is the instrument through which we will re-float the NBK via a ssue by the National Bank of Kenya. The share issue simply means that, that money goes to refloat the bank, so that the bank gets same capital. If the strategic partners wish to participate in the re-floatation of our parastatals, they should go to the Stock Exchange and buy shares from there, so that the money still goes to the parastatals while the Government dilutes its shareholding in those institutions.

Mr. Temporary Deputy Speaker, Sir, the amount of money expected in the Ministry of Finance via Appropriations-in-Aid is Kshs417 million. I am also apprehensive about the possibility of our not getting this Kshs417 million. In the event that the donors do not agree to give us this money, and even the rest of the money that we are expecting from them, including grants and loans, what then would we do? It would be well worth the Minister's while to re look at the whole issue and have a contingency plan that addresses the matter of Kenya without the money that is supposed to come from overseas. The only way out of this would be domestic borrowing. If we are going to borrow domestically, then there is a great need to look at both the Recurrent and the Development Expenditures with a view of cutting down how much we need to borrow. There are some nations in this world that do not allow deficit budgeting. There are laws, for example, in parts of the United States of America, which provides that a government can only budget for what it expects to get. Is it practical? Probably not in this country. Is it feasible? Probably, yes. If we are not going to get the money, we are simply not going to get it.

If wishes were horses, beggars would ride. However, in an economy, we cannot reach for things that we do not have unless we start messing up the economy by borrowing heavily from the domestic market. Therefore, I propose that the Minister considers what expenditure he is going to cut down. He must start considering today what he will cut down from both Recurrent and Development Expenditure in the event that we do not get funding from outside.

Mr. Temporary Deputy Speaker, Sir, we are all aware that there is a situation that has developed since the Budget was prepared; that is hunger in this country. Every Kenyan, irrespective of their status, should be thinking about this emergency in terms of support; even us hon. Members. I would even propose, in a separate forum, that each hon. Member contributes Kshs20,000 per month until the emergency is declared over. If the 220 hon. Members contribute Kshs20,000 each per month, we would raise close to Kshs5 million per month. That is close to Kshs60 million in one year that we could contribute to the hungry. Considering the fact that we represent the people, and even acknowledging that we spend a lot more money than the Kshs20,000, as Members of Parliament, there is still a lot more that we do. Nonetheless, that is something that we should think about and get done.

I also want to propose that, in future Budgets, as we talk about expenditure, we should

concentrate a lot more on where the money is going to come from. Sometimes, as we sit in this House, we talk about expenditure in water and other services, and yet we talk very little about where we are going to get the money which we are going to expend from. When the Government borrows due to the demand that we have created through expenditure requirements, we turn around and say that the Government is borrowing too much. Therefore, it appears to me that the way to move forward is for us to invest more in sources of money. If that were the focus that we had, we would then have spent more money in tourism, which can be a cashcow and where we can source a lot of funds than we could from some of the areas that we are spending in. We would be spending more money to develop our horticulture and in branding Kenya. When you look at the entire Budget, you will find that there is very little about branding the Kenyan coffee in London, Germany, Geneva and other cities in the world, and yet that is the source of our future earnings. We do not promote our country sufficiently overseas.

Last year, we spent about Kshs500 million on tourism and the sector started recovering. This year, we have cut down the budget even further at a time when we ought to be increasing it to increase our revenue base. Therefore, as we consider how we are going to increase our revenue base, we should also consider investing more money in that revenue base creation.

With those few remarks, I beg to support.

The Temporary Deputy Speaker (Mr. Khamasi): Yes, Mr. Maore!

Mr. Omingo: But, Mr. Temporary Deputy Speaker, Sir---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Omingo!

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, you will note that Mr. Omingo should be in the Government side and not taking our slot in the Opposition side!

I want to say that the Ministry of Finance plays a central role in the governance of this country. The role played by the parastatals and the Investments Department at the Treasury is critical. The Minister for Finance expects the economic vehicle to move speedily when he projects his Appropriations-In-Aid (A-I-A). If you remember the entry of this Government into power last year, you will note that it was marked with such fanfare and promises of cleaning up the mess and promoting good governance. Kenyans were duped into believing that they were walking on the threshold of Canaan.

(Applause)

The rush with which the then Accounting Officers were removed from office made everybody think the Government would also kick out the suppliers who were supplying "air" to various Government departments. Instead of doing that, the new Accounting Officers were recruited into the old habits by the businessmen who were used to those good "old days". That is why it has not been very difficult for the operatives in this Government to learn how to make money out of the pending dirty KANU deals. The excuse given by this Government over Anglo Leasing and Finance Company nightmare in the past 100 days was that it was a KANU deal, or they were transactions which it inherited from the previous Government. But there is a difference between inheriting some dirty deals and the Government divorcing itself from them.

If you look at the actions of the Managing Director of the Kenya Airports Authority (KAA), you will find a difference between him and the rest of the wheeler-dealers. When he came into office and found a deal between Dynesec International, the principal of Anglo Leasing Finance and Company, he moved ahead, cancelled it and called in investigators. But when the others meet a pending bill or an on-going bill, they want to get involved in it.

I did give an example of a transaction between the Kenya Pipeline Company (KPC) and the

Standard Chartered Bank Ltd., involving a banking facility dated 7th November, 2002. By the time it came into operation, it was worth US\$15 million. The fellows who came in found that there was a way of making quick money from that transaction. They went ahead, organised some board members and wanted to trade off that loan which had decreased from US\$15 million to US\$7 for Kshs2 billion to a small shylock.

Mr. Omingo: On a point of order, Mr. Temporary Deputy Speaker, Sir. We are losing donor confidence in this country and when Mr. Maore makes such allegations, it is important for the House to be made aware of them by him laying that document on the Table.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I wish he could do it quickly without taking my time. I will lay all the documents on the Table.

(Applause)

Here is a transaction between the Standard Chartered Bank and the KPC of over US\$7 million. The Board of Directors of the KPC, of which if I was the Minister for Finance or the Minister for Energy, I would actually have arrested all of them and put them in for wrong transactions--- In the minutes dated 4th November, last year and not 2002, they do not say that it was KANU which was doing it; they tried to organise for the Managing Director and the Chairman to sign on behalf of the Board, so that they could transfer that facility to Triple A Capital Ltd.. If you remember the Triple A Capital Ltd., they are the same shylocks who were embroiled with the City Hall in the Invesco Insurance Company deal of Kshs117 million. So, we do not understand why the KPC, which is a Class "A" Parastatal would abandon a facility at the Standard Chartered Bank Ltd. and go for a backstreet shylock.

Hon. Members: Shame!

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, these are the issues we need to raise everyday.

The Temporary Deputy Speaker (Mr. Khamasi): Could you lay those documents on the Table?

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I beg to lay all the documents on the Table. This is a letter from the Managing Director of Triple A Capital Ltd. to the Director of Finance. He calls it payment of the KPC outstanding amount to JFE Engineering, which is a Japanese company. The payment is being taken over by Triple A Capital Ltd. The other document is an extract of the minutes of a meeting of the Board of Directors of KPC duly convened, held and constituted on 4th November, at the Head Office. The other document is the transaction or the details of the same facility at the Standard Chartered Bank Ltd. The other document is a letter from the Managing Director of the KPC to the Manager of Standard Chartered Bank Ltd. saying that they are re-financing the amount due to Triple A Capital Ltd; under assignment of debts.

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

If you look at the documents, you will find that the money has left the Standard Chartered Bank Ltd. and gone to the friends of the Board members. The amount involved in this---

The Assistant Minister for Finance (Mr. Katuku): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is Mr. Maore in order to lay on the Table, the minutes and other related documents without telling us the criminal element of this? Is he in order to do that?

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, the criminal element is: How can the

Minister rise here and tell us that the rating of Triple A Capital Ltd. and that of Standard Chartered Bank Ltd. is the same? Secondly, why would he want to re-finance a foreign debt locally when already, the foreign financiers have not complained to the Treasury that there is a default? So, let the Assistant Minister go through the documents and then he can come and clear them.

The Assistant Minister for Finance (Mr. Katutu): Mr. Temporary Deputy Speaker, Sir, what is the amount involved in the transaction?

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, the amount involved in the transaction of Triple A Capital Ltd. is Kshs1,250,577,549. That firm will expect to be paid Kshs44 million every month for 36 months. So, I am raising this matter so that the Assistant Minister for Finance will go and read the contracts; the deeds for the assessment of debts and find out the clauses which allow only two directors to do the transactions and evade the rest of the Board members. This is mismanagement and bad governance. It is also bad manners for a Government which comes into office on a promise to fight corruption, only to get involved in the same ghost.

While raising this transaction, it should also be noted that there was an internal memorandum which was resisting the transaction from the Company Secretary who says in Clause 2 on page two, the word immediately after the word "par" in line one--- Very quickly, he says:-

"Clause 7 on page three was not in the original deed of assessment of debts that was approved by this department. This is an oppressive clause to the KPC."

So, the clause exists in that transaction.

Mr. Temporary Deputy Speaker, Sir, with those few remarks, I support the Vote.

Mr. Oparanya: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this important Motion. First of all, I thank the Minister for Finance for coming up with programmes which will ensure that there is sound financial management within the Government. But there are some issues which have not come out clearly. In order to revive our economy, we need Budget discipline and proper financial management. There are three key areas which the Minister has to look at. There is a fiscal policy within any economy. The Minister runs the fiscal policy and, at the same time, controls the expenditure. It is important that the fiscal policy is completely separated from the management or control of the expenditure. I would suggest that the management of the fiscal policy in this country should be left to the Kenya Revenue Authority (KRA). The Authority should be strengthened, so that it is left with the responsibility of coming up with policies, procedures and regulations of collecting revenue. That is because we are, all the time, talking about expenditure and not looking at the revenue collection aspect. So, it is important that fiscal policy matters be entirely left to KRA. That organisation should not be influenced by the Minister for Finance in any way. It should only advise the Minister on fiscal policy matters. I also thank the Minister because in the budget, he has left all the monetary policy matters to the Central Bank of Kenya (CBK). It is important for the CBK to manage all the monetary policies of this country. It should advise the Minister for Finance on all policies regarding monetary issues.

Mr. Temporary Deputy Speaker, Sir, the Minister for Finance should concentrate on the management of the expenditure. This country raises money and the problem is not the regulations--- Although some regulations are cumbersome, the problem is with the people who have been given the responsibilities to manage those institutions. Those people have mismanaged the institutions. They have not operated within the regulations that they have been given. It is important for corrupt people in this country to be identified, named and taken to court. We keep on talking about corruption and mismanagement of Government resources, but nothing happens. It will be difficult for the Minister for Finance to reduce the budget deficit, unless expenditure is properly managed. As a result of poor management of expenditure in the previous years and the misuse of regulations, the Minister for Finance has provided Kshs500 million in the budget, payable to Kenya Commercial

Bank (KCB). I do not know what that payment is for.

Mr. Temporary Deputy Speaker, Sir, you heard the Minister say that he has written-off Kshs8.5 billion due from various sources, held by the Agricultural Finance Corporation (AFC). He said that, that was "a mere book entry". It is not true that it is a mere book entry. If that money is collected, it could help a lot.

Mr. Temporary Deputy Speaker, Sir, the Minister does not tell us who owes that money, and what it was meant for. There are two sides to that. There is money that was given out to buy farms. We know that those farms are there. The AFC gave out those loans to buy farms and those farms are there. We know the owners!

The Assistant Minister for Finance (Mr. Obwocha): On a point of information, Mr. Temporary Deputy Speaker, Sir. The Kshs8.4 billion that was provided to AFC was passed by this House. It was a Sessional Paper. The names of the loanees were tabled here and were approved by Parliament. Therefore, I wish to inform my colleague that, that figure was tabled here, together with the names and it was approved by this House.

Mr. Oparanya: Mr. Temporary Deputy Speaker, Sir, I remember a Sessional Paper was tabled here, but it was not for Kshs8.5 billion. It was much less! It was about Kshs2 billion. I challenge my colleague, Mr. Obwocha, to bring the list, so that I can look at it and answer him next time.

Mr. Wamwere: And by the way, when it was brought to the House, the House was ambushed!

Mr. Oparanya: Mr. Temporary Deputy Speaker, Sir, when the Sessional Paper on the Kshs2 billion was presented to this House, we were, in fact, ambushed! We looked at it for about five minutes and they said we had passed it! Such a Sessional Paper requires time! It has to be circulated, looked at and queries raised.

(Applause)

Mr. Temporary Deputy Speaker, Sir, we still need an explanation on the Kshs8.5 billion. It is also not fair for the Minister to say: "This is just a mere book entry", when we know that the people who borrowed that money are the rich. How would a poor person have access to a AFC loan without a security? That money must be separated. There was money which was given to people to buy farms. There was other money which was given for farm development.

Mr. Temporary Deputy Speaker, Sir, for farm development, you can say that the climate was not favourable and so, farmers could not realise good harvest. But for money that was given for the purchase of land, we request that it should not be written-off. We can auction that land and return the money back to the Treasury.

Mr. Temporary Deputy Speaker, Sir, there is a provision of Kshs408 million within the Recurrent Expenditure, payable to Chandaria Industries. The Minister has not explained what that payment to Chandaria Industries is for. In his reply, he should explain what that payment of Kshs408 million to Chandaria Industries is for. Is it a court case as he mentioned? If it is a court case, who were involved before the matter went to court? Were the members of staff involved dealt with appropriately?

Mr. Temporary Deputy Speaker, Sir, within the budget, there is also an allocation of Kshs200 million for partitioning of offices. I do not know whether it is partitioning of Bima House or KRA headquarters! An amount of Kshs200 million is not little money. In view of the fact that we have hunger and famine in this country, why should we use that kind of money to partition offices, when our people are dying? So, that money should be used to buy food for our people.

(Applause)

The Minister has not provided money for poverty alleviation programmes in the rural areas. Unless we look at small-scale projects that can reduce poverty in this country, we cannot succeed. We have been talking about the Procurement Bill. We have been saying that the regulations that are there are cumbersome! But nothing has happened. The Minister, who is supposed to bring proper legislation, is also talking about it. He should bring a legislation here, so that procurement procedures are regulated immediately. That way, it would be easier to procure goods and services. *Wananchi* want services from the Government. But that service is being delayed because of bad procurement procedures.

Mr. Temporary Deputy Speaker, Sir, we must also ensure that there is budget discipline throughout the financial year. There have been recent adjustments within the Government. There have been creation of additional Ministries. The Minister has not explained how he will finance the extra Ministries that have been created. It means that other votes will miss money because it will have to be reallocated.

With those few remarks, I beg to support.

Mr. Omingo: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute.

Mr. Temporary Deputy Speaker, Sir, the theme of the Budget this year is effective efficiency and whatever it takes. However, I can assure that what this Government suffers greatly from is its failure to run the Government in a business-like manner. The three E's of economics---

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

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

QUORUM

Mr. Shaaban: Mr. Temporary Deputy Speaker, Sir, this debate is very important, but as you can see, there is no quorum in the House.

The Temporary Deputy Speaker (Mr. Munya): It is clear that we do not have a quorum. Ring the Division Bell.

(The Division Bell was rung)

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

*[The Temporary Deputy Speaker
(Mr. Khamasi) resumed the Chair]*

The Temporary Deputy Speaker (Mr. Khamasi): Order, Members! We have a quorum now. You may proceed, Mr. Omingo.

Mr. Omingo: Mr. Temporary Deputy Speaker, Sir, I said that it is high time the Government was run like a business. The biggest problem we have in the Government is lack of

economic, efficient and effective utilisation of resources. This brings me to the issue of recycling civil servants who studied economics at a time when there were no computers. During that time we used to draw the indifference curve using free hand. Today you can draw the same curve using a computer. We require this Government to be run effectively, efficiently and economically.

The Minister said that he is building the capacity of Kenya Revenue Authority (KRA) and trying to modify it so that it is able to collect more revenue. He is on record as having said that the Commissioner General of KRA has got no terms employment. We, therefore, want the Minister to tell this House what he intends to do with the Commissioner General of KRA. He should either sack him because his terms of employment are high and replace him with somebody else or reward him for his work. It does not make sense to have an employee working for you without paying them unless the Government does not know what it is doing.

Mr. Temporary Deputy Speaker, Sir, many times we talk about the donor community and how it supports this country. The confidence the donor community had in this Government when it was taking over power was quite high. Today, the donor community is running away by the day. There is a lot of graft taking place in the country as shown in the papers that were tabled in this House today. I want to petition Parliament not to be drawn into graft business through the House Business Committee by failing to prioritise Motions that talk about graft including the special report on the passport equipment acquisition scandal. We cannot have this report being talked about in the Press before this House internalises, digests and adopt it. Parliament must steer off graft. We cannot allow this House to be an accomplice to graft through the House Business Committee which has failed to prioritise Motions that fight graft. Such a move would restore the confidence of donors in our Government. We must stand out to be counted as an honest Parliament. Indeed, we are an honest Parliament.

The issue of public debt is a thorn in my flesh. I moved a Motion in this House concerning public debt, but it was defeated. It was defeated deliberately because there are people who are partakers of illegal debts in this House. You can run as much as you think you can, but you cannot hide. Sooner than later, those who partook of the huge debts we are now faced with thereby forcing Kenyans to pay for what they never saw, will be on the spot.

Mr. Temporary Deputy Speaker, Sir, this Government acquired Bima House through the Supplementary Estimates at a cost of Kshs600 million. This was done at a time when Kenyans are starving. It is a shame that our priorities in this Government are up-side-down. The President declared the famine in the country a national disaster. However, the amount of money we require to feed our people is equivalent to what was actually paid to acquire Bima House. I wish the Government could recall that money tomorrow so that we can feed Kenyans who are starving.

With regard to privatisation, we must declare what we want. One speaker said that it is not enough to sell "this big white animal" to somebody if there is no viability. Let us not pretend that Kenyans are not good managers and so they are incapable of running their corporations. We must decide whether we want to privatise our corporations and cite the reasons thereof or run them ourselves. We also have the option of leasing them out thereby retaining the inheritance of our children. They belong to Kenyan taxpayers. They must be able to hold on to the assets, instead of selling them to people who are coming again to do business in this same environment as if we do not have brains to do it, and yet we have Kenyans who can do the job.

Mr. Temporary Deputy Speaker, Sir, we are paying the Numerical Machining Complex a compensation of about Kshs500 million. I believe that this is the big "animal" which was actually involved in the Nyayo Pioneer Car project. The Minister must actually tell this House whether, in terms of its projection and viability, Kenyans are going to recover this money if they are going to revive this "white elephant" called a "toy pioneer car" as it was called. So, the Minister must tell

Kenyans why it is compensating this company. If it is for the purposes of reviving that "white elephant", then we need a projection on how he intends to recover that money upon injecting it into that particular company.

I must say with sadness that we are about to slip into the dark ages of selective application of resources of this country, depending on where or who you are. I say, with pain, that even when projects have been given priorities, at the end of time, those projects do not find their way into the printed estimates books simply because a member does not belong to a particular correct coalition. I am saying this with pain because one of the roads in South Mugirango was just plucked out from the printed estimates in the Treasury simply because of what some of us have said. We shall keep saying it! We shall say it as long as it takes! Even the lightest of the taps on a soft spot will turn sour! We cannot slip into the dark ages of selective distribution of resources. That is more reason why Parliament must stand up to be counted and create a Parliamentary Budget Office to administer the inputs in that Budget. We cannot allow a technocrat to just choose who to give projects when we are here for Kenyans. The Parliamentary Budget Office must be the key to this Parliament.

For the record, the road that I am talking about is Kamagambo-Nyansembe-Kenyanya-Mogonga C17 Junction road. It was plucked out of the Estimates book in the Treasury! They just want us to pass the Budget, because we are talking about graft. We shall say it and we will repeat it as long as it takes. But the Parliamentary Budget Office is the panacea to this Civil Service mentality of selective application of resources.

Mr. Temporary Deputy Speaker, Sir, there is this issue of the External Resources Department. In my experience of looking through the Public Accounts Reports of the Controller and Auditor-General (C & AG), we have lost millions of shillings in grants which have been coming to this country, simply because the External Resources Department is so inefficient that it cannot be able to embrace the donor funds that come from the friendly countries because they say they do not have the capacity.

In one instance, one technocrat did say: "We were unable to take advantage of the donor grant because we could not identify the trainers and the trainees".

This is a very basic exercise; identifying trainers and the trainees. The Government lost Kshs30 million because there was nobody to identify somebody to be trained and a trainer for purposes of capacity building.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Billow and company! We cannot follow what Mr. Omingo is saying!

Mr. Omingo: Mr. Temporary Deputy Speaker, Sir, there is this issue of donor grants that come in, but because there is nothing in it for a civil servant, the donor funds delay and wear away with time. Why does this happen? Simply because a technocrat could not identify a trainer and a trainee to spend Kshs30 million on grants. We are losing billions of shillings in that kind of mess. The Kshs21.4 billion that we are voting for this Ministry is really a joke and a waste of time. We must be able to assert ourselves and give Kenyans what it takes. Parliament should stand up to be counted by standing against graft.

I beg to support.

The Assistant Minister for Environment and Natural Resources (Prof. Maathai): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for the opportunity to contribute to this Vote.

First of all, I would like to congratulate the Minister and his team for the great work they continue to do in this Ministry. Secondly, I would like to express my gratitude for the introduction

of the Constituency Development Fund. This is the first time many people are seeing an opportunity to express and to prioritize development issues in their own sub-location. I have had an occasion to sit down with members of my constituency, and there is nothing more empowering than for the constituents to be able to say: "For us, this is what is important in our constituency or in our sub-location". This is the kind of thing that should have started a long time ago, but it is better late than never. It should be entrenched in our governance and development pattern in order to truly make our people own development, and to also get away from the syndrome of dependency. For many years, many people have tended to depend or rely very much on other people to develop their constituencies or to develop their programmes. Although this trend has not yet died, I really look forward to the time when our people will look upon themselves to develop their own country and their own areas, rather than depending so much on outside help or to depend so much on what other people can do for them.

In this connection, Mr. Temporary Deputy Speaker, Sir, I think it is very important for us to also demonstrate what we, as a Government, are doing for our people in our broadcasting stations, especially on our local television stations. Quite often when you watch the television or even read newspapers, the only development efforts that are featured are the ones which have been sponsored by donors, so that we usually see donors either presenting, opening or visiting development projects. You will hardly ever see development projects that have been sponsored or financed by the Government being featured in the local media.

It is very important for us to show what we are doing for ourselves, rather than always show what other people are doing for us. The reason for this is partly because the local people, the *wananchi* or the citizens must have self-confidence. They must feel good about themselves and what their Government is doing for them. We must not paint the picture that the Government is doing nothing, and that everything that is being seen in the television or written about in newspapers is what is being done by foreigners. This country has become very fond of that projection of foreigners and foreign-driven development, and has virtually relegated development that is done by our Government to the periphery.

So, in time, we should see these development projects being funded by this Constituency Development Fund being projected by our local media, so that people can feel good about themselves and be given self-confidence. This is very important for citizens. It is very important when people prioritize development projects for themselves and partly implement and supervise them. Then, when it comes to fruition, they feel very proud and they can truly say:

"This is the development that we, ourselves, realized".

Mr. Temporary Deputy Speaker, Sir, I also want to speak about consumerism and the way this whole phenomenon takes a lot of money from our country to other countries. I had the opportunity of carrying out some seminars where we discussed the economy of the country and tried to make our very ordinary people understand how our economy works, why we are poor and how we could make ourselves rich. One aspect that comes out very strongly about us is that we are great consumers of goods that are produced outside this country. I usually would ask the people to say what they would buy, and quite often they would come up with lists of goods that are almost 100 per cent produced in other countries.

That is to say that we have trained our people to consume everything from outside the country. Whether it is food, clothing or other consumables, they all preferred goods made in places other than Kenya. There is hardly any time, unless you are probably buying fruits which, as you know, now almost always come from South Africa, when you can say: "Let me buy Kenyan". We have to seriously think about this, because we cannot have a society that consumes goods from abroad at a rate of about 100 per cent. When we do that, it means that everything that we earn in

form of foreign exchange, whether from coffee, sugar, or tourism, we send it back to where it came from because we are constantly buying almost everything we consume.

I have found that to be extremely discouraging. I have wondered why 40 years after our Independence, we are still so dependent on goods from abroad. We need to concentrate on our industrial production. We really need to help the *jua kali* sector to maximise the production of its goods and improve their quality, so that the people who consume imports can start using local products.

I have felt very frustrated with respect to the use of plastics. I have mentioned this issue here before. I want to mention it now from the angle of consumerism. A long time ago, our people used containers created from natural materials like sisal. Most of the factories that were producing these goods have been closed down. Many women who used to produce baskets no longer make them for their own use. Instead, we have become a plastic country. Everything is packed in plastic. Even if you buy onions, oranges or bananas in kiosk, you will find them packed in plastic.

Although the Ministry has allowed the production of these thin plastics for the next five years, I think it is very important for Kenyans to realise that the more we use these high density plastics, the more we will destroy our environment. When we do not encourage our women to produce baskets they end up losing skills and capacity to earn an income, because everybody is using plastics. We do not see factories that were making sisal goods making them any more. We are now concentrating on the production of plastics. I think that we are literally "killing" ourselves.

Debt is a phenomenon that will enslave our people for many years to come. I believe this is something that those of us who are in decision-making positions must really think hard about. When we borrow externally, especially in the light of the concept of consumerism that I have talked about, then use the borrowed money on consumables and leave our children to pay debts, I think we do our descendants a lot of disservice. This is because they will be paying these debts for many years to come. As long as we are so heavily indebted, we may never get out of poverty.

This Government is trying very hard to fight corruption because donors always say that if we do not fight corruption, we can never overcome the issue of debt.

With those few remarks, I beg to support.

Mr. Rotino: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to say something about this very important Motion.

On the outset, I want to say that this Government and civil servants need to relax and work. This Government seems to be afraid of everything it is doing. We are frequent visitors to Government offices like the Kenya Revenue Authority offices, where some of us are not very well known. When you visit Government offices, you see a Government which is not at ease. You will find that civil servants fear that anything they do will be seen as corruption. I want to appeal to this Government to relax and deliver the services that Kenyans want. If a Government will be on its marks every now and then, it will not work. It will be wondering what mistakes KANU will see because it wants to take over Government. Let them relax and know that even if they are removed from the Government, at one time or another they will come back to the Government because we do not own our positions.

This Government Members are trying to protect their positions, and hence cannot deliver the services that Kenyans want. They cannot meet their targets. This Government must have a vision. Even the Bible says that where there is no vision people perish. If a Government is not visionary, and is on its toes all the time, I can assure you that it will not deliver services.

I sympathise with Mr. Kinyua, the new PS for Finance. He has moved round and round and is finally now in the Treasury as the PS. He is in a very delicate position that I know he is afraid of. I want to tell him to relax and deliver services. He should have a vision, even if he might only work in

that Ministry for one year. If you ask him now what he has taken over from the previous PS, he will tell you that he has taken over nothing except fear that people will concentrate on the problems he is experiencing. We want to see people who are visionary.

If you go out there you will see problems, but who will deliver our people from them? This Government promised that it would take people from "Egypt" to "Canaan", but the people are still wandering in the desert. They do not know where "Canaan" is. If this Government is saying that it will take people to "Canaan", can it prove that it can do so? You can see the kind of confusion this Government is in when you observe civil servants at work.

When you go to various Government offices, you see people wandering in the "desert". They are also lost. How can they lead us when they themselves are confused and lost in the wilderness?

Mr. Temporary Deputy Speaker, Sir, I sympathise with the Minister for Finance because he is full of fear. I wonder if he ever sleeps. He cannot sleep well when he is not at ease. I am seriously appealing to him to always be at ease. I also hope officers from his Ministry who are seated on the Civil Servants' Bench will take issues raised here very seriously. Mr. Temporary Deputy Speaker, Sir, when the Minister was moving his Vote, he did not prioritise issues. The priorities show us that this Government is not stable and the Minister himself is not at ease at all. For example, Turkwel Gorge Hydroelectric plant in West Pokot contributes about Kshs700 million annually to the Government coffers. Unfortunately, our people do not get this electricity. It is a pity that even with that power plant, this Government still wants to borrow funds from the French Government to facilitate the provision of electricity to the people of West Pokot. I am so surprised that the Government cannot even set aside Kshs40 million for this purpose. I have since 1992 been requesting for electricity for my people, but nothing has been done for all those years. I would like to take this opportunity to kindly request this Government to look into this issue seriously and provide electricity to the people of West Pokot District. Borrowing funds from the French Government for this purpose is a clear indication that the priorities of this Government are wrong. I am still appealing to this Government to have a vision and give us hope. It is sad to note that Kshs234 has been set aside to translocate elephants and yet, my people, who pay taxes to this Government, are starving. One wonders what really are the priorities of this Government.

Mr. Temporary Deputy Speaker, Sir, I would like to appeal to this Government to avoid deficit financing. Let us not finance things that we do not know of. There is need to plan even if we have to cut certain costs in our budget. For example, if we are planning to collect Kshs200 billion, let us plan based on this amount. We should not be too ambitious to plan for many projects that we cannot deliver. Recently, I read in the newspapers that the Kenya Co-operative Creameries (KCC) has been transformed into a corporation despite the fact that the Privatisation Bill has not been passed by this House. One wonders about the priorities of this Government.

Mr. Temporary Deputy Speaker, Sir, I would like to talk about the Kenya Revenue Authority (KRA). When one visits the headquarters of the KRA at Times Towers, you will be amazed to see long queues of people who are willing to pay taxes and other licences, but they are not served efficiently. Recently, I went there to register my car. The officers did not know me. I was there up to 2.30 p.m. and there were no officers to serve us. The excuse was that they were out for lunch. This is a shame! If a study was conducted to try and understand views of *wananchi* on the services provided at KRA, the results will, probably show how dissatisfied *wananchi* are with those officers. It is unfortunate this is happening at a time when we want to mobilize resources and make the KRA more efficient in service delivery to our people. How can they be efficient if their own officers are not at their duty stations when they are needed?

I would like to appeal that when an officer has worked at the KRA for more than five years,

he or she should be transferred and be replaced by another officer from a different Ministry. For example, there is an officer I know called Mr. Thuraira. He has worked at the KRA for more than 20 years. When these officers stay at one duty station for long, they get used to all tricks of corruption. Actually, they are the ones who advise the Ministers on how to make themselves rich and how to go round the shrewd businessmen.

Mr. Temporary Deputy Speaker, Sir, corruption in this Government is very expensive. During the previous regime, for example, police officers were demanding Kshs100 as bribe from truck drivers. I am a transporter and I understand how much money truck drivers pay to the police officers as a bribe. They used to pay Kshs50 if one did not have a Transport Licensing Board (TLB) certificate. Interestingly, today, if a police officer asks a truck driver to show his TLB; and he knows nowadays it is difficult to get one, he will ask for Kshs2,000 as a bribe or threaten the driver with severe penalty. This is because police officers know that when they are apprehended engaging in corrupt activities they are sacked. So, they ensure they get the most they can before they are dismissed from the service. For example, citizenship of this country was being sold for Ksh150,000, but now it costs a whopping Kshs400,000. If a police officer sells two of them, he instantly makes Kshs800,000. So, I would like to appeal to this Government to cleanse the activities at the KRA.

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

The Temporary Deputy Speaker (Mr. Khamasi): Yes, what is it?

Mr. Muiruri: Mr. Temporary Deputy Speaker, Sir, you have heard the hon. Member say that citizenship in this country is being sold for Kshs400,000. Could he substantiate because that is a very serious allegation?

Mr. Rotino: Mr. Temporary Deputy Speaker, Sir, if the hon. Member would like me to substantiate, I can do that. However, with those few remarks, I beg to support.

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, while I rise to support this Motion, I would like to make the following points.

First of all, this Ministry is the only one that can assist Kenyans turn around the economy. How can it do this? This can be done if it can return back to the taxpayer the value for his or her money that he or she pays as taxes. To borrow a leaf from what my colleague said, this Ministry collects a lot of money. In fact, we should thank KRA for surpassing their target. But the question is: Has this Ministry surpassed its target in providing goods and services to the people of Kenya? The officers at KRA are working their tails out. However, are we rewarding them for their toil? The answer is "no". They collect so much money, but we do not utilise it properly. For example, if we were utilising our money properly, this Ministry would have known that Kitutu Chache Constituency which produces large quantities of coffee and tea for this country, needs a good road network yesterday. Our tea would not be rotting at the buying centres as a result of the poor state of roads which are made worse during the rainy season. Does this Ministry really go back to find out where the money they generate comes from? Nairobi contributes close to 30 per cent of the income that this country collects each year, but if you drive around Nairobi City, you will be saddened by the poor state of the roads. If you visit Industrial area, where most of the industries are located, the story is no different. This Ministry has never reflected back to find out how they can return some value to the people of Nairobi City.

Mr. Temporary Deputy Speaker, Sir, we always budget for deficits and we never say when we will clear them. As my colleague said, why can we not budget for what we can afford? First of all, let us control inflation, so that there could be no need for spiral demands of pay increases, and control the Recurrent Expenditure. This Ministry budgets for donors who look down upon Kenyans. Donors who say that we vomit on what they give us. I get surprised when Kenyans praise them. They consider us to be like monkeys and we praise them! We have no value for ourselves. We have

been put in that condition because this Ministry has not stood up, put down its foot and said: "Let us operate within our means for a change!"

In any case, whatever we get from those donors does not get down to the people of Kenya! These are some of the monies that are misspent at the centre. So, why can we not use our own means and tell our people: "This is what we have got! This is what we have given you!" There are people who will see the value of what we give back.

Mr. Temporary Deputy Speaker, Sir, I would like to commend the Minister. Since he joined that Ministry, he has been able to reduce interest rates from 20 per cent and 30 per cent to small units of 5 per cent and 10 per cent. We should thank the Minister, commend him and encourage him to do better. He should expand his prudent management to other areas in expenditure, and maintain the value for the money that we pay. The Ministry for Finance should assist farmers. The Minister said: "We are writing off so much money at Kenya Commercial Bank (KCB) for Numerical Machining Complex!" I do not know what that means. I understand that the Numerical Machining Complex is the "Nyayo Car"! That is the one where Mr. Moi used to imagine we can construct our own car. We were trying to re-invent the wheel, when it has already been invented. Some people used to go to Kenya Railways, look at those vehicles and tell them: "You do this!", and they pay Kshs100 million for that. Why can we not spend Kshs500 million for each year to support the sugar industry for the next three years? Why not spend Kshs500 in the sugar industry this year, Kshs500 years in the tea industry next year, Kshs500 million in the coffee industry the following year and Kshs500 on cereals the following year, instead of allocating that money to an imagination of the former President?

Mr. Temporary Deputy Speaker, Sir, we are paying Mr. Chandaria over Kshs400 million from Kenya Revenue Authority (KRA). I do not know whether KRA stole that money from Mr. Chandaria or whatever it did! If that money is being paid because we lost a case, then we should hold the Attorney-General responsible and surcharge him. I do not know whether he could be able to pay the money. This Government must rise up and begin to hold responsible and accountable the officers charged with various responsibilities.

Mr. Temporary Deputy Speaker, Sir, the national debt is sky-rocketing. I believe the Minister must bring a Bill to this Parliament to control Government indebtedness. That is the only way we will be able to manage ourselves properly.

Mr. Temporary Deputy Speaker, Sir, I can see an amount of Kshs2 billion called Internal Government Transfers. I wonder what that is. Why are we budgeting money for internal transfers? Why can we not give that money to the people of Kitutu Chache to construct a tea factory at Marani and produce money for this country?

The Assistant Minister for Finance (Mr. Obwocha): On a point of information, Mr. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Mr. Khamasi): Do you want information, Mr. Angwenyi.

Mr. Angwenyi: No, Mr. Temporary Deputy Speaker, Sir! I do not need any information. I can see an amount of Kshs12 million for Local Authorities Transfer Fund (LATF) management fees. Whom are we paying that money? You know the way LATF funds have been messed up!

Last year, we were able to have the Constituency Development Fund (CDF). But I have looked at the Medium Term Expenditure Framework (MTEF) and there is a provision for only this year. Where is the provision for the subsequent years? Are we now trying to avoid MTEF? We should have an estimated allocation for the next two years.

There is an amount of Kshs1.9 billion, being paid to pre-shipment companies. That money is being looted through the back-door! Why can we not give that money to KRA? It can do the job of

inspecting all the imports and exports. That is money that can remain in this country. We are paying that money to companies that are owned by tycoons in this country. Are we supporting our industries by paying subsidy on their energy cost and infrastructure, so that they can compete with others? We are not doing that.

I can also see a university duty free facility, which seems to have been wound up. I am warning this Ministry not to wind up that facility before it winds up the one for Members of Parliament. We do not want to be separated in this country. This Ministry is going to make us a target for many Kenyans. If you are giving it to Members of Parliament, let us give it to everybody who was entitled to it. If you do not give it to them, then you should not give it to Members of Parliament. That way, we shall be seen as patriots in this country.

There were STABEX funds which were misused. I would like the Minister to give us a report on how that money was misused, and how it can be recovered.

With those few remarks, I beg to support.

Mr. Bahari: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Vote of the Ministry of Finance. Like many other hon. Members have said, this is a very critical Ministry. It is the nerve centre! It is where finances are controlled. It is only that some Ministers do not know. When they make road-side directives, those directives translate into costs. At the end of the day, that costs this country a lot of money. Failure to make a decision, like my predecessors have said here, for fear of the possible action that will come later on, are some of those costs that have never been costed. Those are some of the costs that are hidden. It is the Ministry of Finance which has the responsibility to make sure that Kenyans get value for their money.

Mr. Temporary Deputy Speaker, Sir, it is common knowledge now that Kenyans are the highest taxed people in the world. That is very strange! Why should that happen? We should be asking ourselves: "Are we getting the best services?" With high taxes, there must be something close to best services. On the contrary, we have been told, time and again, that we get the poorest services. We know it! Service delivery is a major issue and it is this Ministry which is largely responsible! That is because whatever decisions are made and whatever actions are taken or not taken, translate into a cost for this country.

Mr. Temporary Deputy Speaker, Sir, the theme of this year's Budget is "Enhanced Efficiency for Accelerated Economic Growth." That theme can only come true when the right austerity measures are put in place by this Ministry. They must be seen to direct and take control of issues.

QUORUM

Mr. Muriithi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Are you sure we have quorum in the House?

The Temporary Deputy Speaker (Mr. Khamasi): Indeed, we have no quorum. Let the Division Bell be rung.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Khamasi): Order, hon. Members! We now have quorum. You can proceed, Mr. Bahari.

Mr. Bahari: Mr. Temporary Deputy Speaker, Sir, it is better to make a wrong decision than never to have made a decision. It is not only better, but it is less costly to make that wrong decision

than never to have made any decision at all. So, I would like to see our civil servants, and particularly in this Ministry, empowered and given the necessary authority to make decisions and be held responsible for those decisions.

Mr. Temporary Deputy Speaker, Sir, at the district level, many heads of departments are responsible for finances. In fact, all of them are responsible for finance, yet they have not been trained in basic skills of financial management. Every year, they are made responsible for those finances. It is time, and I have said it here before, that irrespective of which department; whether somebody is in Water or Health, they must be trained in basic skills in financial management, so that they are able to carry out their responsibilities as heads of the departments in the districts, with the efficiency that is required. They will then be more accountable.

I remember in one of our District Roads Committee meetings, an engineer was trying to convince us that it is cheaper to do this than that, and he came up with costing. I had to challenge him and ask him if he had factored in the cost of maintaining equipment which belonged to the Government vis-a-vis hiring from a private entrepreneur. When you subtract that, you will realise that sometimes, it ends up being more costly. These are some of the things that they miss out, and at the end of the day, they make the wrong decisions.

Mr. Temporary Deputy Speaker, Sir, I am very perturbed at how we do budgeting in this country. It is this Ministry which is solely responsible, to a big extent. When you look at previous years' figures vis-a-vis the current year, there is actually no change. We might go to zero-based budgeting! It is the Ministry of Finance which is solely responsible, because they have finance officers in various Ministries. I assume they are properly trained, and somebody somewhere in the Ministry should be seen to be in control and make sure that the right decisions are made, and that the right figures are in place. My strong feeling is that particularly this financial year, what we wanted is just a bottomline. It did not matter really. I think it is very clear. I was not in that room when that decision was made, but we said we wanted this figure and it does not matter. So, therefore, this is how it is going to be. That is where the issue of making sure that Kenyans get value for their money starts. If the Budget is wrong, then we are going to go wrong for the whole year. This country must be turned around.

Mr. Temporary Deputy Speaker, Sir, the Treasury circulars that are being released are not monitored. My friend, hon. Obwocha there, who is now in the right Ministry, knows these things, and I hope he is going to take action. Circulars are released, nobody monitors their implementation, quarterly reports are required by heads of parastatals; but they do not produce them! Yet, at the end of the day, we come back and say this parastatal is not performing. That is unfair! What are we doing throughout the financial year? There must be a continuous assessment of performance. That is when we can claim to be managing. But when at the end of 12 months you come and say you did not perform, then you have also not performed. Whoever is saying so has not performed also. We must change from what we have been doing in the past.

There must be proper control by the Treasury of excess funds. You will realise that you pay Government departments; you give them cheques, and they do not even bother to deposit them. Three weeks down the line, those cheques are lying somewhere idle. However, in the private sector, by 9 o'clock the following morning, that cheque is in an account. Reconciliation is a very big problem particularly in parastatals; they do not do bank reconciliation! How do you control and manage fraud? I must tell you that it is a mandatory requirement that it is done monthly but more efficient organisations will do it every Friday because then how do you control your cash? How do you ensure that there is no fraud?

One area which has dogged this department is procurement and that is where the whole thing lies. We do not even need to go anywhere. Yes, there was an attempt to clean up that

department but I am not sure that the right thing has been done. Otherwise, we would be seeing remarkable improvement in service delivery and that is not what we are seeing.

Therefore, Mr. Temporary Deputy Speaker, Sir, it is extremely important that these issues are addressed and addressed in totality. We are yet to see the Ministry coming up with a number of security measures. Cost control is a very important element in financial management. Departments and Ministries are not being made fully accountable and that can be done through making sure that we procure the right quantities at the right time. We know very well that there are some departments where you go and purchase biros at wrong prices; highly inflated prices and the quantities are not correct. We end up holding a lot of money in goods and services that we do not require at that particular time. That is not prudent!

I would like to reiterate what one honourable Member here said. We must look at areas that are giving this country the necessary funds. The industrial area is very important but basic facilities are not there. Like now with the drought situation, we must be moving strongly to make sure that the industries are protected. It is the responsibility of this Ministry also to make sure that those areas which have not been opened up for development are opened up. Otherwise then we will exhaust the already existing areas that we have used in generating our resources. They are reaching the peak. Which are these areas that I am talking about? These are the arid and semi-arid areas. There is a lot of potential in those areas but basic infrastructure is not there; roads are not there. It can only be the Government which can come in and open up those areas.

With those few remarks, I beg to support.

Mr. Muriithi: Thank you, Mr. Temporary Deputy Speaker, Sir. You know, I prayed with you at 2.30 p.m. and I will pray again with you and the rest of the House at 6.30 p.m. Thank you for giving me this chance to contribute towards the Ministry of Finance Vote. The Minister had done well and the Government is really trying to live within it means. However, given those remarks, surely, there are some weak points that we would like to discuss, point out or try to get more information; in particular the write-off of the Agricultural Finance Corporation (AFC) loans. There is an amount of Kshs8.5 billion that the Minister said is a mere book entry. In the principles of accounts, and I am sure the Permanent Secretary is here, there is the debit and credit. This money, for sure, came from somewhere and it was given to the AFC and that hole will always be there. It is good for the Minister to tell us that the Government has given this money to farmers and that it is not just a mere book entry. With that, we would like to know which farmers benefited. If the money was given last year, we would like to know to whom it was given because in my constituency, there are so many farmers who come to me for assistance when their *shambas* are up for sale by the AFC. Then I ask: "Where did the Kshs8.5 billion go to?" It is not a mere book entry!

The Kenya Revenue Authority (KRA) is buying boats and I wonder whether this will go to the relevant Ministry. What are the boats for? Are they for patrolling or they have some Custom officers based somewhere in Lake Victoria who need the boats to sail or chase those who are not paying for services? I wonder why Kshs160 million is being used for boats. This money is better used by the Navy rather than the Ministry of Finance. Considering that there is hunger which is facing Kenyans, we should not buy the boats this year but use the money to feed Kenyans who are going hungry.

We have seen that the National Bank of Kenya will benefit from an injection of capital to the tune of Kshs4.5 billion. This is very sad; extremely sad! We were told by Mr. Nyachae a couple of years ago that he had a list of the debtors; the fat cats who were not paying back these loans. Why should they be left to go? The President has already repeated that there are no sacred cows in our NARC Government. Where are these ones coming from? They must be made to pay back the money which they borrowed from the Bank. If they cannot, we should realise their assets in order to

refund the bank. We do not want the Government every time to tell us that: "There is a shortage of funds and we are injecting more!" For who? It is better that this money is given to Kenyans in the poverty eradication programme and help them rather than helping a person who borrowed up to Kshs10 million and is just going round in a *Mercedes Benz* in town.

Mr. Temporary Deputy Speaker, Sir, we have seen the Kenya National Assurance Company (KNAC) - I am a player in the industry and it pains me to see that Bima House was sold for only Kshs600 million. As a layman, I would put the price of a billion shillings so that pensioners who are still waiting for their money, their pension fund, can get something to keep them going. As we talk now, assets are up for sale as from Friday. However, when I looked at the newspapers today, some of the assets advertised are now cancelled. Why? There is a caretaker company which was given the assets of the KNAC and it is not Kenyan. I wonder: Do we not have accountants who could have taken over the KNAC assets rather than bringing people from other parts of the world? The Minister should shed some light as to why those assets are being sold at a throw away price. Even those assets that were sold before, and some of the people who bought them are in this House, should be re-valued and the people give the value back to the KNAC so that I can receive my pension because I was a contributor.

Let us touch on the Consolidated Bank of Kenya. We know that the KANU Government literally took over indigenous banks because most of them were owned by people from a certain part of Kenya and they were not happy. They were made to repay the money overnight which was not possible. I do not feel that the Government should take over the Consolidated Bank of Kenya or sell it. It should be returned to those individual banks which form that consortium. If there is any money spent, they should be asked to pay back and the banks given back to the Kenyans who once owned them.

On KenGen, we see that the Government is going to inject money, I do not know whether it is by capitalising a debt or it is direct cash injection of Kshs2.8 billion. We have said in this country, each one of us, that we want to have electricity and the Government is not doing it. The relevant Ministry is not giving us the services! Why does the Government want to inject Kshs2.8 billion and we are not getting services? It is better to decentralise the KenGen business and sell shares to Kenyans. Co-operators should be given an opportunity to participate in KenGen's power production.

Mr. Temporary Deputy Speaker, Sir, I will now turn to privatisation, generally. Last year, this House approved Kshs120 million to enable the Minister for Finance restructure the Kenya Re-Insurance (Kenya Re) Company in preparation for its privatisation. To date, the Kenya Re has not been privatised. Why had we voted that amount of money for the privatisation of the Kenya Re? Was the money for the purchase of a "bridal dress"? We also voted Kshs50 million for the Kenya Railways (KR) Corporation for another "bridal dress". We provided for another "bridal dress" under the guise of providing for a commission to oversee that privatisation process. To date, nothing has happened. In this year's Budget, there is a provision of Kshs60 million for privatisation, co-ordination, development or reforms. I would like to know whether the Kshs190 million that we voted in the previous Budget was spent or whether it is still in the Government coffers.

An hon. Member spoke about consumable items. One would wonder why Kenyans travel to Dubai in their thousands. They spend so much money in hard currency. Can the Government, through the relevant Ministry, think of establishing a free port at Mombasa, so that we can charge other people coming to Mombasa and collect so much money instead of our own people having to carry money to Dubai everyday?

Mr. Temporary Deputy Speaker, Sir, we have a Budget shortfall of Kshs80 billion. If this money is received, it should not be put into consumable expenditure. We should put it in

development projects in schools, hospitals and other areas where Kenyans will benefit.

With those few remarks, I beg to support.

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to support the Vote of the Ministry of Finance. First, let me take this opportunity to commend the Minister for the good job he is doing at the Ministry. I would also like to commend the civil servants at the Ministry, who are very hardworking.

Mr. Temporary Deputy Speaker, Sir, the Ministry of Finance is very important. The success or failure of any government will be determined by the way the Treasury raises revenue and spends it. There appears to be a reversal game in this country. The people who were fighting corruption in the previous years are now being accused of perpetrating the vice. The people who engaged in corruption then are the ones accusing those who are now in Government. Corruption seems to have been politicised. It is now very fashionable to wake up one morning and call a Minister or a civil servant corrupt.

It is better for ten guilty people not to go to jail than for one innocent person to go to jail. That is the maxim of the law. So, my appeal is that the fight against corruption will not bear fruits if we start accusing each other of corruption without tendering any evidence. There appears to be a vendetta against all the people who are close to the Government. They are being accused of all sorts of things. There appears to be a campaign against all the people who seem to be close to the President. Those who know the Minister for Finance know that he cannot engage in corruption. Everybody is being accused of corruption.

Mr. Temporary Deputy Speaker, Sir, in the 18 months this Government has been in power, it has achieved a lot, but nobody seems to notice those achievements. We only hear about what the Government has not achieved. The Government has achieved the following:- One, everybody is clear about how successful the free primary education policy has been. Two, the Government has paid the teachers their salary arrears that they were promised in 1997. Three, the salaries of the police have been increased and vehicles bought for them. Fourth, bank loan interests have dropped from 35 per cent to about 6 per cent. Fifth, the Kenya Industrial Estates (KIE) has been revamped and revitalised. It is now operational. Sixth, the Agricultural Finance Corporation (AFC) has been revamped and is now giving loans to farmers. Seventh, the Kenya Co-operative Creameries (KCC) has been revived and is now operational.

Mr. Temporary Deputy Speaker, Sir, the price of maize has been increased from Kshs400 per bag to about Kshs1,400 per bag. We have created the Constituency Development Fund, through which each constituency has been given Kshs6 million in the current financial year. From next year, each constituency will receive Kshs20 million. We have enhanced the bursary fund for education. Unfortunately, nobody talks about these achievements. All that people talk about is what the Government has not achieved. People talk about the promises that NARC made to the people in the run up to the last general election, but which it has not fulfilled. For the first time in the history of this country, the Kenya Revenue Authority (KRA) has exceeded its target under the able leadership of the Commissioner-General, but nobody talks about it. Are these achievements not worth talking about? Why do we only talk about the promises that the NARC Government has not fulfilled?

Mr. Temporary Deputy Speaker, Sir, as leaders, we must tell our people the truth, however bitter it may be. For instance, we should tell our people that the sugar factories that have emerged successful in other countries produce sugar as a by-product. They produce electricity as their main commodity, and produce sugar only as a by-product. Unless we tell our people the truth, our sugar factories will not make profit.

We used to have a vibrant textile industry in this country. We destroyed it when we started

importing suits. The well to do people in this country, including Members of Parliament, wear imported suits. I would, therefore, call upon the Minister to ban the importation of suits, and not *mitumba*. Importation of *mitumba* should be allowed to go on in the interest of those who cannot afford new clothes. If we ban the importation of suits and new shirts, we will revive our textile industry, which has collapsed.

Mr. Temporary Deputy Speaker, Sir, there is another aspect which I would like the Minister for Finance to look into next year.

There used to be loan guarantees for civil servants to purchase houses and motor vehicles. These facilities are no longer there. Civil servants also need to own motor vehicles and houses. Therefore, these facilities should be reintroduced. If civil servants are well paid and motivated, they will work even better.

Mr. Temporary Deputy Speaker, Sir, lastly, let me turn to the fight against HIV/AIDS. The money that has been allocated to the relevant Ministries for this purpose is not enough. Also, we need to tell our people the truth about the HIV/AIDS scourge. The truth is that Kenyans have queer sexual habits. Kenyans have been told that there is no cure for HIV/AIDS and the only way of protecting oneself is total abstinence. Unfortunately, our people say: "*Hakuna jogoo wa kuku jike mmoja. Vunja mifupa kama meno bado iko.*" Real men do not fight with gloves on. They fight with bear knuckles. You do not eat a sweet in its wrapper."

We need to tell Kenyans the truth.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Khamasi): Order! Order! Mr. Githae, you have got two minutes when debate on this Motion resumes.

Hon. Members, it is now time for the interruption of business. Therefore, the House stands adjourned until tomorrow, Wednesday, 28th July, 2004, at 9.00 a.m.

The House rose at 6.30 p.m.