

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 28th July, 2004

The House met at 2.30 p.m

*[Speaker in the Chair]*

### PRAYERS

### COMMUNICATION FROM THE CHAIR

DISTINGUISHED GUESTS  
FROM UGANDA PARLIAMENT

**Mr. Speaker:** Order, hon. Members! Hon. Members, we are privileged this afternoon to be visited by the Ugandan Minister of State for Parliamentary Affairs, hon. Hope Mwesigye, MP. Accompanying her is hon. Charles Bakabulindi, MP, who represents workers. You can see they are both seated at the Speaker's Row. Our visitors are on a tour to study the newly established Constituencies Development Fund. On behalf of the entire House and myself, I wish to welcome them to this august House and wish them a pleasant stay in Kenya and a fruitful study.

Thank you very much.

*(Applause)*

### QUESTIONS BY PRIVATE NOTICE

ISSUANCE OF TRAVEL ADVISORIES  
BY US GOVERNMENT

**Mr. Ngoyoni:** Mr. Speaker, Sir, I beg to ask the Minister for Foreign Affairs the following Question by Private Notice.

(a) Could the Minister inform the House whether the travel advisory by the United States of America (USA) Government to its citizens against visiting Kenya is still in force?

(b) What are the specific conditions that the US Government wants fulfilled?

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): Mr. Speaker, Sir, I beg to reply.

(a) The first travel warning against Kenya was issued on 16th May, 2003, and the second one on 25th September, 2003. Another one was issued on 21st May, 2004. The travel warning on Kenya alerts the USA citizens on the on-goings or security concerns in Kenya. The warning also advises private USA citizens to evaluate their personal security in light of the current terrorist threats and consider departure from Kenya to ensure their safety.

(b) The American Government has not been specific on the conditions it would wish the Kenyan Government to fulfil. However, the underlying factors of the travel warnings are that the Department of State believes they are mainly the threat of terrorist attacks in the region, aimed at

American and Western interests, including civil aviation which they feel Kenya might not be able to prevent. The Kenya Government has been concerned and finds the decision by the USA Government to continue to renew the travel warnings untimely and uncalled for. It is coming at a time when Kenya has undertaken unprecedented and collaborative steps to improve and counter insecurity.

On 14th May, 2004, the Minister for Foreign Affairs presented a note to the American Embassy in Nairobi for its onward transmission to the senior American Government officials. The note urgently requested and called upon the USA Government to re-assess the warning against the actual threat level. The note highlighted the main successful bilateral and regional counter-terrorism measures already undertaken, or are in the pipeline, and reiterated the negative impact of the warning to the national economy. The note further stressed on how the warnings may dampen the enthusiasm towards the existing collaborative and co-operative effort in place, or under implementation between the two countries.

The Government has taken measures to strengthen our security; in particular, those which relate to the effectiveness of our security personnel, especially the police, the safety and security of aircraft, hotels, immigration and ports. In this regard, the Government of Kenya still urges the USA Government to lift the travel advisory.

**Mr. Ngoyoni:** Thank you, Mr. Speaker, Sir. Arising from the Assistant Minister's answer, there are no specific demands that the Kenyan Government has to meet before the travel advisory is lifted. In such a situation, what is supposed to be done, because, at the end of the day, we are incurring enormous monetary losses? This is the case, and yet, the Government of USA is not telling our Government the specific areas it wants to be addressed, or the Assistant Minister is not being clear to this House.

Could he state the specific areas that the USA Government needs addressed so that its citizens could come to Kenya and promote our tourism industry?

**Mr. Wetangula:** Mr. Speaker, Sir, I do agree with the hon. Member that the travel advisory is hurting our economy, especially in the tourism industry. The American Government in its travel advisory has simply said that there remains threats of terrorist attacks in the region, aimed at American and Western interests. It has also indicated that it feels that our airports remain unsafe. The USA Government has not given further details.

**Mr. Kagwe:** Mr. Speaker, Sir, I would like the Assistant Minister to clarify the position we have put forward as a result of the travel advisory. Is it correct that, as a result of the Americans issuing that travel advisory, Kenya, on the other hand, issued a one-year visa limit for travellers from the United States of America (USA)? That also led the American Government to issue a one-year visa travel limit! That means that our students and business people are having extreme problems at the American embassy. They can only be given a visa for one year, when they, probably, need to stay there for two or three years! If it is true that the Government of Kenya has placed a one-year limit on the American citizens coming to this country, could the Assistant Minister consider changing that policy, so that we can issue long-term visas to Americans? That, in turn, will mean that Kenyans will also get long-term visas to the USA?

**Mr. Wetangula:** Mr. Speaker, Sir, it is not true. After the events of September 11th, the USA Government set up a policy where they no longer give five-year visas to visitors wishing to visit the USA. But let me speak for Kenya. Kenyans do not get five-year visas to the USA and, as a matter of reciprocity, the Government of Kenya has also decided to give them visas for a length of time equal to what they give our nationals.

**Mr. Keter:** Mr. Speaker, Sir, apart from the USA, which other countries have issued travel advisories?

**Mr. Wetangula:** Mr. Speaker, Sir, the United Kingdom (UK) also issued a similar advisory,

which has since been lifted! There are no such restrictions except by the USA.

**Mr. Speaker:** I think we will now finish! Last question, Mr. Ngoyoni!

**Mr. Ngoyoni:** Mr. Speaker, Sir, could the Assistant Minister tell this House the amount of revenue lost as a result of those travel advisories? Is the passage of the Anti-Terrorism Bill, which is yet to come before this House, among the conditions laid down by the USA Government?

**Mr. Wetangula:** Mr. Speaker, Sir, it is not possible for my Ministry to quantify the loss so far suffered, because it is a multi-sectoral. There is a loss arising from the tourism sector and other related activities.

Mr. Speaker, Sir, the USA Government or, indeed, any other government has not, cannot and will not ask the Kenyan Government to pass any legislation. Any legislation that comes to this House will be Kenyan, and will not be set from anywhere else.

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

MEDICAL TREATMENT FOR FORMER  
BOXER DICK "TIGER" MURUNGA

**Mr. Ndolo:** Mr. Speaker, Sir, I beg to ask the Minister for Gender, Sports, Culture and Social Services the following Question by Private Notice.

(a) Could the Minister inform the House why former boxer Dick "Tiger" Murunga, has been abandoned at the National Spinal Injury Hospital with no proper medication for the past six months?

(b) Could he explain why the funds allocated by the Government have not been released to the boxer?

(c) What steps is he taking to ensure that the former boxer is given proper medical attention?

**Mr. Speaker:** Is anybody here from the Ministry of Gender, Sports, Culture and Social Services! Mr. Ndolo, the Minister is not there!

**Mr. Ndolo:** Mr. Speaker, Sir, the Assistant Minister was here! I do not know where she has gone to.

**Mr. Speaker:** Where is the Minister?

**An hon. Members:** He has run away!

**Mr. Speaker:** Why are they scared of the House?

**Hon. Members:** Anglo-Fleecing! Anglo-Fleecing!

*(Laughter)*

**The Minister for Trade and Industry** (Dr. Kituyi): On a point of order, Mr. Speaker, Sir. While we appreciate the circumstances under which Mr. Ochilo-Ayacko is working on the matter of FIFA compliance, and the Gracious Lady looking at accounts of a number of adult schools under the instruction of this House, I did not know that there is anything to suggest that Ministers are scared of this House!

**Mr. Speaker:** Well! Proceed to answer the Question!

*(Laughter)*

**The Minister for Trade and Industry** (Dr. Kituyi): Mr. Speaker, Sir, on behalf of the Minister for Gender, Sports, Culture and Social Services, Mr. Ochilo-Ayacko, I beg to reply.

(a) Mr. Dick "Tiger" Murunga was a renowned boxer with five gold medals to his credit. In 1972, the boxer earned Kenya a bronze medal for his outstanding performance during the Munich Olympics. Following the boxer's paralysis in 1999, he has been confined to a wheelchair and has sought treatment in Kuwait, Dubai and Seoul.

Mr. Speaker, Sir, Mr. Murunga was admitted to the National Spinal Injury Hospital with the support of the Ministry on 21st, April, 2004, for treatment. The hospital, having examined him, recommended that the boxer's condition required specialized treatment in Beijing, China. Such an undertaking will, undoubtedly, have financial implications. The notion that the boxer has been abandoned at the National Spinal Injury Hospital with no proper medication is erroneous.

(b) Despite the fact that, no Government funds have been specifically allocated towards Mr. Murunga's treatment, the Ministry of Gender, Sports, Culture and Social Services, in empathy with him, has to date, spent a total of Kshs118,890 towards his medical care as indicated by the following disbursement to the Masaba and Kenyatta National Hospitals, this year:-

(i) Masaba Hospital - Kshs31,531---

*(A mobile phone rang)*

**Mr. Speaker:** Order! Who is that with that interesting garget? Please, put off all your mobile phones!

Dr. Kituyi, please, go ahead!

**The Minister for Trade and Industry (Dr. Kituyi):** Mr. Speaker, there are receipts that can be shown that payments have been made as follows:-

Hospital	Amount	Receipt No.	Date
		<b>Kshs</b>	
Masaba	31,531	035869	15.3.2004
	74,309	0736060	25.3.2004
Kenyatta	7,470	Cash	9.4.2004
	5,580	Cheque No.	
		036390	27.4.2004

(c) Mr. Murunga was transferred to the National Spinal Injury Hospital through the advice of the medical staff of the Kenyatta National Hospital, to enable him obtain specialised treatment for his condition. Since the Ministry has no budgetary allocation to meet Mr. Murunga's medical upkeep, we can only request Mr. Murunga's family and friends to continue seeking for funds from well-wishers, to enable him travel abroad for specialised treatment.

**Mr. Speaker:** Well done, Mr. Minister! Mr. Ndolo, please, proceed!

**Mr. Ndolo:** Mr. Speaker, Sir, I thank the Minister for that answer. I also thank the Ministry for the good work it is doing to help the citizens of this country. But Mr. Dick "Tiger" Murunga has been in that hospital for more than six months. The President approved some funds for Mr. Murunga to be taken to China for treatment, plus two air tickets. Now, the funds which were allocated---

**Mr. Speaker:** Are you giving a speech or asking a question?

*(Laughter)*

**Mr. Ndolo:** Mr. Speaker, Sir, could the Minister tell this House: Did they want Mr. Dick "Tiger" Murunga to go and die in China by giving him only the air tickets, without enough money for treatment? When will the Ministry give him the money that he was allocated for his treatment in China?

**Dr. Kituyi:** Mr. Speaker, Sir, my understanding is that there were no special funds that were set aside for the treatment of Mr. Dick "Tiger" Murunga. That is contained in part (a) of the answer. I appreciate the solidarity that the hon. Member is showing to his former professional colleague.

*(Laughter)*

But in the absence of a comprehensive national health cover for all Kenyans, there is no Vote under which the Government can appropriate money to sufficiently cover the payment for Mr. Dick "Tiger" Murunga in China. But individual efforts, including those of the hon. Member and others, will compensate for that lack of resources.

**Mr. Speaker:** Mr. Kabogo! Sorry! Is that not Mr. Gitau?

**Hon. Members:** Dr. Khalwale!

**Mr. Speaker:** Oh! I am very sorry, Dr. Khalwale!

**Dr. Khalwale:** Mr. Speaker, Sir, I am very happy with you.

*(Laughter)*

**Mr. Speaker:** Go ahead!

**Dr. Khalwale:** Mr. Speaker, Sir, I wish I was as rich as Mr. Gitau!

Mr. Speaker, Sir, careers of many talented young men and women in this country, especially footballers, usually come to a premature end as a result of injuries. Could the Minister tell us whether there is a policy in place to cater for players who are active in sports, especially when they get injured?

**Dr. Kituyi:** Mr. Speaker, Sir, it is true that as a society, we have never developed a comprehensive programme to show solidarity with the sportspersons who have done us proud. Partly, that might be the reason why some of our best athletes are now ending up changing citizenship and names. They do this because they think of the days after their active life in sports. However, to my knowledge, the Government has not yet developed a comprehensive programme for taking care of them beyond the prime of their sports life.

**Dr. Galgalo:** Mr. Speaker, Sir, for all purposes and intent, the Spinal Injury Unit is not different from any hospital in this country because the facilities there have all gone down. The unit does not function as a specialised unit any more. The patient in this hospital is a hero to our country. We know this Government has previously gone out of its way to look for heroes from outside this country. It brought an Oromo farmer to this country at the cost of Kshs1 million. Could you, please, go back to the same Vote and attend to this true hero of our nation?

*(Applause)*

**Dr. Kituyi:** Mr. Speaker, Sir, I share the same, that Dick "Tiger" Murunga is a hero of this nation. I also share outrage about the obsessions that brought an Oromo to this country in the name of a great hero. I do not think it had to do with the Government which I ideologically defend.

Having said that, it is not true that the Spinal Injuries Hospital is just like any other hospital in this town. I have had the privilege to visit it. It survived the difficult years of KANU plunder, but now it is under rehabilitation.

*(Applause)*

## ORAL ANSWERS TO QUESTIONS

*Question No.784*

GOVERNMENT POLICY ON  
DEVELOPMENT OF ASAL AREAS

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

(a) whether he could state if there is an approved Government policy for the development of Arid and Semi-Arid Lands in Kenya; and,

(b) if so, whether he could state how much additional resources

will be set aside for the realization of this policy.

**Mr. Speaker:** Who will answer that Question?

**Hon. Members:** Dr. Kituyi!

**Mr. Speaker:** Is there any Minister who wants to volunteer?

**The Minister for Trade and Industry** (Dr. Kituyi): Mr. Speaker, Sir, on behalf of the Leader of Government Business, I undertake that as soon as we have an answer; hopefully, before the end of Question time, I will reply.

**Mr. Speaker:** Why are they scared of the House?

*(Loud consultations)*

Order, Members! I repeat the question: Why are Ministers afraid of the House?

**The Minister for Trade and Industry** (Dr. Kituyi): Mr. Speaker, Sir, while some Ministers who are not in here maybe afraid of the House, there are Ministers in the House who are not afraid of the House.

Mr. Speaker, Sir, I beg to reply---

**Mr. Speaker:** Very good.

*(Applause)*

**The Minister for Trade and Industry** (Dr. Kituyi): Mr. Speaker, Sir, I beg to reply.

(a) Yes, there is an approved Government policy for the development of Arid and Semi-Arid Lands of Kenya. Unfortunately, the approved policy is outdated.

**Mr. Haji:** On a point of Order, Mr. Speaker, Sir. Is it in order for the Minister to fish out Questions from the Clerk's file here? I mean, answers.

**Mr. Speaker:** Order, Mr. Haji! It is perfectly in order for Ministers to exercise their collective responsibility and I encourage that.

**The Minister for Trade and Industry** (Dr. Kituyi): Mr. Speaker, Sir, even though, I did not realise that I had fished out a Question.

(a) Yes, there is an approved Government policy for the development of Arid and Semi-Arid Lands in Kenya. Unfortunately the approved policy of Government is outdated due to changed conditions upon which it was based during its formation period of 1992. Presently, a revised version is in its fifth draft stage to complete the necessary stages of consultations with stakeholders before it is submitted to the Cabinet for endorsement as Government policy.

(b) The Government is in the process of developing a marshall plan to finance activities identified for the ASAL development through this policy and its associated investment strategy. The investment strategy targets Kshs120 billion over the next decade within various sectors. Meanwhile all other budgetary allocations by the Government to line Ministries in the area are expected to contribute to the global development of the same area within each financial year.

**Mr. Billow:** Mr. Speaker, Sir, the ASAL areas have grown from ten districts, in the last few years, to 22 districts. The lack of specific policies for development of these areas has underlined the resource allocations in the budget, and is partly responsible for the degeneration of these areas.

Today, we see a situation where all the ASAL districts are faced with famine. I want to get an indication from the Minister as to when this policy will be completed. What is the likely time when the policy will be, indeed, tabled in this House?

**Dr. Kituyi:** Mr. Speaker, Sir, a number of dynamics that are important in modern understanding of the crises facing ASAL areas have to inform the new thinking in directing policies. There was a time when there was uncontrolled movement of petty peasants or agriculturalists into the dry areas of the range lands, thereby increasing pressure on pastoral adaptation.

Mr. Speaker, Sir, we are informed that we need to rethink about viable interventions in those areas beyond having concentrated populations and adoption of unviable economic activities. These are issues that require very sustained dialogue between leaders from the ASAL areas, stakeholders with knowledge about dynamics of pastoral areas and Government agencies before we can come up with a viable policy. So, we would not put a time frame to it, rather we undertake to hasten the consultations so that we can have something viable and sustainable.

**Mr. Munya:** Mr. Speaker, Sir, the Minister has said that the policy is there, but it is outdated.

Could he give us the intrinsic elements of the existing policy before he talks of a new one?

**Dr. Kituyi:** Mr. Speaker, Sir, I have had the privilege to look at the Government policy which was prepared by the KANU Government. It mainly addressed permanent promises of setting up livestock collection centres and the unjustified and erratic sinking of boreholes, often in areas of dry season pasture, thereby depleting critical resources during the rainy season. These are the unviable policies that we are trying to get rid off.

**Mr. C. Kilonzo:** Mr. Speaker, Sir, I come from an ASAL area. Could the Minister tell this House why, when it comes to allocation of resources, the Government is not serious? Today, we heard a Minister say that the Government would allocate Kshs3 billion to renovate a building. When it comes to renovating buildings, there is no policy sought for, but when it comes to matters affecting 80 per cent of people living in the ASAL areas, the Government is quick to talk about policies.

**Dr. Kituyi:** Mr. Speaker, Sir, it is my understanding that this Government can chew gum and walk on a straight line. To rehabilitate Kenyatta International Conference Centre (KICC) and start investing in conference tourism does not negate sustainable interventions to save livelihoods in the ASAL areas.

**Mr. Speaker:** I think the Minister has done very well. I will finish with Mr. Billow.

**Mr. Twaha:** On a point of order, Mr. Speaker, Sir. Given the very able manner in which Dr. Kituyi has held brief for two Ministers, could I be in order to recommend that when the post of Prime Minister becomes available, he be appointed one?

*(Laughter)*

**Mr. Speaker:** Order, Members!

**Mr. Wanjala:** Mr. Speaker, Sir, I second.

**Mr. Speaker:** Order, Members! Order! Thou shall not do anything in vain. Mr. Twaha, until the Constitution duly creates that position, there is really nothing I can do, but I encourage you to keep it at the back of your mind.

*(Laughter)*

**Mr. Billow:** Mr. Speaker, Sir, my concern in this Question is about resource allocation. I will give you a good example: In this year's budget of the Ministry of Water, most of the ASAL areas received Kshs4 million per district. These are areas that are over 60 per cent arid.

Mr. Speaker, Sir, given that famine affects more than three million people in these areas, could the Minister consider re-allocating the Kshs12 billion which has been allocated for

restructuring the National Bank of Kenya in this year's Budget towards purchases of food for those Kenyans who have been stricken by famine?

**Dr. Kituyi:** Mr. Speaker, Sir, the hon. Member is the Shadow Minister of Finance, and I do not know how he can re-allocate funds from one Ministry to another one after this House has passed Votes of those Ministries. But the critical intervention is as follows: I am aware that there is a substantial multilateral donor support programme for Arid and Semi-Arid Lands (ASALs) which could not be factored into the Budget because the Government was not sure about the dates of disbursements.

Mr. Speaker, Sir, I am aware that the Resident Director of the World Bank is likely to sign an agreement for disbursement with the Minister for Finance in the course of the next fortnight on a programme which is targeted at specific long-term problems in the ASALs. It includes addressing the water question.

*(Applause)*

**Mr. Speaker:** Very well. Why does the House not give hon. Dr. Kituyi a round of applause?

*(Applause)*

I encourage all Ministers to be ready to answer Questions any time.  
Next Question, Mr. Wamwere!

*Question No.046*

DISMISSAL OF CHIEF SIMON NJOROGI

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

- (a) under what circumstances Chief Simon Njoroge was dismissed from duty on 25th January, 2001; and,  
(b) whether the Minister could consider reinstating him.

**The Minister for Trade and Industry** (Dr. Kituyi): Mr. Speaker, Sir, I beg to reply.

- (a) Chief Simon Njoroge was dismissed from duty on grounds of gross misconduct.  
(b) The former Chief cannot be reinstated since the post he used to hold has been filled by another competent officer.

*(Laughter)*

**Mr. Wamwere:** Mr. Speaker, Sir, while appreciating the fact that hon. Dr. Kituyi is able to fill in for his fellow Ministers---

**Hon. Members:** For the Prime Minister!

**Mr. Wamwere:** The truth of the matter is that Chief Simon Njoroge was actually dismissed from his job as a chief because he was pursuing a case of corruption which was being perpetrated by the District Officer (DO), who was his senior and a nominated councillor. Given that this Government is as committed to fighting corruption as Chief Simon Njoroge, is it possible, therefore, to consider reinstating this Chief, who lost his job in the same course that this Government claims to believe in?

**Dr. Kituyi:** Mr. Speaker, Sir, I serve in a Government which believes in its actions. So, it will seriously consider any new evidence provided by hon. Members. Since the answer I have does not exclude the possibility as to whether the hon. Member is stating the truth or not, I want to



request that this Question be deferred until we verify the veracity of what the hon. Member has suggested.

*(Applause)*

**Mr. Speaker:** Very well!

**Mr. Wanjala:** On a point of order, Mr. Speaker, Sir. While appreciating the fact that the Question has been deferred, I am going to request the Chair to request the Minister also to consider transferring this chief, if reinstated, to work as a clerk in a DO's office or elsewhere. Since they have already employed another chief, they can take advantage of what we call departmental transfers in the Government.

**Mr. Speaker:** Mr. Wanjala, do you know that, that is not a point of order?

*(Applause)*

Are you aware of that?

**Hon. Members:** Out! Out!

**Mr. Speaker:** Anyhow, you have been censored by your colleagues, and that is adequate. So, next time, be careful before interrupting the House.

Proceed, Mr. Kipchumba!

**Mr. Wamwere:** Mr. Speaker, Sir, may I know when the Question is to be answered?

**Mr. Speaker:** Well, it is most unlikely that I will let you know, because I believe that the House is likely to go on recess next week, and I think I will reserve the remaining days next week for Questions by Private Notice. So, your Question will probably be answered when the House resumes.

*(Question deferred)*

*Question No.387*

RECOVERY OF MONEY OWED TO  
NATIONAL BANK OF KENYA

**Mr. Kipchumba** asked the Minister for Finance:-

- (a) whether he is aware that liquidity problems experienced by the National Bank of Kenya (NBK) in the past resulted from non-performing loans; and,
- (b) what steps he is taking to recover money owed to the bank.

**Hon. Members:** Dr. Kituyi! Dr. Kituyi!

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

(a) I am well aware that, in the past, the NBK Ltd has had liquidity and profitability problems. These problems were caused by unwarranted political interferences in credit administration of the bank. When this information became public in 1998, there were panic withdrawals of deposits amounting to Kshs9 billion by customers. This affected the bank's profitability. The bank has effectively confronted the two problems, and is now profitable. It made a profit of Kshs403.9 million in 2003, compared to Kshs198.8 million in 2002. In 2004, the bank is expected to perform better than 2003.

(b) Following collaboration between the NBK, Central Bank and the Treasury, effective measures have been taken to restore the bank's liquidity and profitability. These include:

- (i) Setting up a new bad debts recovery unit at the head office and in every branch. This unit

has restored some of the previous non-performing loans to performance.

(ii) Providing adequately for non-performing loans while vigorously pursuing those concerned for payment.

In this respect, the bank is using all means available, including the court process, to recover the amounts owed.

(iii) Ensuring there is no political interference, either in management or recovery of loans.

Following internal re-organization and restructuring and the above measures, the bank is back on a growth path.

Thank you, Mr. Speaker, Sir.

**Mr. Kipchumba:** Mr. Speaker, Sir, my Question was initially longer than this, because I had requested the list of the debtors to the NBK. But I think it was reduced by the Clerks of the National Assembly.

**Mr. Speaker:** It is not the Clerks, but through the authority from the Chair!

**Mr. Kipchumba:** All right, it was reduced by your authority. Nevertheless, while appreciating the answer given by the Assistant Minister, now that the NBK is back to profitability, could the Assistant Minister then consider requesting the NBK to repay the loan of Kshs2 billion that was irregularly taken from the Consolidated Fund from Central Bank of Kenya? This money was taken as a loan to the NBK, and it was to be recovered, because that was taxpayers' money.

**Mr. Katuku:** The amount the hon. Member is talking about was approved by this Parliament and, therefore, was acquired regularly.

**Mr. Muiruri:** Mr. Speaker, Sir, there was an Annual General Meeting which was held by the shareholders of the NBK in May, 2004, and it ended in disarray. The accounts presented during the meeting did not show any profits whatsoever. In fact, there were no dividends paid out.

Could the Minister confirm, and not mislead the House, that the bank is still insolvent? The bank has a sum of Kshs77 billion in bad debts because the management spearheaded by Mr. Marambii has totally failed to recover the same amount?

**Mr. Katuku:** Mr. Speaker, Sir, I would like to assure Mr. Muiruri, who the other day confirmed that he is a shareholder in that bank, and the rest of Kenyans, that the bank is back to making profits. For the last three years, it has been making profits. Maybe he did not get his dividends, but I promise him that we are moving towards---

*(Mr. Muiruri stood up in his place)*

**Mr. Speaker:** Order, Mr. Muiruri! We all know that you have been a director of that bank, but you will not run the bank from the Floor of the House. You must sit down.

Proceed, Mr. Assistant Minister.

**Mr. Katuku:** Mr. Speaker, Sir, I was saying that unlike what Mr. Muiruri is saying, the accounts of this bank have been made public. According to the accounts of 2001, 2002 and 2003, it made profits and these are public documents.

**Mr. Billow:** Mr. Speaker, Sir, the Assistant Minister is aware that there are billions of shillings which have been approved for restructuring of that bank. If the bank is as profitable as he has said, could he explain to the House why the Government needs to pump into it billions of shillings this year? Last year, another Kshs4.5 billion was pumped into the bank!

**Mr. Katuku:** Mr. Speaker, Sir, the Government is not pumping money into the bank. It is honouring its obligations in terms of loans which it had guaranteed. We made a provision in the Budget to ensure that what the Government guarantees some parastatals is taken care of. That is not to say that parastatals are not supposed to pay back Government money. We are pursuing them.

**Mr. Munya:** Mr. Speaker, Sir, whereas we appreciate the fact that the National Bank of Kenya is a national asset which we would like to continue making profits, why is it difficult for the

Assistant Minister to disclose the names of those politically-connected debtors? That has been done before in this same house?

Why is he hiding behind confidentiality to spend public funds on a national bank?

**Mr. Katuku:** Mr. Speaker, Sir, the hon. Member is a lawyer like you, and knows the rules of banking. The confidentiality aspect is very clear to him. You cannot go against confidentiality unless you want to politicise this issue. I want to assure him that we are pursuing all those who were given loans politically. If you are one of them, we are on your doorstep.

**Mr. Kipchumba:** Mr. Speaker, Sir, it is very clear that if the National Bank of Kenya has been making money but has never paid dividends, then there must be something seriously wrong with it. How much money has the National Bank of Kenya therefore, recovered so far? Could the Assistant Minister table the list of those who have since repaid money?

**Mr. Katuku:** Mr. Speaker, Sir, I can provide that information in due course.

**Mr. Speaker:** What does that mean, Mr. Assistant Minister?

**Mr. Katuku:** As soon as possible. Such a list could be ready by Tuesday.

**Mr. Speaker:** What does "as soon as possible" mean?

**Mr. Katuku:** Mr. Speaker, Sir, it means on Tuesday.

*Question No.146*

LAND FEES WAIVER FOR  
KIBWEZI RESIDENTS

**Mr. Ndile** asked the Minister for Lands and Housing:-

(a) whether he is aware that parts of the ancestral land in Kibwezi Constituency namely, Kaunguni, Kinyambu, Mang'elele and others were demarcated under the Settlement Fund Trustees;

(b) whether he is further aware that the land is very dry and the poor residents cannot afford to pay the required 10 per cent, which is Kshs2,500 per acre; and,

(c) whether he could consider waiving the above fees to enable the residents settle on the land.

**The Assistant Minister for Lands and Housing (Mr. Ojode):** Mr. Speaker, Sir, I beg to reply.

(a) I am aware.

(b) Yes, I am aware. It is, indeed, in recognition of the low potential of the land that the beneficiaries are paying a sum of Kshs2,500 per acre as opposed to high potential plots, where *wananchi* pay Kshs5,000 and above per acre.

(c) The Settlement Fund Trustees (SFT) fees form a revolving fund from which STF programmes are financed. It is, therefore, not prudent to waive the fees as this would impact negatively on any current and future SFT programmes. Fees charged to the beneficiaries of SFT plots in Kibwezi are the same as those applicable to other parts of the country with similar climatic conditions.

**Mr. Ndile:** Bw. Spika, pengine watu wengine katika Bunge hili hawajui kwa nini Mkamba huwa anavaa viatu hivi vya tairi vinavyoitwa akala. Labda mtindo huu ulianza huko kwetu kwa sababu mashamba yetu mengi yana mawe. Waziri Masaidizi amekubali hapa kwamba tuliachiwa mashamba hayo na babu zetu. Wakati Serikali ilipokuja kutugawia mashamba, mtu alikuwa anapata ekari 50 katika sehemu yenye mawe na ekari tatu mahali pazuri. Juzi Rais alikuwa kule Makueni na akakubali ombi langu. Sijui Waziri Msaidizi huyu ametoka afisi----

**Mr. Speaker:** Order, Mr. Ndile! The Standing Orders bar you from making the President your authority until you become a Minister. In the meantime, because you are not one, can you ask

your question without quoting him?

**Mr. Ndile:** Bw. Spika, nilikuwa ninamkumbusha aliloambiwa. Labda amesahau. Ningependa kujua kama itawezekana Waziri Msaidizi kurudia kulijibu swali hili. Ninajua kwamba, wewe, Bw. Spika, utakuja Kibwezi kwa sababu wewe ni mchezaji wa klabu cha mpira cha Bunge, na utajionea mahali ambapo watu hawa wanaishi. Kwa vile Waziri Msaidizi atatembelea sehemu yangu, ninaomba alijibu swali hili tena akitoka kwangu. Watu wanaumia na hawawezi kulipa pesa hizo.

**Mr. Ojode:** Mr. Speaker, Sir, I will consider this issue when I go to his constituency.

**Mr. Serut:** Mr. Speaker, Sir, you have heard the Assistant Minister say very clearly that this is ancestral land. How come that it has reverted to the SFT? Who was paid money, and who owned it before it was acquired by the SFT?

**Mr. Ojode:** Mr. Speaker, Sir, I want to give an account of all the settlement schemes which I have mentioned. Kinyambu Settlement Scheme has been registered and settlers have been given letters of offer and documented. The settlers are continuing with loan repayment. We will give them title deeds as soon as they clear their loan repayments. The hon. Member asked about the ancestral land and who was compensated.

*(Loud consultations)*

**Mr. Speaker:** Order, hon. Members! We cannot continue with the business of the House in this manner!

**Mr. Ojode:** Mr. Speaker, Sir, the SFT can buy land and compensate its owners. It can also give out the same land to *wananchi*. We can also compulsorily acquire land, give it to the SFT, and then give it out.

**Mr. Serut:** Mr. Speaker, Sir, the Assistant Minister has just admitted that this is native land, which is being given back to the natives. Who was the land bought from by the SFT?

**Mr. Ojode:** Mr. Speaker, Sir, what I am saying is that as a Government, we can compulsorily acquire land and then compensate its owners. Later on we can give out---

**Mr. Speaker:** Order! Sometimes we spend time on semantics. I am sure Mr. Ndile and the Assistant Minister know who owned that land before it was acquired by the SFT. Why do you not make things easy so that we move on?

**Mr. Ojode:** Mr. Speaker, Sir, there are a number of ways of acquiring land. The land belonged to the natives, but it was compulsorily acquired through the Settlement Fund Trustees (SFTs). We are now settling people who do not have land.

**Mr. Speaker:** Hon. Members, could I just get this right. Mr. Ndile, who owned that land before it was compulsorily acquired through SFTs?

**Mr. Ndile:** Bw. Spika, shamba hilo lilimilikiwa na mababu zetu tangu zamani. Lakini Serikali ya KANU ilitudhulumu na kunyakua ardhi hii kupitia mpango wa SFTs. Hawa viongozi wa KANU ni watu wabaya sana! Mashetani! Bure kabisa!

*(Applause)*

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

**Mr. Speaker:** What is it?

**Mr. Keter:** Mr. Speaker, Sir, is it in order for Mr. Ndile to talk about the former KANU regime and yet, we know people who actually subdivided that land are actually seated on the Government side?

**Mr. Speaker:** Order, hon. Members! Could we leave the semantics and the ping-pong and get to the Question! If it was their land, why are they paying?

**Mr. Ojode:** Mr. Speaker, Sir, we are talking of various parcels of land. In fact, there was a parcel of land that was initially owned by the Kenya Wildlife Service (KWS). We had to pay them in order to acquire that land and then settle the landless in Kibwezi Settlement Scheme. Secondly, when we compulsorily acquire land for purposes of settling the landless, we will have to pay through the SFTs. That is why we said they will pay Kshs2,500 per acre, simply because of the low potentiality within that area.

**Mr. Bifwoli:** Mr. Speaker, Sir, recently, while visiting Mr. Ndile's constituency, he showed me this land. It is totally barren. There is nothing that the settlers will get out of it. So, why can they not remove this unnecessary tax because people are merely going to settle there? They will not farm.

**Mr. Ojode:** Mr. Speaker, Sir, I have already acknowledged that I will consider that particular request.

**Mr. Speaker:** I think we end it there.

Next Question, Mr. Muchiri!

*Question No.249*

ALLOCATION OF OLBOLOSAAT/MUTONYIRI  
SETTLEMENT SCHEMES LAND TO LANDLESS

**Mr. Muchiri** asked the Minister for Lands and Housing:-

(a) if he was aware that Olbolosaat and Mutonyiri Settlement Schemes that were allocated in 19991 remain to date unsettled and under- developed by majority of the absentee allottees; and,

(b) if he could consider applying the terms of allotment and further alienate the land to local and deserving landless people.

**The Assistant Minister for Lands and Housing** (Mr. Ojode): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that a number of plots in Olbolosaat and Mutonyiri Settlement Schemes are unsettled. However, majority of the plots in the schemes have been paid for, discharged and the owners have their title deeds.

(b) Aware of the fact that some allottees have not paid for their plots, my Ministry has initiated a ground occupation survey to establish the number of plots which have not been developed. Once this ground survey is complete, I will consider repossessing the undeveloped plots for reallocation to deserving landless people.

**Mr. Speaker:** By the way, Mr. Ojode, how do you propose to do that if they have title deeds?

**Mr. Ojode:** Mr. Speaker, Sir, that is for those who have not developed their plots, not those who have the tile deeds.

**Mr. Speaker:** Hon. Members, we must all be careful on what we say on the Floor of the House because we could actually cause pandemonium across the land. So, let us be very careful on what we say, particularly on sensitive issues like land.

**Mr. Ojode:** Mr. Speaker, Sir, I have been consistent that this applies to only those who have not been issued with title deeds.

**Mr. Speaker:** All right!

**Mr. Muchiri:** Mr. Speaker, Sir, I thank the Assistant Minister for the answer. However, if he is waiting for the ground occupational survey to be done; which I think has been done, because the officers from his Ministry were on the ground six months ago; could he be honest with this

House to tell us what the ground survey report says?

**Mr. Ojode:** Mr. Speaker, Sir, it is true, I can give an account on each settlement scheme. On Mutonyiri Settlement Scheme, we have about 573 plots. Out of these, 450 are already having title deeds. Only 47 plots do not have files. This means the owners may not have paid for them, or they have not presented their receipts for documentation. So, that means they have not been issued with any title deeds. On Olbolosaat Settlement Scheme, parcels of land belonging to the SFTs that had been left out during demarcation of plots in Kirima Settlement Scheme, Okalou Salient Scheme, Muruai Settlement Scheme and Oljoro Orok Salient Settlement Scheme in 1982. By then, the area was marshy, and deemed unsuitable for settlement purposes. However, with time, the reclamation of parts of Olbolosaat land, which was not marshy was done, hence creation of Olbolosaat Settlement Scheme. We have 543 agricultural plots allocated in sizes ranging from five, 10, 20 to 100 acres. A total of 543 acres have been given. Out of this 543, 215 plots are already having title deeds. A further 247 files are being processed in order to be discharged. So, the files that have not been opened in Mutonyiri are only 47, and those in Olbolosaat are only 81.

**Mr. Twaha:** Mr. Speaker, Sir, the Government of Kenya recognises title deeds issued by the Sultan of Zanzibar on the land which was acquired at gun point. It also recognises title deeds issued by the British Government for the land which was also acquired at gun point. It further recognises title deeds issued by the Government of the late *Mzee* Jomo Kenyatta; which was the first democratically elected Government in this country, although the distribution of title deeds issued during that Government was towards one ethnic community. The former KANU regime tried to correct the imbalance or inequity of land distribution in this country; where land was owned by the rich British people and members of one ethnic community. Now, it has been declared by this Ministry that 200,000 title deeds in this country could be null and void. Is the Assistant Minister aware that this is causing unnecessary panic and is an alarming and irresponsible stand for a Government to take in our modern economy?

**Mr. Ojode:** Mr. Speaker, Sir, it is true, a title deed that is not from the Ministry headquarters and which was manufactured within the dark alleys of River Road, will not be recognised. In other words, fake title deeds will not be recognised by the Ministry. We will only recognise title deeds issued by the Ministry of Lands and Settlement.

**Mr. Ndile:** Bw. Spika, nimemsika Waziri Msaidizi akisema kwamba kuna hati za kumiliki mashamba ambazo zilitengenezewa vichochoroni vya Nairobi. Juzi tulishuhudia nyumba ambazo zilikuwa zimejengwa kando ya barabara au sehemu ya barabara zikibomolewa ilhali wenyewe walikuwa na vyeti halali vya kumiliki ardhi kutoka Wizara hii. Tunajua pia cheti cha kumiliki kiwanda cha Molasses kilitolewa na Wizara hii. Ningependa kujua ni vyeti vipi ni halali?

**Mr. Ojode:** Mr. Speaker, Sir, I do not understand the hon. Member; I do not know what he is talking about. If he could repeat his question---

**Mr. Ndile:** Bw. Spika, ni kwa nini Waziri Msaidizi anatupotosha kwa kusema kuna vyeti vya kumiliki mashamba ambavyo si halali na tunajua vyeti vyote hutolewa na Wizara hii? Hata cheti cha Kiwanda cha Molasses pia kilitolewa na Wizara hii. Ningependa Waziri Msaidizi atueleze ni vyeti vipi halali na vipi si halali?

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

**Mr. Speaker:** What is it?

**Mr. Midiwo:** Mr. Speaker, Sir, this honourable House must not be treated to frivolous accusations. Having been an hon. Member, you know that the death of Dr. Ouko was a result of the controversial Molasses Plant the hon. Member is talking about. It is the same people who were in the Ministry of Finance when the Minister---

**Mr. Speaker:** What is your point of problem?

**Mr. Midiwo:** Mr. Speaker, Sir, my point of order is that we cannot trivialise something of the magnitude of the Molasses Plant by accusing others, just to settle political scores and hit some

people below the belt. That is something that we should not allow to happen in this House.

**Mr. Speaker:** Order! What is molasses? I cannot understand what molasses is all about! Mr. Assistant Minister, do you understand what is going on.

**Mr. Ojode:** Mr. Speaker, Sir, I would like to say that all title deeds that were acquired irregularly and illegally are illegal. I am saying that if you go to River Road and acquire a title deed, then it does not belong to us.

**An hon. Member:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Order, hon. Members. I think, sometimes, we play with very serious issues. This House must be very serious. As far as I understand, a document can only be a title deed if it is issued by a competent authority. Anything else is a piece of paper! Now, to confuse a piece of paper and a title deed, you can cause mayhem in this country. I caution this House to be very careful because land is a very sensitive issue. Ministers and Back Benchers must be very careful. You could, by reckless talk, cause mayhem. So, please, be careful.

**Mr. Sirma:** On a point of order, Mr. Speaker, Sir. The Assistant Minister has said that any title which is not registered in the lands office, is not recognised. How did they get those numbers, which were manufactured elsewhere, to the tune of 200,000 title deeds? It seems they are part and parcel of that scandal?

**Mr. Speaker:** Mr. Sirma, you are taking us back to the bad place. We have already said that anything that is not legally given by the Ministry is not a title deed!

*(Loud consultations)*

Order! I can understand the anxiety of hon. Members. Indeed, that is an anxiety of the nation. People cannot be kept in suspense holding title deeds that they truly got from the Ministry of Lands, Settlement and Housing. They are under threat all the time that they are not title deeds! So, what is the official position? The banks as well have that anxiety!

**Mr. Ojode:** Mr. Speaker, Sir, I would like to make a clarification here. I am saying that before a title deed is issued, there are a number of documentation processes which have to be done. If that is not done in the Ministry and you have a title deed, then we do not know where it emanated from.

**Mr. Speaker:** But is it a title deed?

**Mr. Ojode:** If it is not registered in the Ministry, how can we authenticate its legality? So, it is not a title deed!

*(Loud consultations)*

**Mr. Speaker:** Order! I think this is a matter of national interest. I think the House has shown its anxiety over that issue. The same anxiety is manifested in the general populace and also within the financial circles. I would ask the Assistant Minister to come back sometime next week and appraise the House on the right position.

I think there is too much anxiety and people would like to know the right position. So, I ask the Assistant Minister to come next week with the right position.

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

**Mr. Speaker:** I think not on that issue any more!

**Mr. Ojode:** Mr. Speaker, Sir, I am fine with that. I will do that.

**Mr. Speaker:** What is it, Mr. Kajembe, as I finish?

**Mr. Kajembe:** On a point of order, Mr. Speaker, Sir. According to this Question, the settlement scheme was---

**Mr. Speaker:** We have finished that now!

**Mr. Kajembe:** Mr. Speaker, Sir, the settlement scheme was sub-divided in 1991. Now, the question is---

**Mr. Speaker:** That is a question! All the other questions are deferred. Look at the time!

*Question No.266*

TOTAL INDEBTEDNESS OF GATUNDU  
NORTH COFFEE SOCIETIES

*(Question deferred)*

*Question No.346*

MISMANAGEMENT OF BUTESERO MULTIPURPOSE CO-OPERATIVE SOCIETY

*(Question deferred)*

Next Order!

### COMMITTEE OF SUPPLY

*(Order for the Committee read  
being the Eighth Allotted Day)*

### MOTION

THAT MR. SPEAKER DO NOW  
LEAVE THE CHAIR

Vote 07 - Ministry of Finance

*(The Minister for Finance on 27.7.2004)*

*(Resumption of Debate interrupted  
on 27.7.2004)*

**Mr. Speaker:** Order, hon. Member!

As you all know, this is the last day of this Vote. Any hon. Member interested in preferring an amendment must do so before 4.30 p.m., so that the Minister could study it and know how to respond. So, the last time we can receive any amendment is 4.30 p.m. Beyond that, no further amendments would be preferred.

On the Floor was Mr. Githae, with two minutes remaining.

**The Assistant Minister for Justice and Constitutional Affairs** (Mr. Githae): Mr. Speaker, last week, I called on my fellow Kenyans to diversify their dietary habits! We are sitting on a disaster waiting to happen because, when as a country, we rely on one single crop for our diet. I am talking about maize and maize flour. The amusement and the ridicule by the media has ended and they have now started to understand the intellectual argument that I was making - I called upon Kenyans to revert to growing traditional crops which are drought, disease and pest resistant. Those crops include yams, cassava, sorghum, millet, green grams, pigeon peas, cow peas, bananas, arrow roots, finger-millet and sweet potatoes. I said let us start eating *ugali* prepared from sorghum, millet,



finger-millet, cassava and bananas. I wish to thank His Excellency the Vice-President who has publicly supported my call to people to return to growing of traditional crops which are drought, disease and pest resistant.

I would also like to thank hon. Michuki who has also supported my call. In that regard, he is preparing a big bash where he will show people how traditional crops are grown and eaten. I would also like to thank the Minister for Livestock and Fisheries Development for the good work he is doing in getting markets for our livestock. He has found a huge market for our camels in Egypt. He has also found a huge market for our fish in the European Union (EU). I would like to ask him to find more markets for other animals that our people do not eat like pouched, giant rats and donkeys.

Mr. Speaker, Sir, I want to be on record that what I am advocating for is not popular, but ten years from now, you will be quoting what I am now saying.

With those few remarks, I beg to support.

**Mr. Chepkitony:** Thank you, Mr. Speaker, Sir, for giving me this opportunity to contribute to this important Motion. This Vote is very important because it gives policy measures that will improve our economy. This is because of the policy issue from the Government.

Mr. Speaker, Sir, if you look at our markets, there is a lot of dumping of goods. Some of the goods are being brought into the country without paying appropriate duty. I will specifically mention the textile sector where a lot of textile materials are coming and most of them are under-declared. This under-declaration makes the importers pay very low duty, and they come and pose unfair competition to the local manufacturers. If we do not take any action on this, all our textile manufacturing plants will eventually close down. Actually, most of them have closed down.

There is also the aspect of *mitumba* which we should put a maximum allowable duty so that they are fairly priced and they do not pose unfair competition to our textile industry.

In general, we need to improve the enabling environment for the investors, who are going to create employment. If we do not do that, we are not going to make any headway. I was reading today in the Press that some of the investors at the Export Processing Zone (EPZ) are pulling out because of wrong taxation policies, which are not favourable to those people in conducting their businesses. They are faced with a lot of hurdles which are frustrating and scaring them away. There are very many countries who are after those investors, many of them our neighbours. They will give them tax holidays, which we do not have in this country. We have not given enough incentives. We do not have incentives like tax holidays.

Mr. Speaker, Sir, we need to zero-rate the raw materials, mainly in the textile industry; the importation of fibres, polyester, viscos, cotton and many other raw materials. If we do not do this, we will not encourage this sector. This sector is a large employer, and it used to be the largest employer. It is composed of wool and cotton production. We used to have a lot of sheep farming in the country. Now, it is going down because the manufacturing plants which used to process wool have gone down. We need to encourage this so that farmers start keeping sheep once more. We have the plants which can process the wool to add value to them. We need to encourage our people.

At the moment, some business people are buying wool and exporting it raw, rendering the established plants useless. This does not assist in any way to create employment. So, we need to impose a bit of duty on export of raw wool so that this wool is processed locally.

Mr. Speaker, Sir, I would like to mention something about Pensions Department. Many retirees are frustrated when they retire. They are forced to stay without any income, they travel all the way from their home districts to Nairobi, because there is no other place where they can be attended to. When they come to the Pensions Department, the services are very poor, there is no attention, yet we passed a Motion in this House, and we were promised it would be implemented. Up to now, the Pensions Bill has not been brought to the House. I would urge the Minister for

Finance to decentralise the services of the Pensions Department so that people do not have to travel all the way from Garissa or Turkana to Nairobi. Let them make the first move to decentralise them to the Provincial headquarters where the pensioners can go, which is nearer to them, it is not congested. They also have to modernise. They have to computerise, so that when somebody retires, his benefits have already been calculated, and it does not take a lot of time. If they were to modernise and computerise and they do the networking with the provinces where they are going to have offices, there would be no problem. It would be a matter of the Department providing the necessary funds and they are paid.

Mr. Speaker, Sir, I would also like to touch on the Constituencies Development Fund (CDF), which the Ministry is supposed to release through the Treasury. Up to now, we have not seen these funds. Very soon, we shall go on recess and many Kenyans are waiting for this money, because we have been talking about it for too long. A lot of projects are waiting for that money. If this money is not released on time, it is going to kill the spirit of the people. We, as Members of Parliament, will not do much without this money. I want to urge the Ministry to speed up and release this money before we go on recess so that we can implement these projects. I think the first project we shall implement using this money is to open it officially to demonstrate our ability to implement the proper use of these funds. I am sure we shall use this money properly without any form of corruption as it has been used in many other sectors. So, I would like to urge the Ministry to release these funds immediately.

With those few remarks, I beg to support.

**Mr. Khamasi:** Thank you, Mr. Speaker, Sir, for giving me a chance to contribute on this Motion. I would like to state, at the outset, that I will support this Motion. I would like to congratulate the Minister for efficiently moving the Motion on this Vote.

However, I have got a few things that I would like to share with my colleagues here. First of all, when we were on the Opposition side and we were joined by some of the hon. Members who were on this side, we used to say that the secrecy surrounding Budget-making must come to a stop. This secrecy still continues, and in the present day and age, Budget making should be an open issue, because it is wrong for representatives of the people not to have a say in the process. All monies appropriated to the various Ministries find their way to specific areas at the pleasure of the Minister. Therefore, it is necessary that the whole exercise must be carried overboard.

Mr. Speaker, Sir, when we fought for liberation, as I said when we were on the other side, we were saying that time will come when it will not be necessary for hon. Members of Parliament to line up at the doors of the Ministers and beg for services. It has come to pass that, actually, that will never be! Until and unless you plead with specific Ministers, it is very difficult to get allocation for any development in your area. This culture must change! We must be in a culture where services are rendered to constituencies without necessarily having hon. Members of Parliament pleading and begging with Ministers to do so.

All Ministries, even as we are speaking today, before they incur any expenditure or before any monies are paid, must get authority from the Treasury. Why? Where is the independence? There is too much red tape in the Ministries and that is why we slow down development and huge amounts of money from some Ministries are always returned to the Treasury. It is a shame that in the present day and age, we still have to send back monies to the Treasury because they have not been utilised. Yet the simple reason is that the red tape has actually caused that to happen. This has caused crafty officers in some Ministries and Departments to take liberty to misappropriate public funds or divert them into dubious deals like what is now popularly known as "Anglo Fleecing". Indeed, an honest Minister like Mr. Mwiraria was duped into signing a very dubious deal. It is a shame that, that had to happen from a man who is of very high integrity and we do not know how

many other Ministers are driven in that direction. It is a matter that requires a lot of change.

I would like to mention a little bit about the relationship between the Treasury, the Attorney-General's Office and the courts. The Treasury pays out huge amounts of money, in fact, sometimes in hundreds of millions for cases, first of all settled out of court or where the AG does not enter appearance and this is done without the Treasury blowing a whistle. This is grand corruption which we never talk about normally in this House. There are too many cases of huge amounts of money which are paid either to contractors or suppliers who go to court.

Normally, there is an agreement between the presiding officer at the courts, the officers at the AG's Chambers and the Treasury where these monies are paid in huge amounts without anybody blinking an eye. It is a matter that requires investigations. I have a Question that I have filed in this House and I will be bringing evidence to prove that a lot of billions of shillings have gone down the drain where the AG has not been able to defend the Government when it has been extremely necessary to do so.

*(Applause)*

Mr. Speaker, Sir, the Minister for Roads and Public Works said that there will be no payments to cowboy contractors and we are talking about what we popularly call here "pending bills". We are not sure that this really has come to an end. There is evidence that this is still going on; people who have not undertaken any contracts or who have just mobilised equipment to site are still being paid a lot of money. We want thorough investigation into this to make sure that, at least, this is brought to an end.

This country cannot afford, particularly, with poor infrastructure of roads all over the country, to have the this Government pay out huge amounts of money to contractors who have done literally nothing.

I would like to conclude my contribution by saying the Procurement Department of the Treasury is the most juicy of all the Departments in that particular Ministry. Every young officer who goes there looks ahead to the day when he will go to the Procurement Department. Most of those young officers are wealthier than even yourselves who have worked for the last 30 years and they have just virtually worked for the last six or seven years. It is important that the exercise which had been started to weed out corrupt officers from the Procurement Department is carried on. This is because we understand that most of the people who had been removed are now finding their way back through some dubious means.

Mr. Speaker, Sir, in fact, it is rumoured that they are paying their way back into the Department in order to perpetuate the ills they used to do before they were removed. It is important that this Ministry being the key Ministry in the whole Government has to be on top of issues.

Therefore, with those few remarks, I beg to support.

**Mr. Achuka:** Thank you, Mr. Speaker, Sir. I am just standing on a point of disappointment because it is very serious for Kenyans to work very hard, mobilise all resources and sweat to elect hon. Members of Parliament and the President to form a Government. They were expecting that these people in return would sweat in order to uplift their welfare. Is that not so?

*(Applause)*

Mr. Speaker, Sir, now, I am just talking about the Constituencies Development Fund (CDF) allocations. We have taken a long time discussing about who is holding this money. Who is responsible to hold this money? If this money cannot go to the constituencies, there will be no

recess! This is because it is the responsibility of the Government which was elected by people to consider their interests. I understand very well that CDF allocation is the money which is going to improve all the infrastructure at the constituency level and I know that this money should be utilised transparently. If the Government is recognising what people did by electing it, why is it resisting to release the money? Why is the Government mistreating *wananchi* by delaying the disbursement of the funds? Serikali inawadharau wananchi baada ya kuiteua.

**The Assistant Minister for Foreign Affairs** (Mr. Wetangula): On a point of order, Mr. Speaker, Sir. Is it in order for Mr. Achuka to use English and Kiswahili interchangeably?

**Hon. Members:** Endelea!

**Mr. Achuka:** Mr. Speaker, Sir, the people are now watching.

**Mr. Speaker:** Mr. Achuka, what is your language of choice?

**Hon. Members:** Both!

**Mr. Speaker:** Order! I am told that he was addressing the House in English, and that he was only quoting something in Kiswahili.

**Mr. Achuka:** It was because I was very annoyed, Mr. Speaker, Sir.

**Mr. Speaker:** End of quote! Proceed!

*(Laughter)*

**Mr. Achuka:** Mr. Speaker, Sir, Kenyans out there are seriously monitoring what we are doing. The Government should release these funds, because they will go directly to the people. If the Government refuses to release the money, it cannot claim to be for the people. It is only using its mouthpiece to say so. In actual sense, it is against the wishes of the people. Therefore, the Minister for Finance should release the Constituencies Development Fund (CDF) money immediately.

With those few remarks, I beg to support.

**The Assistant Minister for Energy** (Mr. Kiunjuri): Thank you, Mr. Speaker, Sir, for giving me the opportunity to support the Vote of the Ministry of Finance for very few reasons. One, the Ministry is being headed by somebody who is very genuine and competent. Having worked in that Ministry for a very long time, he knows what he is doing.

I would like to encourage him, especially at this time when the war against corruption has intensified and when so many people who do not understand the issues at hand are challenging the Government. I would like to encourage him and the Government to intensify the campaign against corruption. In the letter that St. Paul wrote to the Galatians, he encouraged them to continue with the Gospel that he had preached to them about Jesus Christ, and ignore the prophets of doom, who had come to undo all that he had done. So, he wrote the letter to encourage them to continue with their faith and do the good deeds that were supposed to be done.

*[Mr. Speaker left the Chair]*

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

Mr. Temporary Deputy Speaker, Sir, the Ministry of Finance has been performing very well. For the first time, it brought to this House a Budget that was elaborate. However, I would also like to challenge the Ministry to go ahead and identify the ventures it would take to increase the income, especially through taxation. The Ministry should not shift the taxation burden to the ordinary *mwananchi*. The farmer is already over-taxed. So, he should be spared any further taxation.

We should penetrate areas where we have some sacred cows. For example, ranchers in my own constituency, Laikipia District, and others elsewhere in the country are not taxed. The county councils and municipal councils concerned are not allowed to penetrate those ranches. Even the Central Government does not levy any tax on ranching.

The Government should measure the level of international and domestic tourism activities taking place in ranches. When tourists from all over the world visit these ranches, they are accommodated in the cottages and big hotels there. The Government is losing millions of shillings, because the ranchers are not contributing anything to the economy of this country. There is no income that comes back to our people. So, the Ministry should take the relevant measures and ensure that those people pay taxes. Also, the Ministry of Tourism and Wildlife should ensure that these people are properly taxed.

The Ministry of Finance should also take charge of the privatisation process. The Ministry should guide us accordingly when we debate the Privatisation Bill. We want to know whether the Government wants to privatise everything in this country and put it in the hands of foreigners, or we want to own the public enterprises that have been earmarked for privatisation. The Ministry should make a bold move to ensure that, at least, 60 per cent of public enterprises earmarked for privatisation go back into the hands of the common *mwananchi*. I do not think we should use privatisation to sell this country to foreigners. The Ministry should, therefore, take this into consideration. This Government is being put to test and if we make mistakes, they will haunt us for the next 40 or 50 years. Those of us who will be alive at that time will be questioned on what we did in this House to ensure that we never sold this country to foreigners.

As you know, the flag found the cross in existence. Going by what is happening in the Third World countries today, there might come a time when commissioners might run our governments; especially if we do not handle carefully the issue of privatisation. We will have sold everything to outsiders and have nothing in our control apart from the political agenda for the country. We cannot even control the political agenda of our own country, if we own nothing. You cannot even become a chairman of the cattle dip committee in your rural village if you own nothing. That is what will happen to our people in future, if we do not tread carefully.

Lastly, I would like to talk about the issue of money being returned to the Treasury at the end of the financial year. That has been the trend. We fought for this. We should not forget where we come from. The fact that I am now an Assistant Minister is not enough reason for me not to discuss and defend the issues that were not being handled well when I was a Back Bencher in the Opposition. We always used to complain about monies being returned to the Treasury. When Parliament votes monies for projects, heads of department sit on it. They only use the money that they can pocket through corruption. Whatever remains unutilized by the end of the financial year is returned to the Treasury. The funds which are voted by this House should be utilised for the intended projects. If Government departments cannot utilise monies allocated to them, the taxpayers will continue to suffer. Therefore, action should be taken against lazy officers who receive money and fail to utilise it.

At the same time, the Ministry should come up with a way of receiving quarterly reports on how funds provided through the Budget are utilised. The funds can be disbursed and evaluated on a quarterly basis. That way, we will want to know why, for instance, the Water Department in Laikipia District has not spent the funds allocated to it for a certain project. So, hon. Members must be empowered to supervise projects being implemented in their constituencies by the various departments. There should be a circular from the Treasury to heads of departments giving instructions to that effect. Today, hon. Members are denied access to information by heads of departments at the district and divisional level under the guise of the Government Secrets Act. The

era of denying hon. Members vital information went with the previous regime. The current Government is entrusting the duty of developing constituencies to local hon. Members and councillors. Even the President was very clear in his speech during the Bomas Conference on Roads; that even a villager in the rural area is entitled to be informed about the operations of the Government. That position should be enhanced by Treasury circulars to officers at the district and divisional levels to empower hon. Members, so that they can follow-up such issues. We cannot talk of collective responsibility, if departmental heads, who are charged with implementation of Government policies on the ground, cannot assist us.

Mr. Temporary Deputy Speaker, Sir, lastly, we should support the Minister for Finance. Hon. Members should put aside their selfish interests. Tribalism is being practised even in this House. Instead of hon. Members raising issues that are of concern to this nation, they are concentrating on tribal issues. For example, they are concentrating on what Mr. Kiunjuri is doing because he is a Kikuyu, or what Mr. Kipchumba is doing because he is a Kalenjin. We should desist from this behaviour. It is a cancer that we will not be able to heal. This is not a good example for the young generation. I want to repeat the words of the Vice-President and Minister for Home Affairs that for the last 40 years, the former Presidents, namely, the late *Mzee* Kenyatta and Mr. Moi, tried to fight tribalism. This is now being practised by the young generation. We should come out and be counted for the sake of this country.

With those few remarks, I beg to support.

**Mr. Marende:** Thank you, Mr. Temporary Deputy Speaker, Sir, for noticing me and giving me an opportunity to contribute to the Vote on the Ministry of Finance.

When the Minister for Finance presented the Budget on 10th June, 2004, I was one, among those hon. Members, who commended him for making a serious Budget Speech; thinking outside the box. I saw the Minister presenting a Budget that was innovative and that, perhaps, would go some way in reviving the economy of this country. At that time, I saw a clean Minister. I saw a Minister who appeared to be advocating for efficiency. However, as he moved the Vote for the Ministry of Finance, I am afraid, I have had to eat my words. I saw a Minister who is no longer transparent and who has signed documents and contended that he was misled into signing them, and yet he is a key Minister in the Government. The Minister for Finance must lead in transparency and being thorough. He must scrutinise every document before he appends his signature to it because he controls the largest Vote in our Budget.

Mr. Temporary Deputy Speaker, Sir, as the Minister moved the Vote, he argued that Kshs8.5 billion has been allocated for the payment of parastatals debts. It is my contention that the answer to the problem of parastatals in this country is not necessarily in the payment of debts that are owed by them. The answer is more in rationalising parastatals. For example, in agriculture, I see no justification in the proliferation of parastatals. We have a number of parastatals that finance agriculture, for example, the Agricultural Finance Corporation (AFC), the Agricultural Development Corporation (ADC) and the Kenya Agricultural Research Institute (KARI). There is duplication in the roles of these parastatals. The Minister for Finance should move quickly and rationalise parastatals rather than just putting more money into them. We should merge some of these parastatals rather than keeping so many of them, which are merely turned into cashcows by corrupt elements in the Government.

The Minister has identified various priorities, including the fact that the nation is currently ravaged by famine. However, he has not taken any practical measures to address that problem. The Minister is merely paying lip service to the problem of famine. There is no justification for talking about famine as an emergency in this nation when, in fact, we have allocated millions of shillings for the renovation of Government buildings. Where are our priorities? The Minister has not given

sufficient explanation for the payment of pending bills. Early in this Session, the Minister said that there would be no further payment of pending bills until the Public Accounts Committee okays it and until the House does so through a Sessional Paper. Various persons have been factored into the Budget for payment, which, in fact, amounts to payment of pending bills. No justification or explanation has been given to this House as to why these persons should be factored in against the Minister's own earlier undertaking to the House.

Mr. Temporary Deputy Speaker, Sir, on privatisation, I do not see sufficient transparency. The Minister has not put in place measures that will ensure that the privatisation of various companies, in which the Government has a stake, is going to be transparent and there is going to be sufficient public participation. In the Budget, Kshs5.9 billion is supposed to come from the sale of Telkom. What will happen if that sale does not materialise? This will, therefore, mean that we will have a Budget deficit. This is not prudent financial management. You cannot prepare a Budget on the presumption that the sale will take place.

Finally, I want to talk briefly about procurement of goods and services in the Government. In the Vote of the Ministry of Finance, about Kshs100 billion will go to procurement, and yet there is no clear law that states how procurement should be done. As a matter of fact, procurement is the biggest problem in the Government. Corruption is rampant in procurement because there is no clear law to regulate it. I would urge the Minister to move fast and ensure that there are proper controls in procurement. I hope the Minister will address the weaknesses that I have raised.

With those few remarks, I beg to support.

**The Assistant Minister for East African and Regional Co-operation** (Mr. J. Nyagah): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to support the Vote of the Ministry of Finance.

However, I want to draw the attention of the Minister to one or two small things, which I think will be important as we move into the year. First, I want to appeal to all Kenyans and all hon. Members to work as a team. As politicians, we should create the right political temperature. Once the right political temperature is created, it will be possible for us to tackle economical and financial aspects. I am saying this because we are very dependent on donors. For a Budget that heavily depends on donors to survive, it is critical for the politics of the country to be right. So, I appeal to all Kenyans, irrespective of their political alignments, to try and cool the temperature down, so that we do not get into a situation where we have a Budget which we cannot finance because the donors have taken off. We all know the implication if they take off. We know the Government will be forced to borrow from the domestic market and the interest rates will go up. We also know that the private sector will not expand. That is my first appeal.

I would like to concentrate on public debts now. I have gone through the book on public debts and there are various payments which are due in the course of this year. I am sure the Minister will address them in detail as we go on. This is because there is a tendency to ignore the last few pages of the green book. We tend to concentrate on the first part of the book and forget the last two or three pages of the book. Having said that, I am very happy that the Minister for Finance has made it quite clear that Anglo Leasing and Finance Company has been removed from the books. Although it was printed, it is actually not going to remain in the books. On the issues addressed, I am sure that some of the public debts which are of interest to Parliament will be universal. I am sure Parliament would like to know what the Kshs674 million covers. I am also sure that Parliament would like to know what Silverson Forensic which has been allocated Kshs298 million is all about. That would be of great interest. We raise these issues to avoid situations which can cause problems in life later on. I am sure Parliament will be interested to know about Midland Bank (JKIA) which has been allocated Kshs748 million. We would like to know what that is. The House would also like to know

about the Kshs1.8 billion allocated to Schroder Bank. There is a loan from a French bank, of Kshs1.53 billion. Those are the kind of things that Parliament would like to know. In trying to know them, we are not causing a lot of problems to the Government. We want to know, so that we can support the Vote. When we support positions, it becomes easier to explain them later in life. One can say that he had permission to spend the money from Parliament. But once it is just printed and Parliament has not had a chance to ask those questions, what happens is that it forgets that it approved them. So, it is important to highlight these items so that Parliament does not say later on that it was not aware. I hope that, that will help in our approach and in dealing with public debts.

Mr. Temporary Deputy Speaker, Sir, I want to talk about public procurement procedures. There is a Board called the "Appeals Board". I had the misfortune of having a very close friend of mine appear before that board. It is very unfortunate because my friend appeared before that Board, although the decisions were made by the Permanent Secretary who sat in the Board and the Tender Committee. To avoid a situation like that happening in future, we need to separate them so that the Board is independent of the people who have been involved in the tendering process. There will be transparency if we do that. This is because if you lose in the Appeals Board, you are accepted, but if the people who were involved in the process of awarding tenders also sit in that Board--- That is why people feel that they are duty bound to proceed to the High Court which again, delays the process and makes people to talk loudly. This does not help anybody; it does not help Kenya or the Treasury. I hope that some of those rules will be looked into to improve the system so that there is transparency, and avoid situations where people could go back and accuse the Treasury officials when, in fact, it was the procedure which had been put in place which exposed the senior officials of the Treasury.

Mr. Temporary Deputy Speaker, Sir, we used to have an account and I do not know whether it exists now. We used to call it "Civil Contingency Fund". We used it in the old days. That is a dangerous account. If it is not monitored and looked at carefully, it can cause problems.

So, I would like to ask the Treasury to be very careful with that account. I hope the Ministry will keep an eye on it. It is important that, that is done properly so that the temptation which might arise does not arise. If that is done, we will avoid a situation where a year from today, we will be forced to ask very many questions which are not necessary. I am raising these issues because I think they are important and should be highlighted at this level to avoid ugly debates later in the year.

I want to thank the Minister for Finance for writing off the Agricultural Finance Corporation (AFC) loans which were basically given to maize farmers. Coffee farmers from where I come from have not benefited from the loans given out by the AFC but have now been written off. I would like to see the farmers from my area being treated the same way sugar cane and maize farmers are treated. I would like to see the loans which were advanced to coffee farmers being written off. It is important that the farmers who grow coffee also feel that they belong to Kenya. In the last one-and-half years, our emphasis has been on maize and sugar cane farmers. It is time we also looked at the many Kisii, Central Province and Mount Kenya region farmers who grow coffee. I do not know how this will be done. I hope that in the next Budget, it will be possible to address the poverty levels which have been caused by coffee problems.

Mr. Temporary Deputy Speaker, Sir, I would like to thank the Minister and the Ministry for supporting the Constituencies Development Fund (CDF). It will be very useful to this country. I want to inform the Minister that, for the first time, people on the ground are excited about the possibility of the money going below the district headquarters. For the first time, people will see roads, hospitals and dispensaries being built. They will also see ambulances being bought and electricity being supplied at the grassroots level. I want to thank the Minister for the support he gave hon. Members when this proposal was made. I just hope that the procedure for releasing the money



will be quick so that the promises we have made to our people over the last five months that the funds are coming--- We hope we will receive it so that we can start implementing the projects to be funded by the CDF. But I also alert hon. Members to be careful because the temptation of misusing the CDF money is extremely high, politically and otherwise. We have to be careful because I know we have been told that we could be arrested if we misused that money. We have to be careful on how we use the CDF money. That is not our money but public money which is supposed to be used for the benefit of our people at the grassroots level.

Mr. Temporary Deputy Speaker, Sir, we have the Pensions Department. I would like to thank Mr. Musila for coming up with the Pensions Bill a few months ago which we passed in this House. The Bill was about the speed at which people are paid their pensions. There is a long delay before you get your benefits from the day you retire and go home. It takes a long time before you are paid. This is particularly the case for the families where the husband or the working partner has passed away. I would like to see improvement in the Pensions Department. I am not sure whether there is more funding; I have no idea. But we need to speed up the process so that the people who have worked for so many years in the Government can feel rewarded at the end of their career in the public sector by availing their dues on time. Again, I do not know what we can do. I have met many people in my constituency who earn Kshs500 as pension at the end of the month. Travelling from one corner of my constituency to Embu where they have to go and collect the cheque costs them Kshs300, and when you subtract this amount from the Kshs500, they are left with nothing. I do hope that it will be possible for the pensions to be increased or adjusted so that the people who have worked for the Government over the years do benefit.

Mr. Temporary Deputy Speaker, Sir, I would like to thank the Minister for fighting corruption aggressively and we should support him. This is because the temptation today is higher and we know he is fighting the vice.

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

**Mr. Kipchumba:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to give my contribution on this budget. I would like the Minister to seriously consider allocating some money to our own investment, that is Uchumi Supermarkets. When the National Bank of Kenya was facing financial problems, we could not allow it to go down because it could cause a lot of instability in this country. In the same breath, I would like to request the Minister to consider giving some support to Uchumi Supermarkets. Failure of that very important investment will lead to loss of jobs in this country. It will lead to a monopoly in the name of Nakumatt Holdings. I think that is not good for investments in this country.

Mr. Temporary Deputy Speaker, Sir, the problems in the Ministry of Finance can be seen in three aspects. The first one is the Internal Audit Department. At times, I fail to understand whether that department called "internal audit" is, indeed, operational. That is because there are so many payments which are made and the Internal Audit Department cannot detect them. Therefore, you fail to understand why we should have that department in the Ministry of Finance.

My second problem is with the Director of Public Procurement. Many Kenyans have complained that their tenders have been rejected. Most of the problems that have let down this Government, and you will all agree, relate to tendering. Last year, a lot of money was returned to the Treasury because our tendering procedures could not allow people in the districts to use the money that was sent to them. The Minister should look into that problem very seriously, and put in place measures that will allow people in the districts to spend the money that is sent to them.

My third problem in that Ministry is a department called Monopolies Division. Sometimes, you wonder whether that department is, indeed, alive. I would like to challenge the Minister to give more power to that division so that--- There are companies that are monopolistic in nature! We

continue to assist them by allowing them to buy more companies. In the process, we are killing other investments. I think that department is, indeed, asleep.

Mr. Temporary Deputy Speaker, Sir, another department which is asleep is the Capital Markets Authority (CMA). The Minister will agree with me that, since Barclays Bank of Kenya issued a corporate bond sometimes back, up to now, there has never been a feed-back. We want to encourage investments but, at the same time, we do not allow investors to invest in this country by way of floatation of corporate bonds--- I do not know where the problem is! But, at times, we are told that it is at the Treasury and other times, it is in the Central Bank of Kenya. If there is a problem with the law, I would like to urge the Minister to bring it here, so that we can amend it appropriately.

Mr. Temporary Deputy Speaker, Sir, I want to commend the Kenya Revenue Authority (KRA). In spite of all the economic problems we have had in this country, the only Government department that has performed above expectation, is the KRA. It always surpasses its budget and I wish they could be given more money. There is a requirement that they should only deduct 1.5 per cent of what they collect. That should be amended, so that they can get more money to improve their services. I do not know why we would like to kill the cow that gives us milk! Let us give KRA more money, so that they can buy the scanners.

I am even made to understand that KRA has the capacity to carry out pre-shipment inspections. We can save a lot of money by doing that. I request the Minister to bring that legislation here, so that it can be amended to give KRA more money. That would enable them to collect more money. They can also be given "teeth" to punish when it is appropriate.

Mr. Temporary Deputy Speaker, Sir, there are a few areas which I would like the Minister to address. In his reply, I would like him to explain to us the purpose of the Kshs550 million allocated to Kenya Commercial Bank (KCB) this year, and Kshs500 million in subsequent years for Numerical Machining Complex. It is important for Members of Parliament to understand what that money is meant for.

Secondly, I would like to understand the money given to Agricultural Finance Company of Kenya. I thought we have Agricultural Finance Corporation (AFC)! I have never heard of a company called Agricultural Finance Company of Kenya. It is being given Kshs260 million. I think it is important for us to know whether that is an error.

Mr. Temporary Deputy Speaker, Sir, there is money being given to Shimoni Customs. The Minister must understand that we have sunk a lot of money in that project. Even before the problem is sorted out, I would suggest that we do not give them more money. That is because a project that was supposed to cost less than Kshs100 million ended up costing Kshs500 million! It is ridiculous to budget more money to add to another problem. I think that relates to the issue of pending bills and it should be looked into more seriously.

There is also the issue of KenGen. I think it does not make sense to continue restructuring companies which finally, when we sell them, we may not be able to recover the money that we put in. I have seen money that has been put in the East African Development Bank - Kshs240 million! Let us not put in more money in a company and hope that when we sell it, we will make more money. If, indeed, you want to privatise a company, it is better to sell it on as-is-where-is basis, so that whatever money you get---. You might pump Kshs5 billion into a company and on selling it, you get only Kshs500 million. I do not think there is rationale in what we are doing.

Mr. Temporary Deputy Speaker, I would like the Minister to explain to us what he means by exchange losses. That is money that is being paid to Industrial Credit Development Corporation (ICDC) and Housing Finance Company of Kenya (HFCK). I understand that HFCK has provided a lot of services in terms of housing structures to the Government. It is important to understand why

we are paying them money to the tune of Kshs569 million.

I would understand the issue of harmonisation of civil servants' salaries. I think it is important for us to know whether these allocations are for additional remunerations that are being given to civil servants or they are basically for purposes of harmonisation. We still have to understand that any money that is budgeted for public debt, and there are questions related to payment of the same, it is important for the Minister to come in the open and tell us how he is going to deal with that situation. That includes the question that was raised this morning by Mr. Billow. I think it is critical, so that we are seen to be open and accountable.

Finally, I think the Ministry of Finance should do its job. We do not get quarterly reports that were promised to us. We request the Minister to reduce consumption and improve the development ratio. That way, we will not spend a lot of money on consumption. I know that, at times, it is difficult because everybody wants a salary increase, including Members of Parliament. I know it is not very easy. However, we want to request the Minister to reduce the ratio so that, at least, there is some--- The bottom line is that if there are no savings, there can never be investments. We should not end up borrowing every year.

I want to thank the Minister because the write-offs amounting to Kshs8 billion and which we have been questioning very much in the Public Accounts Committee (PAC) have now been brought before the House for regularisation. I want that to be followed with a circular to all the departments of Agricultural Finance Corporation instructing that farmers should not be harassed now.

Sometimes we hon. Members are called upon to assist farmers when the loans have been written off. Of course, at that time we could not question because it had not been regularised in Parliament.

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

**Mr. Wamwere:** Thank you, Mr. Temporary Deputy Speaker, Sir, for letting me catch your eye. I want to make a few points with regard to this Motion.

I believe that the primary duty of the Ministry of Finance is to protect taxpayers' money against corruption, to ensure its equitable distribution among all citizens of this country and to make sure that the money is spent efficiently without waste since that is the only way we can ensure that the people can get the best services from the taxes they pay.

Mr. Temporary Deputy Speaker, Sir, yesterday many Questions were asked in this House and one of them was: If we do not get donor money what shall we cut in order to survive? I want to give a simple answer to that question. The thing we must cut is corruption. Another question was: Where shall we get money with which to deal with hunger? What shall we cut in order to get this money? Again my answer remains that we must cut corruption. To get rid of corruption there are several things that the Ministry of Finance needs to ensure that they are done. Among these things, the Ministry must ensure that networks of corruption in the public sector are dismantled. When you look at the source of corruption that has been under debate in this country for the last few months, it is not corruption by individuals, rather it is corruption by networks that are mafia-like in nature. Unless we view corruption as emanating from networks, it would be impossible to solve the problem.

Mr. Temporary Deputy Speaker, Sir, When you look at the Anglo Leasing and Finance Company scandal, you will realise that several Ministries were involved, for example, the Ministry of Finance, the Attorney-General's office, the Office of the Vice-President and Ministry of Home Affairs and some private individuals who were acting as agents. When you look at these connections, then, you know that, indeed, in this country we have organised networks of corruption that must be dismantled before we can say that we intend to win the war against corruption.

Mr. Temporary Deputy Speaker, Sir, another thing the Minister must ensure that is done to

get rid of corruption, is to get rid of networks of corruption in the private sector. My friend, hon. Kipchumba, has just been suggesting that Uchumi Supermarkets should get some kind of subsidy in order for them to survive. I understand the issue differently. The management that destroyed Kenya National Taxi Corporation (KENATCO) in this country is the same management that is today destroying Uchumi Supermarkets. Rather than subsidise Uchumi Supermarkets with taxpayers money, the idea should be to ensure that the current managers of Uchumi Supermarkets are removed and substituted with people who can protect the supermarkets from corruption. I understand the purpose of perpetrating whatever corruption that is now bringing down Uchumi Supermarkets. The purpose is to prepare for businessmen from South Africa to come and take over Uchumi Supermarkets at a throw-away price. This is what we need to address.

In dealing with corruption, there are corrupt Government officers who were inherited from the KANU regime and it is imperative that the NARC Government gets rid of them if, at all, we want to get rid of corruption. You cannot inherit a corrupt Civil Service and hope to get rid of corruption using the same corrupt individuals. To fight corruption, I would also like to suggest that Ministers should liberate themselves from the tradition that I have spoken of before and I now believe that it exists. Ministers normally think that it is their job to do politics while the real job of running their Ministries is left to Permanent Secretaries (PS's). While Ministers must do their politics, they must also ensure that, indeed, they keep a firm grip on what happens in their Ministries. Ministers must keep awake when they are working. I am saying this as a warning to my friend, hon. Mwiraria, because he admitted that he signed a contract without closely scrutinising it. You can only sometimes believe that he was half asleep.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Speaker, Sir, is the hon. Member on the Floor in order to impute improper motive by saying that I signed a contract without scrutinising it while for a fact I know that I scrutinised the documents that were presented to me and satisfied myself that they were worth signing?

**Mr. Wamwere:** Very good. Mr. Temporary Deputy Speaker, Sir, if that is so, then, the Minister has to carry his own cross and I suppose that very soon he will be doing so.

*(Applause)*

Mr. Temporary Deputy Speaker, Sir, I want to suggest that Ministers must stop being confident in their Permanent Secretaries. When the PS's bring them contracts that they have organised, Ministers just sign them because they have naive confidence in the PS's. It is high time the Ministers remained perpetually vigilante to the fact that corruption comes in the guise of innocence and if they are themselves innocent, they will get duped very badly. Ministers must learn to ask their officers tough questions such as: What has this got to do with this? If they do not ask questions and then things go wrong, we will accuse them of gross incompetence and, of course, we will insist that there be consequences to such negligence. One of the consequences when corruption happens because of negligence, is to ask the Minister concerned to step aside while investigations are being carried out into the corruption that has taken place.

It is impossible to believe that it is possible for a Government to do business with an unregistered company. You cannot believe that that is possible. How does a Government do business with a company that is not registered? How does that happen? One is forced to ask whether the officers responsible for this kind of situation are stupid or not. I would like to answer my own question by saying that they are not stupid---

**The Temporary Deputy Speaker** (Mr. Khamasi): Order, Mr. Wamwere! Could you, please, use the right words? Do not use unparliamentary language.

**Mr. Wamwere:** Mr. Temporary Deputy Speaker, Sir, I think I just finished saying what I had intended to say. However, what I was trying to say is that when things like this happen, one is forced to think that there is corruption in these deals. People cannot be so blind to the level of doing business with unregistered companies. Even if I wanted to do anything, an individual like me would not be able to do it unless whatever vehicle I am using is registered.

The other thing that has allowed corruption to happen in this country is failure on the part of the Ministry of Finance to ensure that diligent tests are done on the companies that we do business with. With regard to the Anglo Leasing and Finance Company scandal, I know that the Attorney-General's office requested that a diligent test be done on the company. However, the test was not done.

If it had been done, it would have established the legal status of Anglo Leasing Finance Company; it would have given the Ministry a record of the performance of that company; it would have given the Ministry the physical and postal address of that company; and it would have told the Ministry who the directors of the company were.

**Mr. Angwenyi:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to discuss an incident on which a report has been tabled in this House and which we are going to discuss here, instead of contributing to the Motion at hand?

**Mr. Wamwere:** I was just suggesting what needs to be---

**The Temporary Deputy Speaker** (Mr. Khamasi): Order, Mr. Wamwere! Mr. Angwenyi, what Standing Order has Mr. Wamwere contravened? Because that report has already been presented to the House.

**Mr. Angwenyi:** He is contravening the Standing Order because he is anticipating debate on a report which is before the Floor of the House. We are going to be given adequate time to discuss it.

**Mr. Wamwere:** Mr. Temporary Deputy Speaker, Sir, I wish to agree with him so that I can finish my point.

The other point which I want to make is, in order to get rid of corruption, we must make sure that direct procurement is not done any more. One of the reasons why there has been grand corruption in this country is because Ministries have allowed direct procurement.

With those very many words, I beg to support.

**The Minister for Transport** (Mr. Michuki): Thank you, Mr. Temporary Deputy Speaker, Sir, for allowing me to contribute to this debate which relates to the Budget for the Ministry of Finance.

First of all, I want to congratulate the Minister for Finance for a job very well done in his Budget Speeches; which are two in number since he was appointed the Minister for Finance. Indeed, over that period, the performance of the Minister reminds me very much of my old days in the Treasury when I used to be the Permanent Secretary there, because at that time the Ministry of Finance concentrated on its core business, which was to manage the economy. In so doing, it was mandated to ensure that the economy benefits the people of Kenya by better utilization of the resources that the people have put at the disposal of the Government of the time.

Considering that the economy that the Minister found was in shreds, it is commendable that he has managed to actually bring back to focus the macro-economic aspects of this economy, where the ingredients of his policy are approaching those universal levels that promote growth. By this, I mean that the low interest rates that we are having in our country, the maintenance of a low inflation regime and the promotion and improvement of the purchasing power of the little that income earners have in their hands; all these do promote a much better economic climate within the country.

Mr. Temporary Deputy Speaker, Sir, we know that in 2004, the world economy is going to

grow all over. This will see the economies of China and India growing at 9 per cent per annum, those of North America having improved tremendously, and the European Union Region also showing signs of improvement in growth. Add to that the prospects of trade and the parts we are playing in the African Growth and Opportunity Act (AGOA) and others. We are bound to benefit from all these very bright outlooks when you look at it throughout the world.

At the same time, I think one of the indications that the Minister of Finance is serious about what he wants to do is that in the year which has just ended, revenue collection has increased by over Kshs8.4 billion over and above his original estimates. Kenyans must be commended for the support that they have given to this Government in really coming out to pay taxes. I think we ought to appreciate when something good is done by people who have voluntarily come forward to pay taxes to support their Government without waiting to be taken to court, because they feel that it is their Government. Contrary to the ones which were mentioned here that if the Constituencies Development Fund is not paid, then that Government is not democratic, nor is it a Government of the people. But obviously, monies which are voted are intended to be paid out. So, it is more of a matter of time rather than a reversal in policy.

Mr. Temporary Deputy Speaker, Sir, I am responsible for some of the institutions that are involved in the privatization process. We have gone very far in making arrangements to concession the Kenya Railways Corporation (KRC), which we are going to do jointly with Uganda.

In fact, we hope that by about this time next year, we shall have acquired a concessionaire to rent-- Please mark my words. To rent out the assets of the KRC in the same way you would rent land or to hire out those assets in order to do business with them. So, the KRC is not being sold and it is not up for sale. But it will be used for about 20 to 25 years by way of a concession.

We also intend to do certain things within the port in terms of privatization. If you look at the whole of this issue, there is very commendable rationale behind it. I am sure you know that in my days as a civil servant, I was involved in the establishment of almost all of these parastatals you are seeing around. In those days they used to contribute to the Budget and the economy. There came a time when they became a drain on Government revenue because they could not generate their own money due to corruption and mismanagement. Therefore, the argument is that it is better that these institutions are in the hands of better managers, who will produce profits from which the Government will be given priority by way of corporation tax. In other words, for every company that makes profits in this country, the Government is a preferred shareholder because corporation tax must be paid well before any dividends are declared.

Mr. Temporary Deputy Speaker, Sir, therefore, to any person who understands business, it would be better for the Government to receive 30 per cent of the profits made by a parastatal rather than depend on profits from BAT and the Kenya Breweries Limited, which are normally taken out of the country by shareholders. It seems to me that this House ought to support the privatisation policy, for which the Minister for Finance is responsible.

At this juncture, I also want to thank the World Bank for coming out quite clearly, that it is standing *bega kwa bega* with Kenya, and granting it loans despite the accusations---

**Mr. Poghisio:** On a point of order, Mr. Temporary Deputy Speaker, Sir. I want to bring to the attention of the Chair that the Minister is mixing the languages. He is actually using both English and another language. Is he really in order?

**The Temporary Deputy Speaker** (Mr. Khamasi): Order, Mr. Poghisio. From the Chair, I think the Minister was only quoting a *Kiswahili* saying.

**The Minister for Transport** (Mr. Michuki): Mr. Speaker, Sir, he wants me to stop talking.

At this point I wish to thank the World Bank at a time when people like him are talking about other things.

I beg to support.

**The Temporary Deputy Speaker** (Mr. Khamasi): Order, hon. Members. I will now call upon the Minister to respond to various issues raised on his Vote. Mr. Minister, if you want to donate part of your time, that is at your discretion.

**The Minister for Finance** (Mr. Mwiraria): Mr. Speaker, Sir, I will give five minutes to Mr. Obwocha, who has not had an opportunity to contribute.

**The Assistant Minister for Finance** (Mr. Obwocha): Mr. Temporary Deputy Speaker, Sir, I just want to make a few comments. Those of us who have been given the challenge of being in the Treasury and face the challenges of financial management will join our colleague, the Minister, to work closely with the civil servants in the Ministry. I have not had a chance to thank the President for transferring the skills that the Members of the Opposition were using on that side to this side. I would like the Government to benefit from these skills now. I believe I have those skills.

In the Treasury, we work very close together because there are certain areas many of us feel we should improve, particularly the Pensions Department. We are geared to making changes. We will consult our staff and the Minister, because there are concerns that we must face. A person who does not accept his mistakes is definitely destined to fail.

Mr. Temporary Deputy Speaker, Sir, I happen to be a Member of the Panafrican Parliament. We gave the presidency to Tanzania. There is lobbying going on all over the continent. South Africa has already secured the seat of the African Parliament. Nigeria is bidding for the seat of the African Central Bank. There are countries bidding for the seat of the African Court of Justice, but I think Egypt has taken it. Kenya must bid for the seat of the African Investment Bank. The Ministry of Foreign Affairs, together with our own Ministry, need to try and get this body for our country. It is through it that we can bring investors and money into this country.

Many of us from tea growing areas will note that the policy of liberalisation is killing the tea industry. In my own district I have 6 factories. There are these companies which pay farmers on site in the name of liberalisation and take tea leaves to multi-national factories. They have killed our factories. We need to address this issue to save our tea industry.

Mr. Temporary Deputy Speaker, Sir, there are other issues which I believe we need to discuss. An example is the issue of appeals. I do notice that one hon. Member raised the issue and said that Permanent Secretaries sit on the procurement body and also the appeals body. I think this is a reasonable argument. There are certain decisions that the CBK makes which cannot be appealed against. I think we must provide for appeal in situations where the CBK makes certain unilateral decisions. It is not in the interests of this country for the CBK to kill small indigenous banks. We should promote our banks. We cannot depend on multi-national banks. I believe this is an issue that we need to discuss.

Of the issues raised, the Minister probably gave me permission to comment on the issue of write-off of AFC loans. On 17th April, 2002, through a Paper laid on the Table by the then Minister for Finance, Mr. Chris Obure, Parliament approved the write-off of loans of Kshs1,217,411,155 and Kshs7,268,437,989. If you add up those two figures you will note that the Ministry of Finance is to write off Kshs8.4 billion. So, this House has approved this and it is a mere book entry that we will pass to transfer these debts from the balance sheet of the AFC to their Profit and Loss Account.

Mr. Temporary Deputy Speaker, Sir, finally, in procurement, even if it means copying other people, we are prepared to do that. In one of my schools in West Mugirango Constituency, during the examinations, a teacher tried to show students how to do the sums falsely. He did the first part of some sums.

In the middle of working out the sums he said---

**The Temporary Deputy Speaker** (Mr. Khamasi): Could you wind up Mr. Obwocha?

**The Assistant Minister for Finance** (Mr. Obwocha): I am finishing, Mr. Temporary Deputy Speaker, Sir.

He then told them to draw a line, proceed and work on their own.

Could you imagine what all those students did? In drawing a line and proceeding to work, they all said: "Draw a line, proceed and work on your own." Even if it means that we copy the example of Tanzania, I think we need to follow their example.

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

**The Minister for Finance** (Mwiraria): Mr. Temporary Deputy Speaker, Sir, let me thank all hon. Members who have contributed to the debate and for what I consider to be overwhelming support to our Ministry. I do not want to go very far, but to remember, for instance, Mr. Kipchumba, who contributed a few minutes ago. He was very focused and constructive. It is that kind of contribution that really makes this Parliament the honourable House it truly is. I would also like to thank Mr. M. Kariuki for his contribution. Many hon. Members have spoken, but I thought I will mention those who are still seated here.

Mr. Temporary Deputy Speaker, Sir, many areas of concern have been expressed. However, I would like to take this opportunity to clarify that out of the total amount of Kshs13,215,452,484 allocated to the Ministry in the Recurrent Vote, a total amount of Kshs8.7 billion is for either transfers to other institutions or distribution when modalities for distributing those are funds are worked out.

Let me now give, but a few examples. There is provision of Kshs4.4 billion as a transfer to the Kenya Revenue Authority (KRA). We are doing this to ensure that the bulk payments; we had promised the KRA 1.5 per cent of their revenue collections. We did not pay this money.

So, after having such a wonderful performance, we thought we will honour our obligation, and at the same time, give them additional funds to buy equipment which they require to improve on their performance.

Mr. Temporary Deputy Speaker, Sir, another Kshs3.4 billion is for salary adjustments for civil servants which will be distributed to all the Ministries. Here, I would like to say that we inherited a Civil Service which was being paid below the minimum wage set by the Minister for Labour and Human Resources Development. This situation is totally untenable. We have decided, at least, to uplift those salaries to a decent level hence the Kshs3.4 billion.

Mr. Temporary Deputy Speaker, Sir, we have other provisions which may surprise hon. Members. For example, the Kshs408 million which we have provided to settle a court award because of wrongful seizure of someone's goods; wrongful seizure ordered by the Government of Kenya then, not our present Government. Now, we came to power on the understanding that we were coming to exercise the rule of law. What can we do when our courts give judgments and we do not respect them?

**Dr. Godana:** Remember the issues of Kenyatta International Conference Centre (KICC) too!

**The Temporary Deputy Speaker** (Mr. Khamasi): Order, Dr. Godana! Let us listen to the Minister.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Speaker, Sir, there is also an amount of Kshs500 million which we have set aside so that we pay Kenya Commercial Bank (KCB) for the Numerical Machine Complex (NMC). Now, the NMC was also established under a directive from our Government.

*(The microphone went  
on and off)*



Mr. Temporary Deputy Speaker, Sir, the microphone system seems to be going on and off. I hope it is not---

**Hon. Members:** Sabotage!

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Speaker, Sir, I do not use such words. I just wanted to say that I hope the system does not fail before I complete my contribution.

I was saying that the then Government decided to have a Kenyan made car. They ordered the Kenya Railways Corporation (KRC) and the University to buy the necessary machinery. They also authorised KCB to give a loan under Government guarantee. So, what we are doing here is honouring that guarantee. The Kenya Government is on record as having guaranteed, a certain amount, which is over Kshs1 billion for this complex. That is what we are paying for.

Mr. Temporary Deputy Speaker, Sir, the four items I have mentioned alone add up to Kshs8.7 billion. If you deduct that Kshs8.4 billion from the Kshs13.2 billion, you will end up with Kshs4.4 billion, which is much less for the budget for last year. However, it is understandable that this year, we have come down heavily on transportation costs and use of petroleum. For this reason, this will be feasible.

Mr. Temporary Deputy Speaker, Sir, in the Development Estimates, we are asking for a net provision of Kshs18.85 billion. Of this amount, there is the amount which has already been mentioned by Mr. Obwocha, of Kshs8.47 billion, which is being written off. In fact, it is really a book entry for the Agricultural Finance Corporation (AFC). It was approved by the previous Parliament and all we are doing really, is once again to honour a decision of this House.

Mr. Temporary Deputy Speaker, Sir, we will also turn into equity Kshs2.8 billion which is the amount of money we have put into the KenGen to save it. Once again, this amount is really required to save that company which is already doing an excellent job. For the first time, they have paid dividends to the Treasury, notwithstanding the fact that they lowered the rate they charge the Kenya Power and Lighting Company Limited (KPLC), by 60 cents per kilowatt hour. They are making profit. So, they need to be supported and encouraged, so that electricity supply in this nation improves to a level acceptable in this world.

Mr. Temporary Deputy Speaker, Sir, Kshs240 million is provision for equity to the East African Development Bank (EADB). That bank is owned jointly by Kenya, Uganda and Tanzania, and has other external investors. That bank has invested a lot of money. I can even say that 66 per cent of their investment is in this country. As I said, we need, at this stage of development, investment of money into companies, which will help us turn the economy round and make it grow. The amount of Kshs240 million for a bank that is playing such a critical role for our economic development, is justifiable.

Mr. Temporary Deputy Speaker, Sir, I have also got Kshs518 million which are transfers to the Kenya Revenue Authority (KRA) to buy equipments - as I said - to enhance its revenue collection capacity. Once again, it is only fair and just that we do that to a very important company, which one of our colleagues called "a milk cow".

Mr. Temporary Deputy Speaker, Sir, I would like to comment on the Chandaria Court Award. That matter involved importation of second-hand machinery to manufacture paper. The equipment was imported by Chandaria Industries Limited - the plaintiff. The equipment was imported into the country in two lots; in February and July, way back in 1989. The Government instructed the Commissioner of Customs and Excise to detain the goods, allegedly because the import licence that was issued to Chandaria Industries was not for the importation of second-hand machinery. They also stated that the goods should not be auctioned or disposed off in any manner,

unless the Commissioner received instruction to the contrary from the Treasury. Without taking too much time, the company took the Government to court in February, 2000. On 9th February, 2000, judgement was entered in favour of the plaintiff for large sums of money as follows:-

The value of plants - UK£355; rail charges - Kshs199,983; hire of the lighter for moving them from ship to another - Kshs312,880; insurance premium paid for the goods - Kshs48,000 and loss of profit for not working for all those years was a staggering Kshs217,277,044. The company was also awarded interest at the rate of 12 per cent *per annum* from the year 2000. We have been paying--- At least, Kshs64 million has been accruing every year. It is for that reason that we thought, since we are subscribing to the rule of law, we should obey, pay up and get rid of the whole matter, to save the country from further charges.

Mr. Temporary Deputy Speaker, Sir, I have already talked about the Numerical Machining Complex. As I said, the amount of money that was borrowed from the Kenya Commercial Bank (KCB) was Kshs1.206 billion. That is what we are paying by giving the first instalment of Kshs500 million.

The other point that I would like to make is on the Local Authorities Transfer Fund (LATF). The 5 per cent of Income Tax that we gave to 175 local authorities needs to be managed. It is for that reason that we have included Kshs12 million to facilitate administration of those funds.

Mr. Temporary Deputy Speaker, Sir, regarding Budget deficits, let me say that we are serious in lowering them. You will note that this year, we have reduced the Budget Deficit from 7 per cent of the Gross Domestic Product (GDP) in the last financial year, to 5 per cent in the coming financial year.

Let me make a few comments on procurement. The Ministry of Finance gets blamed for slow procurement processes by even Ministries, whose own procurement procedures are extremely slow. Take for instance, the Ministry of Roads and Public Works. First, they invite people for pre-qualification. After pre-qualifying contractors, they tender for the survey of the road. After the survey has been completed, they invite consultants to do a feasibility study on the road and make recommendations. If the feasibility study proves to be too expensive, they re-advertise for a cheaper feasibility study. Then, there is the question of tendering for construction. If you go through all those stages, it will take more than two years at the Ministry, before we come to what we are trying to simplify. I have assured this House that we have called for information on tendering procedures, to see which ones would be fair, just, transparent and accountable and yet, take the shortest possible time. I agree that we cannot afford to spend a lot of time following the procedures. So, sooner than later, we will come to this House with a revised Bill with recommendations on the changes that we deem necessary.

Regarding privatisation, may I appeal to hon. Members of this House to speak with one voice. We want to privatise Kenyan assets. They belong to the taxpayers of this nation. We are getting whipped for not agreeing to hand them over on a silver platter to companies from other countries.

I have no apologies to make! I believe that if we are going to privatise a bank, the shares should go to the Kenyan people, as we did in the case of KCB. I will need the support of hon. Members of this House to make sure that things go back to the owners; that is, Kenyans.

With those few remarks, I beg to move.

*(Question put and agreed to)*

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

## IN THE COMMITTEE

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

## VOTE 07 - MINISTRY OF FINANCE

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I beg to move:-

THAT, a sum not exceeding Kshs15,983,126,725 be issued from the Consolidated Fund to complete the sum necessary to meet the expenditure during the year ending 30th June, 2005 in respect of Vote 07 - Ministry of Finance.

*(Question proposed)*

## VOTE R07 - RECURRENT EXPENDITURE

## SUB-VOTE 070 - GENERAL ADMINISTRATION AND PLANNING

*Head 135 - Headquarters Administrative Services*

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, on page 300, Head 135, Items 313 and 315 notwithstanding the explanation by the Minister that Kenya Revenue Authority (KRA) did very well---

**The Temporary Deputy Chairman** (Mr. Ethuro): Order! Order, Mr. Muturi! You need to be specific on the item.

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, it is because they are tied together. Item 313 is a grant to KRA and Item 315 is a grant to KRA for office partitioning. The point I am raising is this: Why is it that the Minister is putting the two as different items when the money is going to the same organisation, the KRA? Even though he says Item 315 is for office partitioning, does it mean the other Item, 313 could not be used for office partitioning?

**The Temporary Deputy Chairman** (Mr. Ethuro): Mr. Muturi, are you seeking a clarification on Items 313 and 315?

**Mr. Muturi:** Yes, Mr. Temporary Deputy Chairman, Sir.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I said the large amount is supposed to be part payment to KRA for amounts which they earned but which we could not give them because we were short of cash. In improving services for this financial year, we have gone a step further and decided to buy them equipment both to improve their offices and all that, we are taking as additional expenditure to what we owed them, because we are in debt to a certain extent.

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, I had given a Notice of Motion regarding Head 135, Item 319. Having listened to the Minister explain that this is merely repaying Government guaranteed loans to the Numerical Machining Complex, even though we have not yet seen this interesting automobile on the roads, I wish to withdraw my Notice of Motion.

*(Applause)*

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, on the same Item 313, if you summarise the amount of money which is budgeted for the next three years, it is close to Kshs20 billion. This is a lot of money to go into improving one institution when the country is experiencing famine.

Could the Minister clarify to us, what is it that he is investing Kshs20 billion in the next three years?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I am sorry. Maybe, my explanation was not good enough. I said that, as a Government, we have an agreement with the KRA that we pay them 1.5 per cent of their total collections for doing the work. So, the projections given in the Budget are really an indication of what we expect to constitute that amount.

**Mr. Muchiri:** Mr. Temporary Deputy Chairman, Sir, on Head 135, Item 300, could the Minister clarify why we are giving money to Registration of Accountants Board while we know that all Registration Boards for professionals pay money to be registered? Why do we need to pump money into a Registration Board?

You know, we belong to professional bodies and we actually pay to be registered. So, why accountants?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, the body of accountants, I do not know from what historical perspective, is run from the Ministry's Headquarters. So, this Kshs700,000 is really the amount that we use to organise their meetings and arrange their work and to meet the expenses of the Board that looks after accountants.

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, to the extent that I have not heard the Minister give any explanation regarding Item 390; Internal Government Transfers of Kshs2 billion, I would like to move a Motion. What is this?

**The Temporary Deputy Chairman** (Mr. Ethuro): Mr. Minister, please clarify that!

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I will do it. I really appreciate the question. The amount of money put here is for carrying out a referendum in order to complete the work on the Constitution. If we do not use the referendum, then the money will be saved. However, we put it there for the referendum on the Constitution as well as just in case we need the money.

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, I just want to know: Why should it be that we are providing for the Kshs2 billion to the Ministry of Finance? If, indeed, it was anticipated that we were going to go this way, this should have been provided for under the Ministry of Justice and Constitutional Affairs.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, we did not assume that the referendum will be automatic. We could, therefore, not vote the money into the Ministry. When we keep it in the Ministry of Finance, we know that it is safe. It will not be used should the event not take place. That is why we have it as Internal Government Transfers.

**Eng. Muriuki:** Mr. Temporary Deputy Chairman, Sir, perhaps the Minister would save the House a lot of trouble of asking explanations if, for example, "Internal Government Transfers" was simply called "Constitutional Referendum". We do not have to go round and round!

**The Temporary Deputy Chairman** (Mr. Ethuro): Finally Mr. Angwenyi! Eng. Muriuki, I am sure that the Minister has taken your word of advice. He does not need to respond to that one.

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, during our contribution, we requested the Minister to confirm to this House that the amount which has been set aside for pre-shipment inspection will not be used for that purpose but instead it should be given to the KRA so

that it can do the work. Could the Minister confirm today that even if we approve these Estimates, the amounts will not be applied to pay those phoney companies that purport to conduct pre-shipment inspection?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, looking at the Item on which the question has been asked, you will note that there is a contra-entry in Appropriations-in-Aid; Item 651. During this financial year, we have authorised the Customs and Excise Department to buy two X-ray scanners which can look at a container and see exactly what is inside. In fact, already, we are receiving results so there will not be need for pre-shipment inspection services.

**Mr. Kipchumba:** Mr. Temporary Deputy Chairman, Sir, mine is a very small clarification. If you look at Head 135, Item 188; the Medical Scheme, I just wanted to follow the issue related to Kshs2 billion.

I wanted to relate it to what the Minister has said and in light of that, indeed, if there will be a referendum, then he will transfer that money to the Ministries. I thought in the same spirit then, that the medical scheme money should have been lumped together with the Item on Transfers to Ministries. It would have made a lot of sense to do that in anticipation of our passing of the Bill.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, that is a good point but the amount of money reflected in the Budget of the Ministry of Finance is reflecting allowances which were being paid to officials of the Ministry for health services. It has been said here before that we put them together just in the event that this honourable House approved the National Social Health Insurance Fund (NSHIF). However, once it is not approved, this money will go back to the officers who have withdrawn their allowances because they will need them for their own treatment.

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, in a follow-up to the question by Mr. Angwenyi, I may be wrong but I understood the Minister to say that the Customs and Excise Department, with the new equipment they are buying, would be in a position to conduct pre-shipment inspection services themselves. If my understanding is correct, what would be the implication on the three-year contract signed up to 2006/2007 with the BBI and the other PSI companies?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, my understanding is that there is pre-shipment inspection which is done before the goods leave the countries of origin. We have a contract, I am afraid I cannot remember the date when it is expiring but we have already discussed the matter and it is our intention to see whether we can--- We cannot do pre-inspection because it would mean sending people to all the countries.

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, having listened to the Minister explain the Kshs2 billion even though he does not transparently call it money for the national referendum, I wish to withdraw my Motion.

**The Temporary Deputy Chairman** (Mr. Ethuro): Finally, Mr. Angwenyi, and I mean finally!

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, I would like the Minister to confirm to me that they are not going to discontinue the duty-free facility to university lecturers because they have let hon. Members and other civil servants to continue with that facility.

Therefore, this critical public personnel should be given the facility continuously until the Government decides to stop it for everybody in the country. Could the Minister confirm that?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, as part of the university lecturers' package, they agreed to forego their duty-free facilities for cars to get higher salaries. It makes sense because many of them were not using that facility and those who were using

it were selling the facility to some rich Kenyans to enjoy it.

*(Head 135 agreed to)*

*(Sub-Vote 070 agreed to)*

SUB-VOTE 071 - FINANCIAL SERVICES

*Head 139 - Monopolies and Prices Division*

**Mr. Kipchumba:** Mr. Temporary Deputy Chairman, Sir, under Head 139; Item 300, I wanted to know from the Minister why he has discontinued support to the Capital Markets Authority (CMA).

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, we were only supporting the Capital Markets Authority when it was a fledgling institution. Now that it can pay for itself, we do not see any need for keeping on giving it more money.

*(Heads 136, 137, 138, 139, 140,  
146 and 817 agreed to)*

*(Sub-Vote 071 agreed to)*

SUB-VOTE 075 - CENTRALISED SERVICES

*Head 157 - Accountant-General*

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, under Item 500, District Cash Fund; you can see that the projected amount for this Item in Financial Year 2005/2006 has been reduced from the current allocation of Kshs110 million to Kshs9 million. Is this a typographical error? How are the district treasuries going to run without funds?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, the money voted for this year is intended to create a revolving fund, so that district treasuries do not run out of funds. That is why the amounts allocated to this Fund have kept reducing.

*Head 155 - Information Technology Services*

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, last year, Item 193, Kenya E-Government, was provided with Kshs95 million. In the current financial year, it has been allocated Kshs60 million. It is projected that in the next financial year, it will be provided with Kshs110 million. Item 194, Information Technology Capacity Building, is related to Item 193. What is the difference between the two items?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, as a Government, we are trying to join the rest of the world in the Information Technology field. The amount of money that has been provided for this year will be used to build the infrastructure and thereafter engage in connections all the way out to the districts. That is why the amount increases for future years.

After we introduce IT, it should be possible for the Permanent Secretaries and Ministers at the Headquarters to link and see, on any given day, the expenditure levels in the whole Government, including individual Ministries.

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, I would like to seek a clarification on the same issue. Noting that the amount has been there from last year, and that it is going to be there this year and the coming years, how is that done in terms of contracts? Is there a contract that runs all through with varying amounts each year? Is there a lumpsum contract? I want to get an idea on how the contract on E-Government Project has been awarded.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, no contract has been awarded. The Treasury initiated the project. It will be getting budgetary support from our development partners. We want to just buy the equipment without contracting anybody.

#### *Head 158 - Pensions Division*

**Ms. Mbarire:** Mr. Temporary Deputy Chairman, Sir, a lot of money has been allocated to Item 184; Contracted Professional Services. I wonder why so much money should be spent on contracted professional services when we have problems paying our pensioners. What kind of professional services are these, on which we are going to spend Kshs72 million? Last year, we spent Kshs104 million.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, as a Government, one of the problems we face in paying pensions has been the requirement that pensioners travel long distances to district headquarters to collect their meagre pensions.

We are now contracting Postbank, so that we can pay pensioners directly through that bank. The first few years will cost us a bit of money. It is in the interest of pensioners that they cease travelling back and forth until they run out of their money.

#### *Head 157 - Accounts General*

**Dr. Galgalo:** Mr. Temporary Deputy Chairman, Sir, last year, Item 500, District Cash Fund, was allocated Kshs200 million. In this financial year, the item has been allocated Kshs110 million, which is about half the amount it was allocated last year. The projected amount in the subsequent years is negligible. Could the Minister explain these discrepancies?

#### *Head 159 - Insurance of Civil Servants*

Mr. Temporary Deputy Chairman, Sir, in the last financial year, Item 181, Insurance Premiums, was allocated Kshs200 million. In this financial year, the allocation to this item has shot up to Kshs389 million. The projected figure for the subsequent years has come down to Kshs200 million. Could the Minister explain these discrepancies?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I have dealt with Head 157, Item 500, District Cash Fund, when I said that we give the district treasuries inadequate funds. As a result, work in the districts suffer. Therefore, in this financial year, we have created a revolving fund with Kshs200 million, so that any time a district is in need of funds, funds will be made available to it.

**Dr. Galgalo:** Mr. Temporary Deputy Chairman, Sir, what the Minister has said is the reverse of what is contained in the Printed Estimates. Last year, the Item was allocated Kshs200 million. In the current financial year, the amount has been reduced to a half of that amount. In the

subsequent years, the figure becomes negligible. So, the figure is reducing every year.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I said that we established the revolving fund last year, and that we are adding a little money to it for the next two years. Once the revolving fund is established and is fully funded, it will not need any more funding.

**The Temporary Deputy Chairman** (Mr. Ethuro): Hon. Members, let us not repeat issues that have already been addressed. Could you respond to the second issue, Mr. Minister?

**Mr. Angwenyi:** On a point of order, Mr. Temporary Deputy Chairman, Sir. Even if the Minister has established a revolving fund, he should make the estimate of expenditure in that year. So, even if it is a revolving fund, he must provide for the full amount that we expect to spend during that period.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, this appears to be a new way of budgeting. Maybe Mr. Angwenyi can explain to me what exactly he means. I am used to providing what is available during a year and providing more the next year.

Mr. Temporary Deputy Chairman, Sir, with regard to Head 159 - Insurance of Civil Servants, we have to pay back payments because civil servants were being insured, but the premiums were not being paid. As a result, many of them suffered quite a bit in not getting the right services. So, we are now paying back the instalments to make sure that our civil servants are fully covered.

**Mr. Muchiri:** Mr. Temporary Deputy Chairman, Sir, it is important that we understand this. What is the District Cash Fund for?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I said that we have been running the districts through subventions from the headquarters and the system has been very unsatisfactory. So, we decided to have a revolving fund, from which payments could be made as and when money is required. We should not have people providing goods and services to hospitals and prisons without being paid. **Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, I just want to follow up on the insurance premiums. I understood the Minister to say that he is paying premiums for the years that the Ministry was not able to pay. My understanding is that, legally, you cannot have a cover on credit. By law, insurance premiums must be paid within 60 days. I was just wondering how arrears arise on insurance premiums. He needs to clarify that a bit more.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, we took insurance cover for our people. The insurance was in many cases honoured because we are a Government even though we had not paid the premiums.

*(Heads 153, 155, 156, 157, 158, 159,  
160, 162, 163 and 171 agreed to)*

*(Sub-Vote 075 agreed to)*

#### SUB-VOTE 076 - GOVERNMENT INVESTMENT

##### *Head 164 - Department of Government Investment and Public Enterprises*

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, on page 311, Head 164, Item 040; Gratuity and Pensions Contributions, it is shown what was provided last year. No funds have been allocated this year for this item, but there is a provision for next year. How come nothing has been provided for this year? Is the Minister saying that the Government is not going to pay any gratuities and pensions contributions?



**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I am informed that gratuities which are payable under this item are paid to officers serving on contract. When the contract expires, we look at the possibilities of recruiting more people. That is why we expect to have payments in the next financial year.

**Prof. Olweny:** Mr. Temporary Deputy Chairman, Sir, on Head 164, Item 050; House Allowance, could the Minister explain why the provision for this year has almost doubled from last year?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, house allowances were increased as part of the increment package to civil servants.

*(Heads 164 and 189 agreed to)*

*(Sub-Vote 076 agreed to)*

*(Vote R07 agreed to)*

**The Temporary Deputy Chairman** (Mr. Ethuro): Order, hon. Members! Let us look at Development Estimates from page 118.

**Mr. Angwenyi:** On a point of order, Mr. Temporary Deputy Chairman, Sir. Before we are through with the Recurrent Expenditure, I would like to seek a clarification from the Minister with regard to page (ix); Public Debt.

**The Temporary Deputy Chairman** (Mr. Ethuro): Order, Mr. Angwenyi! We are dealing with specific provisions on the Recurrent Expenditure. So, the item is not part of what we are considering.

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, we are supposed to scrutinise these Estimates on behalf of the people of Kenya. So, I am playing my role, which is to scrutinise these Estimates on behalf of the people of Kenya.

**The Temporary Deputy Chairman** (Mr. Ethuro): Mr. Angwenyi, you are right, but in terms of procedure; those are Constitutional offices while this is a specific Vote of the Ministry of Finance. I am sure you will have an opportunity when the Bill comes to consider the Constitutional Offices.

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, my question is similar to what my colleague has asked. The Minister gave an undertaking to this House that the provision in the Schedule of Public Debt, which falls under his Ministry, of Kshs464 million, payable to Anglo Leasing and Finance Company will, indeed, not be paid. Since it is part of the overall Budget of the Government, I was hoping the Minister would, perhaps, bring a Motion to reduce the expenditure in the Consolidated Fund Services (CFS) by that amount.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, we can have a provision which we do not use. In this case, we have already informed the House that there will be no more money paid to Anglo Leasing and Finance Company. The Anglo Leasing and Finance Company has, in fact, refunded whatever they had been paid by the Government. Since this amount is in the CFS, it is not running any risk. The CFS is not an item which you can itemise and discuss. It is provided for in the Constitution.

I can see the concern of the hon. Members and I want to assure them that we will not make any payment to Anglo Leasing and Finance Company. We are presently looking at all the debts repayment to understand what we are paying for. We can, perhaps, refer to this subject at a later date.

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, now that the Minister has told us that, could he tell us that he will not be paying the amount of Kshs674 million to Universal Satspace for non-delivery of vehicles, so that we can be sure that this amount will not be incurred? Similarly, could he give some clarification as to why he will pay Kshs747 million to Midland Bank (JKIA)? What is that amount for? We really need to know this. We want to support the Minister.

**The Assistant Minister for Finance** (Mr. Obwocha): On a point of order, Mr. Temporary Deputy Chairman, Sir. The way I understand the Constitution is that there is a provision in it which says that all charges of the Consolidated Fund Services (CFS) form a first charge. Even if you do not have money to pay salary and do any other Government work, you must pay the constitutional offices. I do not know whether this falls under that provision or not.

**The Temporary Deputy Chairman** (Mr. Ethuro): Order, hon. Members! I agree entirely with Mr. Obwocha. You need to assist the Chair so that he can also assist you.

**Mr. Angwenyi:** On a point of order, Mr. Temporary Deputy Chairman, Sir.

**The Temporary Deputy Chairman** (Mr. Ethuro): Order, Mr. Angwenyi! I have not even uttered a single word! We are looking at the Vote of the Ministry of Finance, strictly speaking.

So, you should ask clarification on whatever is within the Kshs15 billion allocated to that Ministry.

Let us proceed!

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, it was the Assistant Minister for Finance who made it clear in the House today, and also last week, that we can discuss the schedule of public debts when we are discussing the Vote of the Ministry. The Assistant Minister is here!

**The Assistant Minister for Finance** (Mr. Katuku): Mr. Temporary Deputy Chairman, Sir, I told the House, when I was answering a Question, that we will discuss this Vote today and we can look at the issue then. But now, the issue is outside our mandate and we cannot discuss it now!

*(Loud consultations)*

**The Temporary Deputy Chairman** (Mr. Ethuro): Order, hon. Members! Dr. Godana, I will give you a chance but wait a bit! It is true I also heard the Assistant Minister make that commitment when he was answering a supplementary question. That does not change the way we transact this particular business this afternoon.

**Dr. Godana:** Mr. Temporary Deputy Chairman, Sir, I think the Minister should not try to hide behind the constitutional provisions in this case. This is a very simple matter. The schedule; the validity date that this House is authorising it to be paid. One of the items in this schedule---

Mr. Temporary Deputy Chairman, Sir, if we pass this Vote as it is, we will authorise payment to the Item on Anglo Leasing and Finance Company that amount of money. What objection does the Minister have if we have to---

**The Temporary Deputy Chairman** (Mr. Ethuro): Which Head and Item are you talking about?

**Dr. Godana:** Mr. Temporary Deputy Chairman, Sir, this is on the Schedule, page (ix), Head 214, Item 520 at the bottom. The expenditure for 2003/2004 Financial Year was Kshs222,530,000 while the Estimates for the 2004/2005 Financial Year indicate Kshs464,391,111.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I have said repeatedly that the Anglo Leasing contract was cancelled. The firm returned the money which had been pre-paid to them and that, the promissory notes which had been paid to them were returned and cancelled. So, what would we be paying for once there is no contract?

**Dr. Godana:** Thank you very much, Mr. Temporary Deputy Chairman, Sir! So, what are

we authorising the Minister to receive that money for?

**The Temporary Deputy Chairman** (Mr. Ethuro): Order! Dr. Godana, it is not our fault that you came late. The Minister had explained very well that, that was CFS and--- I had already put the Question, by the way! Let us move on to Development Estimates, page 118.

#### VOTE 07 - DEVELOPMENT EXPENDITURE

##### SUB-VOTE 078 - GENERAL ADMINISTRATION AND PLANNING

##### *Head 135 - Headquarters Administrative Services*

**Eng. Muriuki:** Mr. Temporary Deputy Chairman, Sir, with regard to Vote Head 135, Item 501 - Constituency Development Fund, I have two questions.

First, there is Kshs1.26 billion which is yet to be disbursed to the constituencies. It would be a good idea for the Minister to tell us what difficulties he is having.

Secondly, he has very kindly provided Kshs4.5 billion for the Fund this financial year, but the income of the Government dictates that the figure should be Kshs5.25 billion. Could the Minister explain why the amount has not been disbursed and on the second part, why the figure is less by Kshs1.1 billion?

**The Temporary Deputy Chairman** (Mr. Ethuro): Yes, Dr. Galgallo!

**Dr. Galgallo:** Mr. Temporary Deputy Chairman, Sir, under the same Item, the Minister has no projected estimates for subsequent years. Could he explain that?

*(Applause)*

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I really want to assure the honourable House that there is no intention of stopping the Constituency Development Fund. The reason why we have allocated Kshs4.5 billion is because, at the time we prepared the Estimates, our estimation of the amount to be collected as Government revenue indicated something to that effect. Should we collect more money, we will correct the situation in the Supplementary Estimates. That is what we do for everything that we budget for in this honourable House.

**The Temporary Deputy Chairman** (Mr. Ethuro): Mr. Minister, where are the projections for the subsequent years, that is 2005/2006 onwards?

**The Minister for Finance** (Mr. Mwiraria): If we could not project for this year accurately, it was a little more difficult to project for the other years. But, maybe, that was---

**An hon. Member:** A printing error!

**The Minister for Finance** (Mr. Mwiraria): No! An oversight on our part! We will make sure that now that we have taken over the Medium-Term Expenditure Framework (MTEF), we will include projections for three years for every item in future.

Mr. Temporary Deputy Chairman, Sir, let me make one point to appease hon. Members of this House and, particularly, those in the Constituency Development Fund Committee.

I have, today, agreed with Mr. Gichohi, who I have offered a job as the Chief Executive of the Constituencies Development Fund, that he will start working with effect from 1st August, 2004 on temporary terms until we agree on his terms. However, I want to assure the House that we really have no business in fooling around with something that we have already respected and honoured.

**Dr. Galgallo:** Mr. Temporary Deputy Chairman, Sir, on that note, may I take this

opportunity to congratulate, Mr. Gichochi for that appointment.

*(Applause)*

**Mr. Kipchumba:** Mr. Temporary Deputy Chairman, Sir, I want the Minister to clarify something under Head 135, Item 533, Acquisition of Bima House. I want to understand why we are paying an additional Kshs50 million when, in fact, we had acquired Bima House in the previous Budget.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, we leased Bima House for use by several Government Departments in Treasury, including the Pensions Department. The amount of money we have in here is going to be used to make the building ready for occupation.

**Mr. Kipchumba:** On a point of order, Mr. Temporary Deputy Chairman, Sir. If, indeed, it is money meant for renovation, that ought to have been provided for. What is here is acquisition of Bima House whose renovation, last year, we were told was to cost Kshs620 million. Now, it appears like the Ministry is going to pay an extra Ksh50 million. There is also a re-allocation of Kshs20 million for the same purpose.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, the truth of the matter is that the Kshs50 million is for renovation of the building which we hired and has been used by other people. We have now bought the building. It is now ours.

**Capt. Nakitare:** Mr. Temporary Deputy Chairman, Sir, looking at Head 135, Item 566, I can see that the National Bank of Kenya Equity Participation has been allocated Kshs4.5 billion. I thought this bank was doing better. Could the Minister explain why the Government should fund it?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, last year, we provided Kshs4.5 billion as equity to the National Bank of Kenya in order to bring new life into it. This year we do not need to do that again because the bank is already operating well.

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, after consulting with my colleagues, I want to withdraw the amendment I had intended to move. However, I have few quick questions to ask. With regard to KenGen's equity, what I understood from the Minister's Speech is that KenGen is one of the companies that would be sold. Now, there is a provision of Kshs2.8 billion for equity participation in KenGen. I want to understand the rationale behind pumping in additional money when you intend to sell the company sometime this year.

My second point is on computerization. We saw the amount of money that was allocated for Information Technology (IT) in the Recurrent Expenditure. Now we have an additional Kshs400 million in Item 532, Financial Management Systems and an additional Kshs51 million in Item 564 for IT or Integrated Financial Management Systems. Could you, perhaps, shed some light on that?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, on the last Item, we do have funds for computerization of some aspects of the Ministry. We are, in fact, computerizing and preparing what we call Information Technology Management. We have this new system which we are introducing in the Ministry; which we hope will help us manage finances better. That is the one we are catering for here.

Regarding the question on KenGen, the Government gave money to KenGen sometime back to help it out of financial difficulties. We are now converting that money into equity so that the balance sheet of the company looks better than it is. The hon. Member who asked that question understands that very well. But I made the point, and I really would like to be understood, that we want to privatize. But because the company belongs to the Kenyan people who created it in the first instance, we are going to make sure that when we privatize, it is only the Kenyan people who

benefit from that privatization.

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir---

**The Temporary Deputy Chairman** (Mr. Ethuro): Order! Be patient, you will get your chance!

### PROGRESS REPORTED

Vote 07 - Ministry of Finance

**The Minister for Finance** (Mr. Mwiraria): Mr Temporary Deputy Chairman, Sir, I beg to move that the Committee of Supply do report progress and seek leave to sit again today.

*(Question proposed)*

*(Question put and agreed to)*

*(The House resumed)*

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

**Mr. Ethuro:** Mr. Temporary Deputy Speaker, Sir, I beg to report that the Committee of Supply is considering Vote 07 - Ministry of Finance, and seeks leave to sit again today.

**Mr. Nderitu** seconded.

*(Question proposed)*

*(Question put and agreed to)*

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

### IN THE COMMITTEE

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

### VOTE 07 - MINISTRY OF FINANCE

*(Resumption of consideration  
interrupted today in Committee)*

**The Temporary Deputy Chairman** (Mr. Ethuro): Order, hon. Members. Now you will appreciate that the purpose of that whole procedure is to allow you to have more time.

**Mr. Salat:** Mr. Temporary Deputy Chairman, Sir, on Head 135, Item 530, I am only aware of one Agricultural Finance Corporation (AFC). Under Item 540 there is an "Agricultural Finance Company" for which we approved last year Kshs260 million and has an amount of Kshs260 million

projected for 2004/2005, 2005/2006 and 2006/2007. We are wondering what this "Agricultural Finance Company" is.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I must say that the Agricultural Finance Company should have read "Agricultural Finance Corporation", because it is the one we gave Kshs260 million last year. We hope to give it the same amount this year. Let me explain a little further because some hon. Members were not here when I explained the matter.

Mr. Temporary Deputy Chairman, during the last Parliament, we approved the write-off of debts. All we are doing under Item 530 is to honour the approval of this august House. Writing off debts is a book entry. We are not moving any money. Under the other Item, we are actually providing cash to the AFC for operations.

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, I am not a farmer, so the money being given to the AFC will not benefit my constituents. Under Item 541, the Kenya Meat Commission received Kshs200 million last year. It is the Government's stated commitment in this House that it will revive this Commission this year. With all the millions of animals facing death because of the drought, why has the Minister found it fit not to make any provision in the Budget, so that people who are in the drought-affected areas whose animals are dying, could off-load them to that factory? I think it is unfair to people from dry areas. The Minister is giving millions of shillings to agriculturalists only!

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, when we provided the Kshs200 million, we had not revived the Kenya Meat Commission (KMC). After reviving KMC, it was moved to the Ministry of Livestock and Fisheries Development. That is where its provision is.

**Mr. Billow:** On a point of order, Mr. Temporary Deputy Chairman, Sir.

**The Temporary Deputy Chairman** (Mr. Ethuro): What is it, Mr. Billow?

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, the only provision in the Ministry of Livestock and Fisheries Development again, is for a write-off of a debt of KMC; of Kshs2.1 billion. There is no actual provision to revive KMC.

**The Assistant Minister for Finance** (Mr. Katuku): There is Kshs2.7 billion!

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, that is the debt write-off! Could the hon. Minister, please, check his notes carefully? It is not allocation for reviving KMC; for infrastructure and putting back that company into operation! That is why, up to today, that company remains closed. The Chair is a pastoralist and knows very well that, that company will remain closed because there is no allocation in this year's Budget.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, let us really look at issues fairly. Those who know KMC understand that it closed down after new machinery had been installed and after it was revamped to a point where it could do anything today. Why is it still closed until today? This is because of having debts which have forced the people who had loaned it money to force it to close. If we repay the debts, then it will be a viable institution.

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, as I appreciate what the Minister has explained about the Agricultural Finance Corporation (AFC), on Item 530, I also wish to draw his attention to the fact that AFC is an organisation established by an Act of Parliament; the Agricultural Finance Corporation Act. May I know from him under which law the Agricultural Finance Company (AFC), if any, is established?

**Hon. Members:** The same Act!

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, it cannot be! They are different! One is a company and the other one is a corporation. Hon. Members are just shouting and heckling!

**The Temporary Deputy Chairman** (Mr. Ethuro): Order, Mr. Muturi! There are no hecklers around! However, I agree to some extent that the Front Bench is responding to questions in a chorus and yet, the questions are being addressed to the Minister for Finance.

Anyway, that question has already been addressed by the Minister. So, hon.

Members, please, save us time. He said that it should read as "corporation" not "company".

Mr. Billow, do you still want to make your amendments?

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, they are withdrawn!

**The Temporary Deputy Chairman** (Mr. Ethuro): Very well.

*(Head 135 agreed to)*

*(Sub-Vote 078 agreed to)*

SUB-VOTE 071 - FISCAL SERVICES

*(Heads 137 and 138 agreed to)*

*(Sub-Vote 071 agreed to)*

SUB-VOTE 075 - CENTRALIZED SERVICES

*(Heads 157, 158, 163 and 171 agreed to)*

*(Sub-Vote 075 agreed to)*

SUB-VOTE 076 - GOVERNMENT INVESTMENT

*Head 164 - Department of Government Investment and Public Enterprises*

**Mr. Billow:** Mr. Temporary Deputy Chairman, Sir, I may have missed what the Minister said when contributing, but on Head 164, Item 566 on the payment to Consolidated Bank of Kenya (CBK), a sum of Kshs135 million has been allocated for this purpose. Could the Minister explain the nature of this payment?

**The Temporary Deputy Chairman** (Mr. Ethuro): Are there any other clarifications as the Minister consults?

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, the guy who has a receded hairline has problems when he sees me!

**Mr. Ethuro:** Order, Mr. Muturi! There are no guys around!

**Mr. Muturi:** Mr. Temporary Deputy Chairman, Sir, I would like to seek clarification on Head 189, Item 520. It reads: Privatisation and Private Sector Development. At the same time, we have Item 524, Privatisation and Private Sector Co-ordination. I just want the Minister to explain the difference between the two, and why they could not be put together if, indeed, they mean one and the same thing?

*(Loud consultations)*

Mr. Temporary Deputy Chairman, Sir, you will appreciate that Dr. Kituyi has a problem!

**The Temporary Deputy Chairman** (Mr. Ethuro): I really do, Mr. Muturi. Order, Dr. Kituyi!

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, I have checked Item 566. The Government of Kenya guaranteed a loan with Consolidated Bank for Kenya Ports Authority (KPA). That is why we have provided a payment to honour that guarantee. Regarding the other two items, there is a big difference between "private sector development" and "private sector co-ordination". In one case, we are doing more than just privatisation. As a Government, we have decided that the private sector should form the engine of growth of our economy. It is for that reason that we want to co-ordinate the private sector itself.

**Mr. Muchiri:** Mr. Temporary Deputy Chairman, Sir, on Item 525, page 121, I can see we spent Kshs120 million last year on the privatisation of Kenya Reinsurance. Could the Minister assure this House that we are not selling Kenya Reinsurance?

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Chairman, Sir, Kenya Re is a company that has done us proud as a nation. Two years ago, it was being sold for Kshs800 million. Since we took over, I have received dividends worth Kshs120 million, and I am expecting even more this year. That speaks for itself!

**Mr. Osundwa:** On a point of order, Mr. Temporary Deputy Chairman, Sir. I would like to know whether the Kshs120 million was spent. Could he clarify? It is not appearing in this year's Estimates.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, that amount of money was given to Kenya Re to give it a boost. But, as I said, they have already started paying dividends.

**Mr. Billow:** My question is with regard to the same on the Consolidated Bank. You heard the Minister say that the Government is honouring a loan guarantee for KPA. But my understanding is that KPA is now so profitable that it is actually getting into multi-billion deals to buy cranes and so forth. Why must the Government pay on behalf of a State Corporation that can stand on its own?

Mr. Temporary Deputy Chairman, Sir, the Minister made an undertaking in this House in last year's Budget that he was not going to accept State Corporations that are not going to perform. This company has money, it is spending billions of shillings and the Government is spending taxpayers' money; Kshs135 million which could be spent in better ways.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Chairman, Sir, KPA is borrowing heavily to improve on its services. They defaulted in the payment of the Consolidated Bank loan. Under normal circumstances, the Government pays for that loan. But we expect to get dividends from KPA as well. But for the time being, they are borrowing very heavily, up to Kshs5 billion, to expand so that they can cater for the traffic for Kenya, Uganda and the Great Lakes region, generally.

*(Head 164 agreed to)*

*(Sub-Vote 076 agreed to)*

*(Vote D07 agreed to)*

*(Question put and agreed to)*

*(Resolution to be reported  
without amendment)*



*(The House resumed)*

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

## REPORT

### VOTE 07 - MINISTRY OF FINANCE

**Mr. Ethuro:** Mr. Temporary Deputy Speaker, Sir, I am directed to report that the Committee of Supply has considered Vote 07 - Ministry of Finance, and approved the same without amendment.

**The Minister for Finance** (Mr. Mwiraria): Mr. Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said resolution.

**The Minister for Lands and Housing** (Mr. Kimunya) seconded.

*(Question proposed)*

**Mr. Muchiri:** Mr. Temporary Deputy Speaker, Sir, I wish that in future, there will be a bit of transparency in the writing of the Budget. We do not want a language that is camouflaged. We want a straightforward Budget so that we do not spend all the time interrogating it.

Thank you and I support.

**The Assistant Minister for Foreign Affairs** (Mr. M. Kariuki): Mr. Temporary Deputy Speaker, Sir, I also wish to join my colleagues in congratulating the Minister for his stewardship of this particular Ministry. However, there are some reality checks that we need to focus on and, in particular, the issue of inflation. We know that our country is now suffering a serious drought, we have to import food and that is likely to affect the levels of inflation. We are aware that there are factors beyond our borders; the price of crude oil.

Mr. Temporary Deputy Speaker, Sir, also, the fact that our reputation is suffering a beating from donors is likely to affect the Kenya Shilling. These are factors that we must keep our eyes on the board. They are critical in terms of sustaining this particular Budget and the actualization of the dream that this Budget has.

Thank you; I beg to support.

**Eng. Muriuki:** Mr. Temporary Deputy Speaker, Sir, let me also take part in congratulating the Minister for a Vote well-presented. I wish to make two points. One of them is writing-off of loans which are owed by individuals. The Government should come up with a clear policy because we are writing-off loans as some people either stole money or got fraudulent loans from the National Bank of Kenya or other places. If that is going to be the policy, it must be extended to all Kenyans and not only the rich.

The other point is my pet subject of the Constituency Development Fund (CDF). Let me take the opportunity to thank the Minister for taking the important step of appointing someone; in this case Mr. Gichohi, to run the CDF even if for a while as we sort out our affairs. However, my substantial point is that for the last three days, the CDF Committee has hosted a delegation from Uganda.

My Committee has been hosting that delegation which has come to our country specifically to learn about our CDF; thinking that we have moved very far. It can be very shameful if we do not

move fast and our neighbours in Uganda move and overtake us when we are still dilly-dallying on the disbursement which should be done by latest, before we close the House for recess.

Thank you.

**Prof. Olweny:** Thank you, Mr. Temporary Deputy Speaker, Sir. I wish to congratulate the Minister; it was a good Budget. Let us hope that by the end of this financial year, Kenya Meat Commission (KMC) will be operational. I wish to caution him to please watch out for the officers in his Ministry. They will make him end up in a lot of problems if he does not take care. Therefore he should watch out for those young guys and some elderly people also. If some of them have outlived their usefulness, get them out and then we will have a wonderful Ministry.

**The Temporary Deputy Speaker** (Mr. Khamasi): The last two; Capt. Nakitare and Mr. Konchella!

**Capt. Nakitare:** Thank you, Mr. Temporary Deputy Speaker, Sir. I wish to thank the Minister for Finance for this ample and dedicated job that he has contributed to the country. All I know is that the Ministry of Finance is the source of the operation of a country. We are proud that this Parliament can successfully discuss issues pertaining to the efficient running and development of our country. I also wish to note that civil servants who are involved in these figures have done their designated work and I also compliment them.

Gentlemen of the House, this is one of the best times that I have seen; a Finance Motion going through without amendments.

Thank you very much.

**The Assistant Minister for Health** (Mr. Konchella): Mr. Temporary Deputy Speaker, Sir, I wish to also commend the Minister for pushing well his budget. However, I would like to state two things; one is that the people of Narok, Trans Mara and South Nyanza have suffered for 40 years. We would, therefore, want, for the first time, to see the Narok-Mai Mahiu Road done. Though it is not directly under his Ministry, he has a concession of the money. Please, push this money because we want a road between Mai Mahiu and Narok as we have suffered for 40 years and our people have cried a lot. We would like the Minister to support us, so that construction work can commence in the next two months.

Mr. Deputy Temporary Deputy Speaker, let me now turn to the issue of pending bills. For goodness sake, we want to walk tall in this country, as Members of this Government. We cannot walk tall because of the shame brought to us by pending bills. People have been paid pending bills by the Government for no services rendered. The money was paid to some people, who took it out of the country. We want our money to be accounted for. We do not want to shame the President. We are here to change the course of Kenya forever.

Mr. Temporary Deputy Speaker, Sir, lastly, the Minister should release the money meant for the revival of the Kenya Meat Commission (KMC). We should immediately make arrangements, so that in three month's time, the KMC can start operating. The Maasai people and other pastoralists are suffering, because they have nowhere to take their cattle.

Thank you.

**Archbishop Ondiek:** Thank you, Mr. Temporary Deputy Speaker, Sir, for allowing me to congratulate the Minister for Finance on the passage of this important Vote.

Mr. Temporary Deputy Speaker, Sir, I would like to tell the Minister that the financial management in this Ministry should be an example to all other Ministries. This is the mother Ministry. If its does not manage its finances properly, then the other Ministries may also not make things move very well. The Ministry of Finance should have sufficient capacity to manage its finances.

When the Ministry prepares the Budget, it should consider providing funds for cotton

growing areas. Siaya District is an area which can produce a lot of cotton, which can contribute immensely to this country's economy.

With those few remarks, I beg to support.

*(Question put and agreed to)*

### **ADJOURNMENT**

**The Temporary Deputy Speaker** (Mr. Khamasi): Hon. Members, it is now time for interruption of business. The House, therefore, stands adjourned until tomorrow, Thursday, 29th July, 2004, at 2.30 p.m.

The House rose at 7.00 p.m.