

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 29th June, 2006

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Paper was laid on the Table:-

Report of the Public Investments Committee on the Kenya Sugar Board, Laws on Export and Import of Raw Sugar, Pursuant to Legal Notice No.2 of 2006.

(By Mr. Muturi)

NOTICE OF MOTION

ADOPTION OF PIC REPORT ON
LOSS ON EXPORTATION AND
IMPORTATION OF RAW SUGAR

Mr. Muturi: Mr. Speaker, Sir, I beg to give Notice of the following Motion:-
THAT, this House adopts the Report of the Public Investments Committee on the Kenya Sugar Board, Loss on Export and Import of Raw Sugar pursuant to Legal Notice No.2 of 2006 laid on the Table of the House on 29th June, 2006.

QUESTION BY PRIVATE NOTICE

RE-EMPLOYMENT OF FORMER KMC STAFF

Mr. Bett: Mr. Speaker, Sir, I beg to ask the Minister for Livestock and Fisheries Development the following Question by Private Notice.

(a) How many of the former employees of the Kenya Meat Commission have been re-employed and on what terms?

(b) Could the Minister table the list of the former employees in part "a" above, and the new employees?

Mr. Speaker: The Minister for Livestock and Fisheries Development has requested me to defer this Question.

(Mr. A.C. Mohamed stood up in his place)

Mr. Speaker: Are you ready?

The Assistant Minister for Livestock and Fisheries Development (Mr. A.C.

Mohamed): Yes, I am ready, Mr. Speaker, Sir.

Mr. Speaker: The Minister had called me, but if you are ready I will allow you to answer. I hope he had also talked to Mr. Bett. Is Mr. Bett here? I suppose because the Minister had talked to me, I will take it that he probably talked to Mr. Bett as well. Since I am not so sure, I will give the hon. Member the benefit of the doubt and defer the Question. The Question is deferred to next week.

(Question deferred)

ORAL ANSWERS TO QUESTIONS

Question No.082

NON-PAYMENT FOR DESIGN/PRODUCTION OF PRESIDENT MUSEVENI'S 1996 CAMPAIGN POSTERS

Mr. Munya asked the Minister for Foreign Affairs:-

(a) whether he is aware that a Kenyan by the name of Joshua Muchungi Ncebere designed and produced President Yoweri Museveni's 1996 presidential election campaign posters;

(b) whether he is further aware that after delivery of the posters, the procuring person, H.E. Brig. Matayo Kyaligonza (now Ugandan High Commissioner to Kenya) did not make payments for the same; and,

(c) whether, in the spirit of East African Co-operation, the Government could intervene to ensure that Mr. Ncebere is paid his dues.

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

(a) I am aware that a Kenyan by the name of Joshua Muchungi Ncebere claims to have been contracted to design and produce posters for the 1996 presidential elections in Uganda.

(b) I am also aware of Mr. Ncebere's claim that he delivered the posters and that His Excellency Brig. Matayo Kyaligonza, now the Ugandan High Commissioner to Kenya, was the procuring person. Mr. Ncebere has informed my Ministry that he has not received payment for the delivered posters amounting to Kshs5,017,000.

(c) The Ministry intervened through diplomatic channels to the Ugandan High Commission to look into the claim and the Ugandan High Commission responded by stating that after contacting the Secretary of the Task Force for the 1996 presidential elections, it had established that the Task Force did not enter into any contractual agreement with Mr. Ncebere to produce or design the posters. The High Commission further informed us that the claim made by Mr. Ncebere was not valid.

The Ministry has requested Mr. Ncebere to furnish it with any further details that may justify our pursuit of this matter through the said channels outside legal avenues and he may also take up his claims under Ugandan law.

Mr. Munya: Mr. Speaker, Sir, Mr. Ncebere has been suffering for all these years trying to make trips to Kampala to be paid but those who are responsible for paying him have not been forthcoming. At one point he was kidnapped in Kampala and all the documents including the contract for this job were taken from him. The Assistant Minister says that there was no contract, when in fact, the original documents and everything else were all stolen from him in Kampala. I have a copy of the posters that he produced which I intend to---

(Mr. Munya displayed the poster to the House)

(Laughter)

Mr. Speaker: Order! Mr. Munya, if we allowed this to take place in the House, then all manner of posters will be brought to the House. That is only a photograph of the President of Uganda. There are probably millions of photographs like that around. You can actually buy them as a fan. It does not advance us any further. Mr. Wetangula, would you like to respond?

Mr. Wetangula: Mr. Speaker, Sir, the presence of a poster of the President of Uganda in this House does not---

Mr. Munya: On a point of order, Mr. Speaker, Sir. I have not yet asked any question. I wanted to say that I also have a letter written by the current Ugandan High Commissioner to Kenya to our High Commission in Kampala. The current High Commissioner who was then an MP, and is the one who had contracted Mr. Ncebere to produce the posters, admits in the letter that he received the posters from Mr. Ncebere. I do not know what the Ministry expects Mr. Ncebere to do beyond this, when he was kidnapped in Kampala and everything he had was stolen.

The Ministry should take him seriously and intervene. Mr. Ncebere took a loan from the bank to finance this job and now he is bankrupt and his house is almost being sold. It is the responsibility of this Ministry to protect our businessmen outside the country, especially when they are weak and are claiming money from a powerful government.

Mr. Speaker: Order! Just before the Assistant Minister responds, I do not understand why the hon. Member seems to be agitated against the Assistant Minister. Mr. Munya, the Assistant Minister had asked you whether you had anything to help him to follow up the matter. I would now request you to forward that letter to the Assistant Minister.

Mr. Wetangula: Mr. Speaker, Sir, I did say, as you have rightly put it, that any information that can help is welcome. We have been informed by the Uganda High Commission that there is a possibility that Mr. Ncebere was sub-contracted by the real contractor in Uganda whose name was Charles Echun. If Mr. Ncebere has a poster of President Museveni, maybe that is the process through which he got it.

Secondly, Mr. Ncebere has the right to go to court, sue and enforce his contractual right and recover his money. This Parliament may not enforce such a contract.

Mr. Syongo: On a point of information, Mr. Speaker, Sir.

Mr. Speaker: This is Question Time! You cannot inform anybody at Question Time unless you are a Minister!

Mr. Munya: Mr. Speaker, Sir, I have been forced to bring this Question to this House because Mr. Ncebere has been unsuccessfully trying to make his case through the Ministry. The Ministry has all these documents I have here, which include even delivery notes of the posters. If you are a poor Kenyan who has no money to go to court and those courts are in another country, then you seek assistance from your Government through the Ministry which is supposed to protect us when we are doing business outside, what are you expected to do? Could the Assistant Minister tell this House whether he will take Mr. Ncebere more seriously than he has taken him so that he can do proper investigations? He should use the documents that are here to pursue this matter through diplomatic channels.

The Assistant Minister for Education (Dr. Mwiria): On a point of information, Mr. Speaker, Sir.

Mr. Speaker: This is Question Time!

The Assistant Minister for Education (Dr. Mwiria): Mr. Speaker, Sir, but you said that a Minister could rise on a point of information!

Mr. Speaker: I was referring to the Minister in charge of the Question.

Mr. Wetangula: Mr. Speaker, Sir, it would be important to note and inform the House that hon. Munya has had meetings with the Uganda High Commissioner to Kenya, Brig. Kyaligonza, over this matter and he has been told exactly what I am telling this House.

Mr. Munya: Mr. Speaker, Sir, he is misleading the House, because I have had no meeting with---

Mr. Speaker: Order, Mr. Munya! If it is possible, I would like the hon. Member to supply the necessary documents to the Assistant Minister so that he can assist this Kenyan to see whether we can sort out this matter in the most diplomatic and amicable fashion. Please try. Mr. Munya, could you get in touch with the Assistant Minister?

Mr. Munya: Yes, Mr. Speaker, Sir.

Question No.388

AMOUNT OF MONEY COLLECTED
UNDER REP

Mr. Karaba asked the Minister for Energy:-

(a) how much money was collected under Rural Electrification Programme in the last four years,

(b) which projects have benefited from these funds; and,

(c) what his position on supply of power to rural areas is.

The Assistant Minister for Energy (Mr. Kiunjuri): Mr. Speaker, Sir, before I reply, yesterday I raised a question concerning the treatment of Questions meant to be answered by particular Ministries. Our Ministry has been receiving the same treatment, whereby Questions meant to be answered by our Ministry always appear second or last on the Order Paper. I raised this question earlier on and the Chair ruled that Ministries should be treated equally.

Mr. Speaker: Mr. Kiunjuri, I am sorry, I am at a loss. When did we offend you or your Ministry?

The Assistant Minister for Energy (Mr. Kiunjuri): Mr. Speaker, Sir, I complained in the House that some Ministries receive preferential treatment over others. There are Ministries whose Questions appear first, second or third on the Order Paper, while Questions meant to be answered by my Ministry continue being deferred, especially at this time when we have Allotted Days. You ruled that all Ministries should be treated equally, but this has not been done.

Mr. Speaker: I thought today, if it was on the basis of importance, you are second in importance.

The Assistant Minister for Energy (Mr. Kiunjuri): Mr. Speaker, Sir, this is because yesterday I complained bitterly and the Chair misunderstood my intentions. But that is why I am second today.

Mr. Speaker: You are right! All Ministries are equal. There is substance in what Mr. Kiunjuri is saying. It used to be the practice that certain Ministries come at the tail end of Question Time. I think we have done away with that practice. I have ruled that all Ministries are important and that every Ministry has a chance of coming first on the Order Paper, so that Ministers will have the necessary time to answer the Questions and the Members asking Questions from those Ministries will also have the opportunity to be heard. I think we have settled that issue. I think Mr. Gichohi is listening to me very attentively and that will be done. Mr. Kiunjuri, are you happy now?

The Assistant Minister for Energy (Mr. Kiunjuri): I am happy now, Mr. Speaker, Sir.

I beg to reply.

(a) The money collected under the Rural Electrification Programme through the 5 per cent Rural Electrification Levy in the last four years is Kshs4 billion.

(b) A total of 965 projects, which are spread throughout the country and estimated to cost Kshs5.6 billion, have either benefited or are earmarked to benefit from those funds. In Kerugoya-Kutus, projects estimated to cost a total of Kshs24.2 million have been approved and payments made for their implementation in the last three years. Those are: Kangaita Market and Health Centre - Kshs1.5 million, Mutitu Market and Kiarugu Coffee Factory - Kshs12.7 million, Kiamuthambi/Kiarugu Market - Kshs5 million and Kiamutuiira-Ngorano Coffee Factory - Kshs5 million. Construction work on Mutitu-Kiarugu project has already started. Others are envisaged to start in the course of this year.

(c) I would like to see a situation where access to electricity in the rural areas is enhanced to accelerate the socio-economic transformation of rural Kenya. It will improve the quality of life, reduce poverty through creation of on-and-off farm employment and arrest rural-urban migration.

Mr. Karaba: Mr. Speaker, Sir, I thank the Assistant Minister for that answer. I am very happy about it. But there are groups which have contributed 10 cent of the initial deposit to be supplied with power. They have paid colossal sums and, so far, not many groups have benefited from the payment of that 10 per cent. Now that there is a new programme, what is the fate of those groups which have paid the 10 per cent installation fee?

Mr. Kiunjuri: Mr. Speaker, Sir, I have answered that question on several occasions. I want to put the matter straight! The NARC Government has never collected a single cent from customers. We said that those groups which paid some money can come and claim it back, or wait for our new programmes. If they decide to wait, they will be covered accordingly.

Mr. C. Kilonzo: Mr. Speaker, Sir, electricity in this country is generated from Masinga. A big part of the water storage is also in Masinga. It is in my constituency. Yet, over the last four years, not a single programme for rural electrification has been implemented in my constituency. What criteria will they use to ensure that every constituency benefits from that programme?

Mr. Kiunjuri: Mr. Speaker, Sir, all the natural resources belong to the Government. You do not benefit from a natural resource because it is generated in your own constituency. It is for all Kenyans. However, I am sure the hon. Member has benefited from the 965 projects.

Mr. Speaker: Last question, Mr. Karaba!

Mr. Karaba: Mr. Speaker, Sir, we have Kshs5.5 billion for rural electrification. Is it possible to plan ahead and tell us how much of that amount will go to each constituency in future?

Mr. Kiunjuri: Mr. Speaker, Sir, we are implementing 965 projects throughout Kenya. If hon. Members would like to divide the money per each constituency, we can use the same system that is used in the Constituencies Development Fund (CDF). It is for them to decide.

Mr. Speaker: Next Question, Mr. Syongo!

Question No. 419

LIBERALISATION OF ELECTRICITY
TRANSFORMERS TRADE/INSTALLATION

Mr. Syongo asked the Minister for Energy:-

(a) whether he is aware that Kenya Power and Lighting Company (KPLC) has a total monopoly over the importation, sale and installation of electricity transformers in the country, contrary to the provisions of Monopolies, Price Control and Restrictive Trade Practices Act;

(b) whether he is further aware that due to the monopoly, electricity consumers are compelled to pay prohibitive and un-economic charges for transformers and electricity connection to their domestic and commercial premises; and,

(c) what steps he is taking to liberalise the trade in electricity transformers and their installation to make their costs affordable and competitive.

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

(a) No, I am not aware that KPLC has a total monopoly over the importation, sale and installation of electricity transformers in the country. In fact, KPLC does not import transformers for resale. It imports them to facilitate the provision of electricity to its customers.

(b) Charges levied by KPLC are usually set by the Electricity Regulatory Board in consultation with other stakeholders.

(c) There is no transformer trade in the country to warrant liberalisation.

However, KPLC has introduced a new connection policy which makes it cheaper to get connected.

Mr. Syongo: Mr. Speaker, Sir, I would like you to give some guidance on this issue. The Assistant Minister has completely avoided answering the Question and, where he has attempted, he has totally misled the House. We all know that KPLC imports all the transformers into this country, either directly or through its agents. The transformers are used by KPLC only. Secondly, the Electricity Regulatory Board only sets the price of power. This Question was about transformers and not the cost of power. Thirdly---

Mr. Speaker: Sorry! Let the Assistant Minister answer those questions now!

Mr. Kiunjuri: Mr. Speaker, Sir, it is the hon. Member who is misleading this House. His Question was whether KPLC has the monopoly to import and sell transformers. I am saying - for the record and benefit of hon. Members - that any person in this country is allowed to import transformers or any other material relating to electricity. You are allowed to do that. I have examples of turn-key projects in Garsen and Namanga. We have allowed the contractor to purchase transformers, posts, conductors, insulators and everything else. We have also allowed Safaricom to hire contractors and do the construction work under the supervision of KPLC. The message is: As long as you come to KPLC and get the actual specification of what you want to purchase, you can go ahead. Today, hon. Members can use their CDF money to buy transformers. All they require is to come for specification and we shall allow them to buy them. Hon. Members can hire their own contractors, as long as they approach us for supervision. You can even construct a power line. I, once again, submit that there is no monopoly.

(Applause)

Mr. Muriithi: Mr. Speaker, Sir, since power is a rare commodity in Kenya, what is the Ministry doing to liberalise that sector entirely?

Mr. Kiunjuri: Mr. Speaker, Sir, hon. Members who have gone through our Sessional Paper are aware that we have already liberalised the power sector. There is construction going on at Ms. Karua's constituency where they are producing power. We have another one in Kigumo. If you have a river where you can tap energy from, just come and apply and we shall allow you. It is liberalised.

Mr. Syongo: Mr. Speaker, Sir, for the record, for the last three years, KPLC has been violating the Public Audit Act, 2003 and Exchequer and Audit Act, Cap.412 by deliberately failing to submit their audited accounts to their parent Ministry for onward tabling in Parliament. The answer the Assistant Minister has given is a typical example of directly avoiding to give accurate information to this House. I beg that this Question be deferred, so that the Assistant Minister can make comprehensive consultations before he comes---

Mr. Speaker: Order, Mr. Syongo. In my view, I think the Assistant Minister has answered that Question not only satisfactorily, but very well! I suppose---

Mr. Syongo: Mr. Speaker, Sir----

Mr. Speaker: Will you, please, let me speak? I am the Speaker! I think the last Question that you have raised about the tabling of accounts in this House is totally irrelevant to the issue at hand. That, therefore, has no merit and we are now finished with that Question.

Question No.333

COMPLETION OF NHC PROJECT
IN KITALE TOWN

Capt. Nakitare asked the Minister for Housing:-

- (a) whether he is aware that the National Housing Corporation (NHC) is demanding Kshs73 million from Kitale Municipal Council for a stalled project that involved street lighting and building of houses at Site and Service Scheme in Kitale Town;
- (b) how many houses had been built before the project stalled and at what cost; and,
- (c) what urgent steps the Minister will take to ensure that the stalled project is completed.

The Assistant Minister for Housing (Mrs. Tett): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that the NHC is owed money by the Kitale Municipal Council. The total amount owed as at 31st March, 2006 is Kshs76,203,122.31.

(b) The site and service scheme was the Kitale Third World Bank Urban Scheme, also known as Tuwani Farm Upgrading Scheme which comprised 4,490 plots. The scheme did not involve construction of houses but provision of planning, plot demarcation, on-site infrastructure and compensation for houses demolished in the upgrading process. All the above works were done to completion and, therefore, the project did not stall. The Kitale Municipal Council has not paid the surveyor of the works, M/s Kamwere and Associates his fee, totalling Kshs3,946,028.

(c) The only action required is for the Kitale Municipal Council to pay the surveyor his fee for the documents to be released so that the processing of title deeds and subsequent handing over of the scheme to the beneficiary can be done.

Capt. Nakitare: Thank you, Mr. Speaker, Sir. I appreciate the answer the Assistant Minister has given to this House. However, I am dismayed by the fact that the NHC, after receiving money from the Third World Bank Urban Scheme could not tell us why it started tarmacking roads, installed street lighting in Tuwani and abandoned the project half-way, before putting the bulbs.

Secondly, could the Assistant Minister justify this case, bearing in mind that the NHC was given money by the World Bank? How did that corporation use the Kshs73 million, if it did not construct the houses?

Mrs. Tett: Mr. Speaker, Sir, I have just said, if the hon. Member was listening, that we completed the project. This is a very old case. It started in 1983 and now we are in 2006. What is left is for the Kitale Municipal Council to pay the surveyor his fee so that he can release all the documents to the council.

Capt. Nakitare: Mr. Speaker, Sir, I am not satisfied with the Assistant Minister's answer because of the Kshs73 million that is being claimed from the Kitale Municipal Council. With due respect to the House and bearing in mind that Kitale is an agricultural area, could the Assistant Minister recommend that this money is written off from the Ministry of Local Government accounts books so that the Kitale Municipal Council can implement the street lighting programme?

Mrs. Tett: Mr. Speaker, Sir, I have no power to do that. If the hon. Member wants that

money to be written off, then that matter will have to be taken to the Cabinet.

Question No.255

LOCATION OF LAKE VICTORIA
NORTH WATER BOARD

Mr. Speaker: Is Mr. Kipchumba not here? His Question is dropped!

Mr. Sambu: On a point of order, Mr. Speaker, Sir. I do not know where Mr. Kipchumba is and I have not been sent to ask the Question on his behalf. However, this Question appeared on yesterday's Order Paper and it was deferred. I presume that Mr. Kipchumba did not know that it will appear in today's Order Paper. He waited for his Question to be called out yesterday but it was not. It was one of the two Questions that were deferred.

Mr. Speaker: Well, I will give you the benefit of the doubt and defer the Question until next week! There will be no excuse for the Question to be deferred again next week!

(Question deferred)

Question No.421

DANGERS OF USING ASBESTOS FOR ROOFING

Mr. Nyagudi asked the Minister for Local Government:-

(a) whether he is aware that several houses, public and private institutions including hospitals and health centres have been built using asbestos for roofing;

(b) whether he is further aware that exposure to asbestos causes lung cancer called asbestosis or mesothelioma, a disease which causes death as a result of inhaling or consuming asbestos particles; and,

(c) how many houses and other institutions have been built using asbestos roofing.

The Assistant Minister for Local Government (Mr. Shaaban): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that several houses, public and private institutions including hospitals and health centres have been built using asbestos for roofing.

(b) I am further aware that the exposure to asbestos causes lung cancer called "asbestosis" or "mesothelioma", a disease which causes death as a result of inhaling or consuming asbestos particles.

(c) The following estates were built using asbestos roofing. The first estate is Arina that has 525 housing units. These estates are 30 in number and the last one is the Salvation Army Church. The total number of units for the 30 estates are 1,633 housing units. The institutions covered wholly with asbestos materials include municipal works yard, Kisumu Polytechnic, Joyland School for the Blind and Kisumu Girls High School. Those institutions are 24 in number.

Mr. Nyagudi: Mr. Speaker, Sir, the Assistant Minister has admitted that he is aware that exposure to asbestos causes lung cancer. From his answer, the third institution which is roofed with asbestos sheets is Joyland School for the Blind and those people do not know where they are. The Assistant Minister has conveniently not mentioned Nyanza Provincial General Hospital whose roofs are built with asbestos sheets. Having known all these years that asbestos causes lung cancer, why could the Assistant Minister not condemn all those houses because they are unfit for human habitation? For your information, those houses are in Kisumu City.

Mr. Shaaban: Mr. Speaker, Sir, it is risky to use asbestos for roofing. However, most

housing projects undertaken up to and before 1988 were roofed using asbestos sheets. This includes public and private institutions such as hospitals and health centres. At that time, asbestos cement sheets were used because of their naturally occurring mineral fibre with versatile products which withstands heat, erosion and decay, fire and water resistance properties. The major cause of asbestosis is using the rainwater from the roof. The hon. Member should inform his constituents that there is no harm as long as the water obtained from the asbestos sheet roofs is not used. Therefore, the hon. Member should urge his constituents to avoid using water from the asbestos roofs. Since the number of housing units in the country whose roofs are made of asbestos sheets is big, it will be very costly to demolish all of them at once.

Mr. Khamisi: Mr. Speaker, Sir, we are discussing a very serious matter that affects the lives of millions of people in this country. I am saying this because we have many institutions in Coast Province which have used asbestos sheets for their roofs. In view of the harmful effects of this product, could the Assistant Minister consider banning the use of asbestos altogether, to save the lives of innocent Kenyans?

Mr. Shaaban: Mr. Speaker, Sir, I did not hear the hon. Member's question clearly. Could he repeat it?

Mr. Khamasi: Mr. Speaker, Sir, in view of the harmful effects of this product on the lives of Kenyans, could the Government, through the Ministry of Housing, the Ministry of Health and others consider banning that product altogether to save lives?

Mr. Shaaban: Mr. Speaker, Sir, that is a very important question. We are considering that. Asbestos sheets are now discouraged for roofing. The sheets are no longer in use.

Mr. Mwandawiro: On a point of order, Mr. Speaker, Sir. This is a very serious matter. This matter involves people who will die as a result of asbestos being used for roofing, and the Ministry of Health knows this. Why can the Assistant Minister not demolish all those houses whose roofs are built using asbestos to save lives? Or, should those people die first before he acts?

Mr. Speaker: Mr. Mwandawiro, that is not a point of order! Mr. Assistant Minister, do not respond! That was a supplementary question!

Mr. Nyagudi: Thank you, Mr. Speaker, Sir. I want to reiterate the point that my colleague has made; that, this is a very serious matter. Asbestosis is a silent killer which manifests itself after about 30 years. If the patients suffering from the disease go to hospital, they could be treated for a disease such as tuberculosis, and yet they are suffering from lung cancer. Could the Assistant Minister take an appropriate action and condemn those houses which they are even selling to the public? Moreover, some health institutions which treat patients have roofs made of asbestos which kills them silently. Is this a deliberate move to kill some Kenyans?

Mr. Shaaban: Mr. Speaker, Sir, that is not a deliberate move to kill some Kenyans. I understand the gravity of the matter. I will consult with the Ministry of Health and the Ministry of Environment and Natural Resources and ban asbestos if we find that the roofs built with the product are harmful to human beings.

Mr. Speaker: Very well! That is the end of Question Time! Mr. Billow, you wanted to make a Personal Statement in accordance with Standing Order No.69 over what was said against you in the House.

PERSONAL STATEMENT

REBUTTAL OF ALLEGATIONS
BY THE MEMBER FOR JUJA

Mr. Billow: Thank you, Mr. Speaker, Sir. I rise to make a Personal Statement in accordance with Standing Order No.69, in relation to the false allegations, insinuations and blatant

fabrications made in the House against me by the hon. Member for Juja, Mr. William Kabogo on 28th June, 2006.

At the outset, I wish to state categorically that I am not one to be compromised to make contributions or ask Questions in the House. Neither do I have a past so dark as to earn a living on bribes nor a political future so bleak that I have to settle political scores at the risk of destroying the deposits of our patriotic Kenyans earned through their sweat.

Mr. Speaker, Sir, the hon. Member has made those allegations so as to deflect and distract the attention of Kenyans from the pertinent issues that I raised through the documents that I tabled in the House last week. I am not distracted, for a moment, from the truth and facts of the matter at hand. I will not, God willing, waiver in my pursuit to exercise my constitutional responsibility to oversee public accounts and subject the Government to scrutiny in this House.

Mr. Speaker, Sir, Mr. Gitau's statement has besmirched my reputation, assaulted my dignity and questioned my integrity. He neither substantiated his false allegations nor apologised. He, instead, opted to get away with it by leaving the Chamber.

Mr. Speaker, Sir, this is a matter so serious and injurious to me, as an hon. Member of this House. I, therefore, feel constrained to participate in the proceedings of this House because hon. Members and other Kenyans will view my contributions with unwarranted suspicion and illusion.

Mr. Speaker, Sir, however, the hon. Member having declined to substantiate or apologise, and having been ordered to leave the Chamber yesterday, I have no choice but to leave the matter to the judgement of Kenyans.

Thank you.

Mr. Speaker: Thank you. I think the only thing I would like to tell hon. Members is: We must approach all issues as hon. Members. We must not personalise debate! I think that is what the House is supposed to do. So, approach all issue factually and in a manner that does not impeach on your own dignity, and the dignity of the House. I think that is all I want to say.

Mr. Sambu: On a point of order, Mr. Speaker, Sir. When this matter came up yesterday, and Mr. Gitau made those allegations, Mr. Deputy Speaker was in the Chair. He asked him to substantiate. He said that he will bring the documents. Now, since he is here and he made those allegations--- The bank is still closed and people are still suffering! Could he table the evidence as he promised yesterday?

Mr. Speaker: Order! I think, sometimes, we forget the rules of the House altogether! Completely! I think every hon. Member in this House knows, or ought to know that, there is a Standing Order that bars hon. Members from saying anything about a misconduct of an hon. Member, without bringing a Substantive Motion. There is nothing as bad as calling a colleague corrupt, or saying he has corrupt intentions. If you are going to assault the character of your colleague in that fashion, the right thing to do is to bring a Motion calling into question the conduct of that hon. Member. I will not allow, under any circumstance, hon. Members assaulting the characters or conduct of others! They should do it through a Substantive Motion as provided for by the rules of the House. They should not do it during Question Time. It makes utter nonsense of the provisions of that Standing Order. That Standing Order was put there to protect hon. Members against mud-slinging! We must protect that at all times.

Secondly, Mr. Deputy Speaker was sitting here. I have looked at the HANSARD. He called upon the hon. Member to substantiate there and then. The hon. Member was not able to substantiate then. He sought to be given time to do that. Mr. Deputy Speaker declined and made a ruling on it. When the hon. Member was unable to substantiate, as directed by the Chair, he was ordered out of the House under Standing Order No.88. That concludes the matter! The Chair has already made a definitive ruling on the matter and the hon. Member, having failed to comply, was punished. I cannot punish him again! I cannot revive the matter. That is the end of the story!

The Minister for Roads and Public Works (Mr. Nyachae): On a point of order, Mr.

Speaker, Sir. You have given us guidance and a ruling. But some of us feel that a very dangerous precedent is being set in this House. I want to make an observation which is not necessarily connected with yesterday's statement. But where an hon. Member stands up and makes a very serious allegation against another hon. Member and he refuses to substantiate--- He is ordered out to have a cup of tea and, after one day, he is free to come back to the House. How many other malicious hon. Members are likely to come to the House, state strange and false things about others, and all they expect is to be thrown out to go and have a cup of tea?

(Applause)

Mr. Speaker, Sir, we respect your decision. We respect our Standing Orders. But I feel very strongly that, perhaps, this matter, even if it is not today, could be looked into by the disciplinary committee. That can be done through your guidance, so that we can prevent that from happening again. Hon. Members are likely to adopt that kind of precedence. It is going to create enmity and lower the dignity of this House. We will become enemies in this House.

Mr. Speaker, Sir, I leave it to you.

(Applause)

Mr. Gitau: On a point of order, Mr. Speaker, Sir. I have a lot of respect for the senior Member, Mr. Nyachae. However, he seems to insinuate that I enjoyed being expelled from the Chamber to enjoy a cup of tea, after maliciously mentioning the name of Mr. Kerrow Billow. I want to put this on record. I pleaded with Mr. Deputy Speaker to give me time to bring the documents before the House, but he declined. What would I have done? It is not that I was not able to substantiate. I did not have the documents then.

Mr. Speaker: Order, Mr. Gitau! You are reviving the issue. You are truly reviving the issue! If you know you are coming to make serious allegations - you may not carry all the documents - but you must carry the documents to substantiate what you are going to say all the time! If you have an intention to come and say, "A", "B" and "C", you know that you will be challenged. I think the matters being raised here are very weighty. I had hoped that you will not revisit them.

First, if you really have anything on the conduct of an hon. Member, you bring a Substantive Motion. That is what the law says! If you do not want to discuss substantially any individual hon. Member in this House on his personal conduct, then you do not speak about it at all! That is what the law says.

Secondly, on the issues raised by Mr. Nyachae; the framers of our Standing Orders had, in their minds, when the Standing Orders were being, that hon. Members will be honourable Members at all times. That is what was behind the minds of the framers! They thought that Members of this House will not only be honourable, but they will not be actuated by malice against one another or other Kenyans. Therefore, they expected hon. MemberS to obey the rules. They also expected that hon. Members speaking on the Floor of the House - out of honour - would only speak the truth. Out of honour! Because of that, they did not provide sanctions for the hon. Member speaking on the Floor of the House other than the action to be taken by Mr. Speaker.

That is why you have Standing Order No.88, which talks about how to deal with a disorderly hon. Member. If it is more grievous than just a disorderly conduct, then this House punishes by naming the hon. Member, I believe under Standing Order No.89. But once the Chair has dealt with a matter in the Chamber, no further action will be taken outside the Chamber. I invite the hon. Members to look at the National Assembly Powers and Privileges Act. The Powers and Privileges Committee can only deal with the conduct of an hon. Member outside the Chamber

and not inside the Chamber. So, inside the Chamber, Mr. Speaker and the House, can deal with that matter.

Finally, once the Chair has dealt with a matter, it ought to be over. However, I share the sentiments of the hon. Minister and the hon. Members who complained. We have the opportunity because we are now looking at our Standing Orders again. We must take cognisance of recent developments in this Chamber. I am afraid to say that I have heard and seen too much, that is not honourable; as regards what we actually do here. It appears to be on the increase. This is not an exceptional case. It is not confined to one person or party. It is fairly widespread. I look up to and depend upon you to assist to bring back decorum and good orderly conduct of the business of this House. So, can we now, as a House, individually and collectively, take deliberate steps to ensure that we run the affairs of this House and, therefore, of this country, in an honourable and dignified fashion.

May I appeal from this Chair to all the hon. Members to, first and foremost, not to be driven by personal issues, either against one another or the citizens of this country. Secondly, let us never allow malice to gain control of this House. Thirdly, I would like the hon. Members to guard very jealously the integrity of this House. Fourthly, as we search ourselves as to where we are going, always, we should always take into account what we have heard and seen in the public domain. What I have received as representations from the members of the public on some utterances that we make on this Floor, would make a frightening reading. It would, sometimes, indicate how sometimes the public views us as people who are not conducting our national affairs in a manner that is honest and honourable. I have a lot of complaints. So, please, let us leave it at that now.

Mr. Arungah: On a point of order, Mr. Speaker, Sir. I have the greatest respect for the ruling that you have just made. However, I can see three hon. Members who are literally at pain. In view of the ruling that you have made, hon. Gitau and hon. Nyachae are very honourable Members of this House. If we leave the matter where you have suggested, we are going to open up this matter to a lot of speculation. We are going to give the impression that hon. Gitau is being denied the opportunity to provide evidence to support his allegations. I am pleading that hon. Gitau be allowed to give evidence of the allegations that he made, if any.

Mr. Speaker: Order! I have said from this Chair, in fact, I said in the last Parliament and the Parliament before that, that there are people who are forever trying to get the blood of others using the Floor of this House. I do not want this House to be a political butchery. If hon. Gitau truly wants to adduce evidence, my office is available: Let him bring a Substantive Motion against the hon. Member and then you will have the opportunity to adduce all evidence and the hon. Member will have the opportunity to defend himself. Every other hon. Member will have the opportunity to comment.

In fact, this short-cut must stop! I will not allow it. The hon. Deputy Speaker made a ruling yesterday. It stands! I know the anguish that the affected hon. Members could have, but if you ask me to flout the Standing Orders that requires you to bring a Substantive Motion to discuss the conduct of an hon. Member, my friend, you could, as well, this afternoon become the immediate target. You are a potential victim any time! Please, let us keep it at that.

Mr. Gitau: On a point of order, Mr. Speaker, Sir. I have heard you and understood your feelings. I will abide by your ruling and on the basis of the evidence that I have, I shall draft a Motion duly and procedurally according to the rules of this House. I will do so.

Mr. Billow: On a point of order, Mr. Speaker, Sir. I have said it very clearly---

Mr. Speaker: Are we debating this matter now?

Mr. Billow: Mr. Speaker, Sir, I want that Motion to be brought to the House, so that the hon. Member can satisfy this House that, indeed, whatever allegations he made are true. I want to take on him by saying that he must bring that Motion here!

Mr. Speaker: Order, hon. Members! I want to say the following: Any time big businesses, commercial contracts and other financial dealings make their way to this House, they are very closely followed with emotions. Why, I cannot fathom. They are followed by very wild and interesting allegations. Why does this happen?

Why can this House not debate matters of whatever magnitude in sobriety, without emotions and accusations? Obviously, there must be something wrong! I hope we will find a way of finding out what motivates us to be agitated when issues touching on big business come to the Floor of this House.

Next Order!

COMMUNICATION FROM THE CHAIR

MUSTERING QUORUM TO PASS MOTION ON BUDGET SPEECH

Mr. Speaker: Order, hon. Members! Today is the last Allotted Day and, if I remember, I think it was last year when we lost a day because we could not muster quorum to pass this very important Motion. I hope today we shall muster quorum so that we do not lose a day.

For the hon. Members who have not been present in the House on the final Allotted Day, please, stay behind and see what happens when the question "That Mr. Speaker Do Now Leave The Chair" is put. So, stay around since it is a very exciting time.

Who was on the Floor? Hon. Cheboi, proceed!

(Applause)

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT MR. SPEAKER DO NOW
LEAVE THE CHAIR

(The Minister for Finance on 15.6.2006)

*(Resumption of debate interrupted
on 28.6.2006)*

(Seventh and Final Day of Budget Debate)

Mr. Cheboi: Thank you, Mr. Speaker, Sir. As I said yesterday, the Budget Speech that was read out this year was one of the most political budgets anybody has ever heard in recent times. It can be understood because next year we are going for elections. I think it is political and also populist. Why do I say so?

Mr. Speaker, Sir, in this Budget there is some fund for the youth amounting to Kshs1 billion. I must commend this Government for thinking about the youth for the first time in a very long time. The only problem is that I am not quite sure how this money is going to be spent. I hope this money is going to be spent in a way that every youth in this country will benefit. I want to see

how it is going to be divided into constituencies so that every youth is able to access this money.

Mr. Speaker, Sir, when you look at the Budget, the taxation that is waived on the bicycles tells us that really there is a particular population of bicycle users who are being targeted politically. This also applies to the gender issues and that of the land clash victims being given funds. That is a good move but as much as it is good, there is also a problem of another type of land issues that was not addressed in this Budget. The Settlement Trust Fund which was allocated Kshs500 million only caters for those areas which were affected by tribal clashes. However, there are these people who have been given land through purchase by the Settlement Fund Trustee. They are suffering under interests and compound interests. I hope in the next Budget they will be catered for.

Mr. Speaker, Sir, basically, this is a rich man's Budget. I say so because the withdrawal of road licences only caters for those rich people who have vehicles but the rest of the people who travel by *matatus* and so forth will be affected adversely by the increase of Kshs3.20 per litre of petrol. The price of commodities will increase and so will inflation.

Mr. Speaker, Sir, when you talk of issues to do with tax on sale of land and property, that basically removes the middle-class earners from owning properties. Also in this Budget there is a curious issue that the Department of Defence (DOD) has been allocated a whopping Kshs26 billion when we are not and have never been at war. I have been asking myself a few minutes ago whether we are preparing to go to war with our neighbouring countries maybe because of the issues of the portraits that we were shown by hon. Munya. In fact, Kshs26 billion for the DOD is a disaster to this country! I say so because agriculture which is supposed to be revitalised was just given Kshs5 billion and we say this is an economy that is driven by agriculture.

Mr. Speaker, Sir, the Ministry of Tourism and Wildlife which is one of the best foreign exchange earners for this country was only given Kshs1.6 billion. That is very little. Since more than 80 per cent of Kenyans do not have clean water, it would be terribly wrong for us to accept Kshs2.5 billion for the Ministry of Water and Irrigation.

Mr. Speaker, Sir, for the basic infrastructure which is roads, Kshs13 billion for the Ministry of Roads and Public Works is peanuts. For us who drive towards the western part of this country as we go home, the major highways are impassable. The road between here and Nakuru is impassable. I do not believe giving that Ministry Kshs13 billion will cater for the main highway let alone the other good roads which we are supposed to use.

Mr. Speaker, Sir, in this Budget, the Office of the President has taken over Kshs70 billion. That includes the Provincial Administration which has Kshs36 billion, the DOD has Kshs26 billion, State House, Kshs1 billion, the Directorate of Personnel Management (DPM), Kshs2 billion, the National Security Intelligence Service (NSIS), Kshs5 billion. I wonder why we are supposed to give so much money to NSIS when they are not able to tell us that Artur Margaryan and his brother are criminals and fictitious people. In fact, Kshs5 billion is too much for the NSIS!

Mr. Speaker, Sir, we need to revitalise the right paths of our economy. Agriculture is very useful. For us who come from the pyrethrum growing areas, our farmers have not been paid for a long time and yet the Minister did not consider them at all in this year's Budget. Every other part of our agricultural economy was affected adversely.

Mr. Speaker, Sir, there is also the bit of the growing public debt in Kenya. I believe the way forward is that we must start thinking of a way of stopping unnecessary Government borrowing, both from donors and the local market. The best way would be to amend Cap.422 and introduce a clause whereby we can be able to stop the Government from borrowing from each and every bit and for every small reason. Our children are going to pay these debts forever and yet the money is just borrowed for the sake of lavish spending by the Government.

Mr. Speaker, Sir, on the good bit of this Budget, I think much as the Minister may not have given so much, he attempted to give us some little money for the devolved funds, that is the Constituencies Development Fund (CDF), the Local Authority Transfer Fund (LATF) and the

Road Maintenance Levy. However, I hope the Government is not going to give us with the right hand and take it away with the left hand. What has come to our knowledge is that part of what were bursary funds--- The Minister seems to be interested in sneaking them into the CDF allocations so that he can give us little money for bursaries. Some constituencies were receiving over Kshs12 million for bursaries. If you introduce this money and place it under the CDF, then the increment which we would have received would be of no consequence.

Mr. Speaker, Sir, we must cut costs in every department of the Government. I was pleased to hear the Minister say that the Ministers will be allowed only one vehicle. That was a very good measure of cost-cutting but unfortunately---

Mr. Speaker: Order, hon. Cheboi! Your time is up! Order, hon. Members.

COMMUNICATION FROM THE CHAIR

HOUSE TO ADJOURN AFTER CONCLUSION OF BUDGET DEBATE

Mr. Speaker: Order, hon. Members! I want to give a little guidance to the House. If we conclude this Motion any time earlier than the usual sitting period, the House will have to adjourn because the next business, which is the House going to Committee, will require three hours. We cannot, therefore, in between this Motion, get three hours to be in Committee. So, anytime when the Motion, "That Mr. Speaker do now leave the Chair" is carried - I hope it will - the Speaker will actually leave the Chair and the Chamber!

(Laughter)

Then on Tuesday next week, we will go straight to the Committee of the Whole House. Have we all understood that?

Hon. Members: Yes!

Mr. Speaker: Very well! Then all hon. Members interested in making their contribution can now stand up.

Yes, Mrs. Mugo!

(Resumption of Motion on Budget Speech)

The Assistant Minister for Education (Mrs. Mugo): Thank you, Mr. Speaker, Sir, for giving me this opportunity to support and contribute to the Motion on the Floor. Let me join my colleagues in congratulating the Minister for Finance and his team for a well thought-out and prepared Budget. It is definitely a development Budget.

Mr. Speaker, Sir, this Budget has come at a time when we need to re-look at our development strategies and make sure that we utilise that vast population of this nation which has lagged behind in development because of not being facilitated. I am talking about the youth who form at least 70 per cent of the whole population. So far, issues of the youth have not been properly addressed. I want to thank the Minister for setting aside Kshs1 billion, which will help in supporting the youth start their own businesses or even improve whatever businesses they may be having. I am referring to the many college and high school leavers who can usefully participate in developing this country.

I would like to ask the Ministry of Youth Affairs to make sure that as they come up with the strategies and the policy framework which will be used to disburse these funds, a lot of care should be given to training and imparting skills to the young people in order to be able to utilise

this Fund. Most of the time, it is not just the money required, it is the know-how, good business plans and how to apply those skills. That can only be done if we focus on training.

Mr. Speaker, Sir, the Ministry of Education is now reviving village polytechnics. We believe that in order to industrialise our country by the year 2020 and provide enough jobs for all, we must put extra effort in technical training and entrepreneurship. So, I look forward to the Ministry of Youth Affairs working with us in the Ministry of Education and other line Ministries, so that these funds are properly utilised. That way, we will be able to empower our youth. When I talk of the youth, a lot of focus must be put on the girl-child who most of the time is left behind. This also applies to women. There are many village polytechnics and we are currently re-looking at their curriculum.

Mr. Speaker, Sir, I also want to thank the Minister for earmarking funds for developing women activities. This is especially in the agricultural sector where we can develop agro-industries and support our women to cultivate enough food for home consumption and for the market. I hope that the Ministry of Co-operative Development and Marketing will re-look at the marketing strategies for the extra produce.

I would also like to urge the Ministry to subsidize inputs for our women farmers, so that, as they till the land, they are able to access the correct seeds and technology which they can use in farming. I do not want to forget the *mama mboga* especially those in the urban areas. Women make up most of the poor population in this country. We have a lot *mama mbogas* out there trying to make a living and even feeding their families from the hawking business. It is time we came up with a legal framework which will guide women and even young men who engage in the hawking business. It is very disheartening to see city council or municipality *askaris* harass these people. They are arrested on flimsy reasons and taken to court. They end up losing the little money they have earned for their families.

Mr. Speaker, Sir, I would like to propose to the city councils to change this practice of harassing hawkers. We should come up with proper guidelines and a legal framework on how hawkers can access the funds. I hope this Women Fund will not only be extended to women, but to all those people in the *jua kali* sector. The only problem is that, the Minister did not come up with specific figures like he did with the Youth Fund. We would like to see the Minister give women a specific figure showing how much they can borrow in a revolving fund.

I want to stress this because we have heard of this issue before. This is not the first time this is being said in this House. Unfortunately, it has never been implemented. We want to challenge the Minister that he needs to put the right mechanisms in place so as to implement this noble cause. The money should also be availed. For the first time, I can say that the Budget is gender-friendly. We want to see this Budget implemented as it is. Even though it appears good for women, it will not bear fruit unless it is implemented.

Mr. Speaker, Sir, I also want to thank the Minister for increasing the budget for the agricultural sector. However, the funds set aside for this sector are not sufficient. Agriculture is the backbone of this economy. We, therefore, must translate that into action. That is where most of our money should go because the agricultural sector is capable of creating employment for most of our people. However, unless we put in enough money, we will not make progress.

I am one of those people advocating for the reduction of the budget for the Ministry of Defence and other security organs of this country. It should be re-allocated to the Ministry of Agriculture. If we do that, women in this country will be able to feed this nation. We will have food security and famine will be a thing of the past. Until we empower our farmers and, in particular, the small-scale farmers, who most of the time are women, we will not have food security in this country.

Mr. Speaker, Sir, let me also thank the Minister for giving the Ministry of Education enough funds to ensure that the Free Primary Education Programme (FPEP) is successful. I would

also like to call upon schools countrywide to make sure that the children are not wasted. We get disappointed when we hear that the money is misappropriated. We should put in place enough measures to ensure that, that money is properly utilised. We should also not hesitate to take to court whoever is caught misusing that money. Education, therefore, as we all agree, is the gateway to prosperity. It is one of the few ways we can use to reduce poverty. When all children get equal education opportunities, they have an opportunity to do any job in future. Education is the equaliser in any country. I would like to encourage the Government and the Minister for Finance to continue allocating the Ministry more funds to sustain the programmes we undertake.

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

The Assistant Minister for Labour and Human Resource Development (Mr. Leshore):
Mr. Speaker Sir, I would like to contribute to the Budget Speech that was read by the youthful Minister for Finance.

From the outset, I would like to say that the youthful Minister for Finance has given Kenyans a very good Budget this year. Many things have been said about that Budget. However, for the time I have been in this House; the last 14 years, I think this has been the best Budget ever read to Kenyans. The Minister allocated money to the youth, the youth polytechnics, water, the Local Authorities Transfer Fund (LATF), the Constituencies Development Fund (CDF), roads and many other good things that Kenyans are going to benefit from directly. We must give him a big clap for that!

Mr. Speaker, Sir, the only group he forgot are persons with disabilities. Little does he know that if I go for lunch, I have to be assisted by other people. Those people need to be fed. He has not given any tax remission for persons with disabilities. When he stands to reply, he should consider giving tax remission to persons with disabilities.

Mr. Speaker, Sir, much has been said about the CDF. This is one of the best things the Ninth Parliament did for Kenyans. We started it in the Eight Parliament, and I would like to congratulate Eng. Muriuki for bringing the Motion which gave birth to the Constituencies Development Fund Act. I seconded that Motion and little did we know that it was going to cover the whole country.

Mr. Speaker, Sir, the Minister has allocated very little money to the CDF. I would like to request him to consider giving us 5 per cent instead of 2.5 per cent. That money is going directly to benefit the local people in our constituencies. Our areas have never seen dispensaries or schools built by village committees. However, through the CDF, we have seen that those people can work and they are very productive. I would like to request the Minister to consider giving us more money during the Supplementary Estimates.

Mr. Speaker, Sir, in countries, like Malaysia and Indonesia, the village co-operative banks have done a lot to alleviate poverty in those countries. Now that a lot of money is going to the constituencies, I would request the Minister to consider bringing the Micro-Finance Bill or to amend the Constituencies Development Fund Act to allow for the introduction of constituency development banks. My constituency is more than 10,000 square kilometres yet we have no banking facility. We travel to Maralal Town, which is about 130 kilometres, or to Isiolo which is about 100 kilometres to seek for banking facilities. I would like the Minister to seriously consider how he is going to bring those services closer to our people, especially in constituencies in the Arid and Semi-Arid Lands (ASAL) areas.

Mr. Speaker, Sir, let me turn to the allocations to the Ministry of Defence and the National Security Intelligence Services (NSIS). A lot of my colleagues have said that the Ministry and the NSIS have been allocated more funds. I hope they are not displaying their ignorance. The NSIS and

the Army are doing a wonderful job for this country. Those two institutions are very important for the economic development and peace of this country. We need a strong and an elite army. We also need an army that is motivated and one that has modern equipment. If we want peace, we must prepare for war. Therefore, by giving the Ministry of Defence sufficient money, we are safeguarding the peace of this country.

The other issue I would like to touch on is about my Ministry. We have a department known as the Department of Occupational Health and Safety. We want healthy workers and whose conditions of work are safe. That department has been neglected for many years. I would like the Minister to consider increasing the budget for that department. That is a very important department to the workers of this nation.

Mr. Speaker, Sir, I would also like the Minister for Finance to lump monies, like the LATF and other funds under the CDF. We are going to motivate and empower the CDF committees. If we do that, they will monitor the projects in the constituencies. We would like that office to be empowered so that we recruit more qualified officers. This is a very important office. We need it for future generations because it will take development directly to the people at the grassroots.

With those few remarks, I beg to support.

Mr. Khamasi: Thank you, Mr. Speaker, Sir, for giving me this opportunity to contribute to this Motion.

Most hon. Members who spoke before me congratulated the Minister for what they termed a well-thought-out Budget Speech. So, I would like to join them in saying that as far as that exercise is concerned he has done it very well. Perhaps, we can only ask him to make sure that the Budget is fully implemented. Our problem is always in the implementation of our Budgets. More often than not, we have had Finance Ministers eloquently presenting their Budgets, but the implementation part of it has always been the problem.

The Most important thing about it is governance. Good governance is very crucial, because this Government was elected on a platform of zero tolerance to corruption. As a party in the Government, we can say that we have not done very well. I think a lot needs to be done, particularly in our judiciary. The judiciary is very weak. There are not many cases being determined by it. I believe that the Attorney-General (AG) will ask for more money, in order for him to have enough officers to prosecute cases. Many court cases are determined without any representation from the Government of Kenya. Some huge awards have been made by courts without the Government being represented. It is very important for the AG's office to be strengthened.

Mr. Speaker, Sir, the Kenya Anti-Corruption Commission has been operational for sometime, but we have not seen its impact. There is too much talk about corruption, but very little has been done about it. Corruption cases, some of which were investigated by some committees of this House, like the Anglo Leasing, and the Ndung'u Report, have not been acted upon.

I would like to briefly address what the Minister termed as "management of devolved funds". This refers to the CDF, the Local Authorities Transfer Fund (LATF) and the District Roads Committees (DRC) funds. Hon. Members of this House should continue to demand that resources be devolved to small units in our country. This will reduce regional imbalances. These funds must be strictly governed by their respective laws. For example, there is a law governing the CDF. We do not want to see a situation where the CDF is increased at the discretion of the Minister. There must be a law to increase or decrease the CDF, which should be strictly followed. In that way, the Minister will not be telling us that he has increased it at his own discretion. In fact, we need to amend the law to increase the CDF to a minimum of 5 per cent. Such a law, once enacted by this

House, should be strictly followed. That is the only way in which money can reach every corner of this country.

I suggest that where there are weaknesses in our laws, we must address them. The DRCs at the moment receive Ksh6.5 million per year for each constituency. This money is very poorly managed by the District Roads' Engineers. They use it as if it was their personal property. It is a high time this matter was addressed. These funds must come under an authority that can oversee them effectively.

On the bursary funds, the Minister should not have done what he did. He removed the bursary funds from the parent Ministry of Education and took them to the CDF. I wish to object to this move, and urge him to reconsider it. There is no point of removing monies from the parent Ministry and taking it to the CDF. He has not stated how much has been removed from the parent Ministry. The parent Ministry has the right structures in place to disburse bursaries. I think that is where this money belongs.

Mr. Speaker, Sir, I want to touch briefly on taxation proposals, which are our main business today. First of all, I would like to make an observation on a very serious proposal by the Minister. This is the issue of limiting third party bodily injuries compensation by insurance companies to a maximum of Kshs3 million. This proposal is very dangerous. It is completely out of step with international practice in insurance. Why has the Minister interfered in this matter? On the same subject, he proposed that insurance brokers must remit premiums collected from clients to insurance companies within one day. This is not practical.

Even hon. Kenneth, who is an Assistant Minister for Finance, knows this fact. I am wondering why the Minister has interfered with insurance policies!

The Assistant Minister for Finance (Mr. Kenneth): On a point of order, Mr. Speaker, Sir. You have heard what hon. Khamasi has just said in opposing the cash and carry policy that has been proposed for adoption to govern insurance matters. He said that I know it is not workable. I actually do not know that it is impossible. Is he in order to make this allegation?

Mr. Speaker: Mr. Khamasi, how did you get into his mind?

Mr. Khamasi: Mr. Speaker, Sir, I know that he was in the insurance industry for a very long time. He is only pretending that he does not know this fact. But I know that he knows it, because he was the Managing Director of the Kenya Reinsurance Corporation. There is no way he can fail to know this when he was the Managing Director of the Kenya Reinsurance Corporation!

The Assistant Minister for Finance (Mr. Kenneth): On a point of order, Mr. Speaker, Sir. Is the assertion by hon. Khamasi that I know it is impossible, when I know it is possible, in order? Is he in order to continue insisting that I know it is impossible? Contrary to his assertion, I can actually prove to him that it is, indeed, possible!

Mr. Speaker: Order! I take it that the hon. Assistant Minister disagrees with the hon. Khamasi. So, hon. Khamasi must take the disagreement by the Assistant Minister as final.

Proceed, Mr. Khamasi.

Mr. Khamasi: Thank you, Mr. Speaker, Sir. I hope you will allow me a few more seconds. I want the Minister to leave this matter to businessmen. There is no need for interference. Let insurance brokers do business with insurance companies.

On the question of third party insurance claims, I want to say that all people are not equal. It is important that the Minister leaves the arrangement as it is.

With those few remarks, I beg to support.

(Several hon. Members stood)

up in their places)

Mr. Speaker: Order! Order, hon. Members! You must understand that I am guided by the population trend in this House. I can see that on my right is a highly populated "nation", and on my left is a sparsely populated "nation".

*(Several hon. Members stood
up in their places)*

Order! I can count the hon. Members on my left. They are only four. I think the hon. Members on my right are ten times that number. So, I wish to encourage the hon. Members on my left to populate. I am very lonely on this side!

So, proceed, Mr. Muchiri.

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

Mr. Speaker: Order! I will come to you next. I am very serious on this matter. It is not equitable that I give a chance to a side that has only three hon. Members while there is a side which has 40 hon. Members. There must be basic equity. So, populate your area first.

Mr. Okemo: On a point of order, Mr. Speaker, Sir. I would very much like to abide by your decision, but if you say equal opportunities and at the same time give no opportunity, then I do not know what is happening. Could you, please, do something about that? Perhaps, you could improve from "no opportunity" to "some opportunity".

Mr. Speaker: Order, Mr. Okemo! Before you came in the House, opportunities were availed. You were absent and so you do not really know what you are talking about. Anyway, you are now populating your area. Soon, I will give you a chance. Please, encourage your colleagues to come.

Proceed, Mr. Muchiri!

Mr. Muchiri: Thank you, Mr. Speaker, Sir, for giving me this chance. The theme of this year's Budget, Framework for the Future: Laying the Building Blocks, was fairly appropriate. However, I also do realise that, as a builder, when you are building, you need to have your mixtures right. You also need to have the right *fundi*. I think the Minister for Finance tried as much as he could to balance the Budget. Targeting a revenue of Kshs375 billion was quite optimistic of him. I believe that, that target is achievable.

There is no doubt that the economy of this country has grown. Even the doubting Thomases can now appreciate that our country's economy has grown since this Government took over power. The country's economic growth is exemplified by registering a growth rate of five per cent in 2003, 5.3 per cent in 2004 and the projected economic growth rate is 5.7 per cent by the end of 2006. This is an important thing in this country. We recall that in 2001 our revenue target was Kshs200 billion. The other economic parameters that we are proud of include what the Minister talked about concerning the Treasury Bill rates. He announced that the Treasury Bills are now earning an interest ranging in the region of 7 per cent to 8 per cent. I must say that, that is very good for this economy.

Mr. Speaker, Sir, I am concerned that the gap between the rich and the poor is still not acceptable. The standard of living of our people appears still not to have improved. For the economy to be said to have improved, people must have some money with them. The purchasing power of our people is still very low. So, I would like to urge the Government to try and close this gap. Once we do that, we shall be able to have an economy which is equitable and which we can all

be proud of.

Mr. Speaker, Sir, I want to add my voice in congratulating the Minister for the way he has treated the youth of this country. There is a lot of money that is earmarked for youth activities. Without necessarily repeating what has been said in the Budget Speech, we have to be very careful about what we really want to do with the Kshs100 million allocated to the Youth Council. If it is just to establish the Youth Council, then I doubt how it will be able to reach every youth in this country. However, it is encouraging to hear that the Minister has set aside Kshs1 billion for the Youth Enterprise Fund. I hope that this particular Fund will not be like what was the Rural Enterprise Fund in the yester years. People were given money and they never paid it back.

Mr. Speaker, Sir, Kshs400 million has been provided to cater for the tribal clashes victims. These people are all over; in fact, in my constituency, a number of them were dumped at the Ndaragua Centre from Enosopukia. We continue to see these people languish in poverty because they have no place to cultivate or shelter. I hope that this money will be used to cater for victims of tribal clashes, not only in Rift Valley Province, but also other parts of the country.

There is the question of the turnover tax of 3 per cent which the Minister alluded to. I believe that will make the tax base broader. However, it is still not clear to me how that is going to be administered because any tax system must be able to reduce administration cost and people must be able to pay freely without a lot of coercion. The 3 per cent which is going to be paid by businesses, I believe, is going to net a good income. That is a welcome move. Noting that the VAT threshold is up to Kshs5 million, that actually reduces the complications that existed when we were talking about taxes.

I know that a lot of money that this country is going to receive will be spent on security. However, I am afraid that in my constituency, security is still a problem. Last week, a lady was killed in Magutu Village and a man was shot at a place called Kianugu. My battle is between security and the environment. I am sorry to say that in my constituency, every time you have to move from one location to another, you have to pass through a forest. I want the Minister for Environment and Natural Resources to take this matter seriously because it is affecting my constituents. I know that a lot of money that will be collected through taxes is going to be allocated to tourism and wildlife sectors. My constituents are now troubled to the limit because of elephants.

I would like to ask the Minister for Tourism and Wildlife to relocate all the elephants in Rumuruti Forest, Garilaro Forest and Ndaragua Forest to the Aberdares and have them paddocked there. My neighbour, hon. G.G. Kariuki can bear me witness. We cannot do any economic gainful activities in some parts of my constituencies because of elephants. Recently, they just came close to my house. So, I would like the Government to look at this matter more seriously. I hope that the Government is going to do something because we support it as much as we can.

Mr. Speaker, Sir, it is a good thing that the Minister increased the amount of money allocated to the CDF from Kshs7 billion to Kshs10 billion. However, I hope that this money will not be spent on bursaries because that is an area which the Ministry of Education is supposed to cater for. The Ministry of Finance should be able to ascertain whether the amount of money allocated for bursaries is intact in the Ministry of Education. If that is done, then we shall be able to use the bursary component in the CDF to assist students in our tertiary colleges and the universities.

I appreciate the fact that the Minister has reduced the statutory allocation to Kenya Roads Board (KRB) from 3 per cent to 2 per cent. However, I would like to draw the Minister's attention to the fact that the largest portion out of the money that we receive in the form of District Roads Fund (DRF), is used to fund the Ministry of Roads and Public Works. The District Roads

Engineers use between 7 per cent to 10 per cent of that money to actually run their offices. So, the money we receive is less to that extent. I hope that the Minister for Roads and Public Works will look into this matter because that is a lot of money. This person called the District Roads Engineer is given money by the Chief Roads Engineer and the District Roads Committee and yet when the same person is called up to supervise road projects in our constituencies, he also demands funding from us to cover administrative costs. So, at the end of the day, the District Roads Engineer (DRE) may end up having a lot of money that, perhaps, he may not need for his administration.

Mr. Speaker, Sir, we are going to spend Kshs99 billion in the education sector. Out of this amount, Kshs71 billion will be used to pay the teachers' salaries. I think the greatest problem in this country is secondary school education. I would like to appeal to the Government that in future it should look at what it would take to provide free secondary school education. The parents who have children in secondary schools are having a lot of problems in paying school fees. So, if we made secondary school education free, that would be a step in the right direction. I urge the Government to find ways of subsidising secondary school education, or even make it free. Bursaries may not be able to solve the problem. Many students do not complete secondary school education because of fees problems.

Mr. Speaker, Sir, while I continue to support the Budget, I think Kshs30 billion is too little-

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Mr. Speaker: Your time is up!

Mr. Muchiri: Mr. Speaker, Sir, with those few remarks, I beg to support.

Mr. Maore: Thank you, Mr. Speaker, Sir, for the opportunity to say a few words about this Financial Statement.

Mr. Speaker, Sir, the Financial Statement by the Minister for Finance for this year had several key revolutionary aspects, some of them populist and empty rhetoric and others quite useful to this country. I commend the new requirement in the insurance law. We have had the problem of insurance brokers pocketing money meant for underwriters. As a result, when an accident occurs the victim would realise that the broker had already taken off with the money for good and even invested it. So, I suggest that this change in law comes as soon as possible.

Secondly, I want to talk about the Central Bank of Kenya (CBK) Board. The Minister proposed that he would prefer to have a Board which would be separate from the Governor. We have had a discomfort with the Executive before about constitutional offices. I am disappointed that Mr. Nyachae is not in the House now. He was the Chief Secretary when there was a move that removed the security of tenure for the Controller and Auditor-General and the Attorney-General. This tendency by the Executive to have discomfort with checks and balances is untenable. I would like to ask the Minister, and the Government, to be comfortable with an independent, autonomous and strong office of the Governor of the CBK. It is only then that we can have some discipline in the fiscal and monetary affairs of the country. We should have an independent office that regulates the conduct of the Government. If we have a chairman of the Board of Governors in the CBK whom the Governor might be reporting to, we will have already amended very many laws, including the Constitutional provisions on financial matters, through the back door by using a simple budgetary statement by the Minister for Finance. This Government needs to avoid behaving like Artur Margaryan did at the Jomo Kenyatta International Airport. He used the law of the jungle. The Government should obey and respect the law. It should learn to accept it as it is.

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, the Executive's control over the CBK will make it possible for the Government not to be restrained by anybody when borrowing in the domestic market. It will also make it start the habit of printing money, if it is inconvenienced. It will also make it run out

of control over very many other issues. So, I would like to ask the Minister for Finance, when he brings here proposed legislation related to this year's Financial Statement, not to include in it amendments to the CBK Act. He wants to cause a revolution in the management of the CBK. If he executes his intention he will live to regret it.

Mr. Temporary Deputy Speaker, Sir, there was a populist statement that the Minister included in the Financial Statement, namely, his intention to tax the allowances of Members of Parliament. It is true that he did get a lot of cheers and the political mileage he wanted. But demagoguery is not the best thing to be employed by a Minister for Finance. One should talk about things that are practical and possible in the Financial Statement. The allowances to Members of Parliament are not gifts from the Minister for Finance. There is a clear procedure on how to amend the law on those allowances. The Minister knows very well that he is not able to amend that law. He just wanted to be cheered, and also to show how revolutionary and populist he can be. It will just end there. He very well knows that he will go nowhere with it.

Mr. Temporary Deputy Speaker, Sir, I want to raise the issue of mixing politics with economics. We have the bursary allocation to schools. Now, we are having debate emanating from teachers that they would like the money to be sent to schools. Those of us who were in Parliament before 2003 know that about Kshs600 million per year used to be sent to the District Education Officers (DEOs), who usually sat with the headteachers of secondary schools and came up with fictitious lists of alleged beneficiaries of that money. The money ended up being shared out between headteachers and officers in the DEOs' offices. I had this problem in 1996, 1997, 1998 and 2000. When I complained in writing, they asked for auditors who were also given a share of that money. They came back and we never had any audit reports. So, we need some mechanisms to be put in place to enable members of local communities to be involved in the constituency bursary committees. We should strengthen these committees instead of weakening them. Government officers, even if they are teachers, should not be trusted with money.

Mr. Temporary Deputy Speaker, Sir, this is the fourth Budget under the NARC Government. As we finalise debate on this Budget, we are taken aback by the various promises on the development of infrastructure. There is the issue of the procurement rules that were supposed to be put in place to prescribe the time for award of contracts and completion period of contract jobs. The Government has not been very keen on these regulations. It is a major setback, because contracts for very critical roads have not been issued to date. The difference between a democratic government and a monarchy is that the latter is not limited in tenure; this Government is. What we are having today is a Government that does not have a manifesto, theory or philosophy for governance. We have a NARC Government that has kind of mutated into several small pieces. After the mutation, it has gone ahead to state the official position and then picked parties here and there. As a result we have a Government that is trying to stave off scandal after scandal. We have not sorted out the Anglo Leasing Scandal. Now we have the Artur brothers saga. Moreso, instead of prosecuting the culprits who were involved in the Goldenberg scandal, the Government has been

extorting them.

This Government is facing an identity crisis. We do not know which manifesto or philosophy they are following. We do not know which theory of governance to abide by. You do not know the difference between the Opposition and Government because part of the Government is in the Opposition and vice-versa. It is a very sorry state of democracy in this country. For democracy to flourish and take root, we need politicians to stand firm by ideology and shun tribalism, not to adore their tribal cocoons as the ideal way to run a country.

Mr. Temporary Deputy Speaker, Sir, in next year's General Elections, which are around the corner, we are going to witness a very interesting scenario, whereby the political ideology will be thrown through the window and people will be coming with tribes on the table and they sit and say they want to win an election but not to govern a country. It is going to be the same thuggery that we saw in 2002. People just patched together in a hurry to take over Government, but they did not have an idea of what to do after taking over. Immediately thereafter, they started quarrelling over the spoils and to date, there has never been any harmony or coherence in the governance of this country.

Mr. Temporary Deputy Speaker, Sir, as we spend the fourth year of the NARC anarchy, we hope leaders who can rise above tribalism, parochialism, ineptitude, inaction and indecision will come up and take over the country into greater heights of prosperity.

With those remarks, I beg to support.

Mr. Mwiraria: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion. I want to start off by saying that I support the Motion. I want to support my successor for several reasons, but, most importantly, because he is building on the foundations already established.

Mr. Temporary Deputy Speaker, Sir, in my view, one of the most important things that this Budget did was not to include Budget support from both the bilateral and multilateral partners. Why do I say this? This is because when I was in the Opposition, we used to hear the then President talk about shifting goal posts and we thought he was not being truthful. I can now say, with the benefit of hindsight and with experience, that the multilateral and bilateral partners do indeed shift the goal posts. So, do they really want to help poor developing countries like Kenya or do they want to keep us backwards?

Mr. Temporary Deputy Speaker, Sir, in my view, the one thing this nation should aim for is to be self-sufficient in Recurrent Expenditure so that we can pay for Government services without requiring anybody's assistance. Once we reach that position, and I know hon. Okemo who was Minister for Finance appreciates this, then we can get rid of any dependence at all on donor money.

(Applause)

Today, as we sit here, the Government of Kenya cannot borrow cheap money in the world market. It can only borrow under very restrictive conditions. If you want to borrow, 35 per cent of what you borrow must be grant element and the rest must come down to what you can borrow from the World Bank. At a time when the world is full of cheap money; when in some countries, in fact, interest rates do not exist, you take your money to the bank for security but you do not get any interest. At a time when some of the oil-producing countries, particularly in the Middle East, are looking for avenues to invest their funds; if you cannot borrow at 2 per cent or even 1.75 per cent interest rate, and you want to develop your infrastructure, when are you going to develop? That is why I am saying boldly that let us become self-sufficient in Recurrent Expenditure and go out and borrow for development.

(Applause)

Mr. Temporary Deputy Speaker, Sir, the one thing that we do not do as Kenyans is to appreciate good work. The NARC Government may have its failings, but it also has its successes. I think, as Kenyans, whether in the Opposition or in Government, we should appreciate good work when it is done. I do not have to preach to the converted, but is free primary education not a reality? Are our hospitals not much better and getting more drugs today than they were four years ago? Have we not introduced the Constituency Development Fund (CDF), which has removed the Government from a position where it can tell the Opposition that what you want will be done when funds become available? I heard that song for ten years, and I must be honest; I really got sick of it.

So, I really think today that we are very fortunate in having a fund that is available to all corners of Kenya, and every Member can show his development work. Look at the construction industry, industrial development and tourism; they are all booming. If you look at agriculture, even though we are saying we are not reducing poverty, a maize farmer who used to earn Kshs500 per 90kg bag is now getting Kshs1,400. What other way do you want to reduce poverty? A farmer who could not sell his milk can now take it to KCC and get between Kshs18 and Kshs20 per litre. These are activities of this present Government. When I was in the Cabinet, we made several efforts to make cheap fertiliser available to our farmers so that they could make this country self-sufficient in food production.

Mr. Temporary Deputy Speaker, Sir, I also want to congratulate the Minister for Finance, like many other hon. Members have done, for introducing the Youth Enterprises Fund (YEF) to help the youth go into business and other enterprises. There are many things that our youth can do and which do not require major investments. As the Member representing my constituency, I am looking around to see what the youth in my constituency can do. I hope that we will benefit from this Fund.

Mr. Temporary Deputy Speaker, Sir, the previous speaker spoke about the independence of the Central Bank of Kenya (CBK). I would like to support his sentiments fully. I believe that if we really want the CBK to benefit this nation, we should make the Governor of the CBK independent and give him the responsibility of chairing the Board. Most countries, including the ones which tried both systems, like the USA, have ended up having a governor who is in charge of all the groups. A good example is Mr. Allan Greenspan of the USA Federal Bank. He retired at the age of 80 years after steering the economy and finances of the USA for many years. He was successful. Since the Government has the right and ability to appoint and fire the CBK Governor, I would favour a system which makes it possible to appoint an independent governor who will make sure that whatever changes he wants to make in the monetary policy, interest rates, savings and even in foreign exchange are properly controlled in the interest of the country. I really doubt whether we have matured enough to have a governor under a board. In the previous years, we have already appointed a committee on monetary policy to advise the CBK.

Mr. Temporary Deputy Speaker, Sir, with those few remarks, I fully support the budgetary provisions as presented by the Minister.

Thank you.

Mr. Okemo: Thank you very much, Mr. Temporary Deputy Speaker, Sir. I would also like to take this opportunity to thank the Minister for Finance, whose Budget Speech I have had the chance to look at. I believe that there are good things in the Budget that we can commend, and also some areas where clarification will be necessary. There are also some things which may not

necessarily be consistent. The policy objectives and the actions that the Minister is taking do not seem to be consistent in some cases.

Mr. Temporary Deputy Speaker, Sir, this Budget, as I see it, is an expansionary Budget, which means that we are actually spending more money than we are collecting. Therefore, we have a Budget deficit which has to be bridged by money borrowed from various sources. When I look at the Financial Statement, it is very clear that the Minister will have to do a number of things to bridge the financing gap. One of the things that he will have to do is to borrow from the domestic market. According to the figures in the Budget, he will have to borrow Kshs29.5 billion from the domestic market. That is about Kshs5 billion more than what was borrowed in the previous financial year. To me, that is a source of worry. If you start off from the position that the Minister wants to achieve a lower rate of inflation, coming down from 13 per cent today to 5 per cent, as stated in his Budget Speech; that is, certainly, not a policy move that will help to achieve that objective.

Mr. Temporary Deputy Speaker, Sir, if you look at the amount of roll-overs; that is the money that is borrowed domestically and is going to be re-borrowed; which means it is not new borrowing but re-borrowed, there is a huge figure of Kshs51.8 billion. If you add that to Kshs29.5 billion, then you are looking at a ballooning domestic debt which is going to have implications on our interest rates in the domestic market. I cannot understand how the Minister is going to achieve a decline of inflation rates from 13 per cent to 5 per cent within an environment of extremely high crude prices---

*(Mr. Kenneth consulted with
other hon. Members)*

I wish the Assistant Minister could listen to me, because whatever I am talking about here are very pertinent issues and we are expecting him to respond to them when he comes here.

So, if we have a high regime with very high crude prices, today, where you look at the pump prices and you look at the price of diesel, kerosene and other products which are consumed by other Kenyans are very high, what is going to happen is that the inflationary pressures are going to continue. The Minister has not helped by taxing this particular product, which is consumed by everybody across the board. This is inflationary, and I cannot see how he is going to reduce the rate of inflation from 13 per cent to 5 per cent.

Mr. Temporary Deputy Speaker, Sir, under the same circumstances, we have also seen from his Budget Speech that the money supply is going to increase by 10 per cent. I would like the Minister to clarify how he is going to bring down the rate of inflation from 13 per cent to 5 per cent with the increase of money supply by 10 per cent, fuel prices going up, unpredictable weather conditions and an increase of fuel levy charge by Kshs3.20 per litre. If you look at the trend of the inflation rate in the last four years, it has actually been going up. It has risen from 8 per cent up to 13 per cent now. How is he now going to change that trend all of a sudden? He has to explain to this House, otherwise the foundation for his Budget may be doubtful.

Mr. Temporary Deputy Speaker, Sir, everybody who has talked here has paid a glowing tribute to the Government, saying that the rate of economic growth has gone up because we started with 0.6 per cent, rising to 3 per cent, 4.8 per cent and now it stands at 5.8 per cent. The Minister is even projecting a growth rate of 7 per cent in the medium-term. When you look at these projections, you ask yourself the question: With a growth rate of 5.8 per cent, what have we actually seen benefiting the ordinary Kenyans? Are they better off today than they were last year?

The answer, of course, is no, because that growth rate has not gone into the poor man's pocket. It has gone into a few pockets which do not necessarily reflect the growth of the Kenyan economy.

Mr. Temporary Deputy Speaker, Sir, therefore, that kind of growth is of very limited value to an ordinary Kenyan who today can hardly afford a meal. We know that about 56 per cent of Kenyans live below the poverty line. We also know that, that number of Kenyans has been increasing all the time. So, although we are talking about 5.8 per cent economic growth rate, the number of Kenyans who are getting poorer is increasing. We know that Kenya is one of the countries in the world with the highest uneven distribution of income. I am talking about the genie index, which shows how uneven the distribution of income is in a given society; where you have a small percentage of Kenyans controlling the majority of the wealth, and the majority of Kenyans owning a very small part of the wealth.

That is, therefore, an unfair and unjust society, where economic growth rates of 5.8 per cent have very little meaning because they do not, really, benefit the people who are supposed to benefit. If you translate that 5.8 per cent growth rate per annum to per capita income, you will find that it is only 2.6 per cent. That is, really, the economic measure that is more important because it tells you how well off you are in terms of how much money is coming into your pocket. So, these are statistics which we sometimes try and use to support an argument which may not necessarily be factual.

Mr. Temporary Deputy Speaker, Sir, I would also like to mention the fact that we have talked about taxing the farmer through the Sugar Development Levy. This is a subject I talk about very passionately because, after Sugar Development Levy is collected, it is given to the Kenya Sugar Board. When the Kenya Sugar Board receives this money, it decides unilaterally, without the farmer's input, where this money will go. The Kenya Sugar Board then channels that money to the milling companies, which decide what to do with it. In fact, what really ends up on the farmer's farm is very insignificant.

Therefore, I would be very happy if the Sugar Development Levy were to be completely abolished. I can assure you that there would be no adverse impact to the farmer if the Sugar Development Levy were to be completely scrapped. The Sugar Development Levy is corruptly administered. The money does not go to the farmer. It benefits the farmer in no particular way. So, it is a levy that should not even exist, unless its collection and administration is streamlined. As it is today, it is just income to the Treasury which goes to the Kenya Sugar Board, whose officials misappropriate it.

Mr. Temporary Deputy Speaker, Sir, for instance, today, the Kenya Sugar Board has a huge multi-storey building somewhere in Lower Kabete, which was put up using billions of shillings. That is sugar-cane farmers' money. It is claimed that, that building is serving the sugar-cane farmer. Of what value is a multi-storey building in Lower Kabete, to the sugar-cane farmer? So, why have a levy that is going to be used to put up buildings to just create avenues for corruption for the chief executive of that organisation and, maybe, other people who are related to that institution? Therefore, when it comes to discussing the Finance Bill, we will propose to the Minister that the Sugar Development Levy must be abolished because it is of no value to sugar-cane farmers.

I beg to support.

The Assistant Minister for Energy (Mr. Kiunjuri): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion. I beg to support it.

Mr. Temporary Deputy Speaker, I have listened to eight Budget Speeches presented to this House previously. This ninth one is a Budget of hope. I am also confident that this Budget will be implemented. We have listened to Budgets here which were never implemented. I have confidence

in this Government because its record shows that it has been performing at the rate of more than 90 per cent. The Government does not do things to please Kenyans but rather to improve their welfare.

The Government has faith that the economy of this country can be turned around for the benefit of all of us. I also support this Budget because it addresses areas that ought to have been looked into a long time ago. As many hon. Members have said, this Budget is for the common man.

Previously, we did not let the common man benefit from the achievements of this Government.

The common man is now benefiting through the Constituency Development Fund. Money is now trickling down to the constituencies, where every Kenyan is benefiting. Every Kenyan can now see that this Government is serving the people. There is the Free Primary Education Programme and the Constituency Development Fund now being used to put up dispensaries, health centres, cattle dips, among others. The common man can now say: "We are now, really, benefiting."

Mr. Temporary Deputy Speaker, Sir, for the first time, the Government has, through this Budget, targeted the rich for the benefit of the poor. That has not been the case previously. Therefore, we should look keenly at the proposals contained in this Budget and appreciate them. For the first time, the common man will enjoy the taxes he has been paying and reap from the exploitation by the rich. It is on record that the rich have been exploiting the poor.

In order to achieve this, the Minister for Finance should, through the next Supplementary Estimates, enhance allocations to the Ministries through which the poor are targeted. For instance, we, at the Ministry of Energy produce and transmit electricity. If we are sufficiently funded, we can expand our electricity distribution programme to cover more shopping centres. People in the rural areas will open up electric power-based businesses such as barber shops, welding workshops, tailoring shops, *et cetera*.

Mr. Temporary Deputy Speaker, Sir, the money allocated to us will be ploughed back to the villages. Instead of a poor farmer having to travel from the rural areas to urban centres to purchase a steel door or window for his house, or have his clothes well tailored, he will access those services at the local shopping centre once the people are provided with electricity.

Therefore, availability of electricity in the rural areas will lead to self-employment opportunities. This will lead to even distribution of resources. Owners of welding machines in urban areas are the well-to-do. People can also create wealth for themselves in the rural areas if we supply them with electricity. So, if we distribute electricity evenly, every person will benefit directly. People in the rural areas will also become industrious.

Mr. Temporary Deputy Speaker, Sir, this Budget also targets the landlords. Tenants are now required to provide the PIN numbers of their landlords as they fill in tax return forms. That means, landlords who have been evading tax will now pay. The Kenya Revenue Authority will collect billions of shillings from landlords who have been evading tax. Once we get this money, we should use it appropriately. For instance, the Ministry of Environment and Natural resources has not been allocated much money in this Budget, and yet it is one of the Ministries that should be adequately funded. When we talk of electricity, water and many other development projects, but we do not take good care of our environment, we will not make any progress. Therefore, the Ministry of Environment and Natural Resources should be given more money than most Ministries. It should be the fourth-most beneficiary from the Budgetary allocation after the Ministry of Education, the Ministry of Transport and Public Works, the Ministry of Health and the Ministry of Energy.

Mr. Temporary Deputy Speaker, Sir, the Ministry of Environment and Natural Resources

should even be given more money than the Ministry of Water and Irrigation. You cannot talk of water resource development and environmental conservation if this Ministry is not adequately funded. It would be prudent for us to ensure that we have programmes that will facilitate the planting of more trees. That can be achieved by encouraging farmers to plant trees. We can encourage farmers to do so by subsidising them. We should encourage them to plant trees and then we buy them.

In my constituency, we encourage farmers to plant trees, which we buy through the Constituency Development Fund and distribute them to institutions. So, farmers are now willing to grow trees. By so doing, we will be able to recover our forest cover. The money can also be advanced to the farmers. We have a lot of land left for community use. On that land, we can do a lot of water harvesting. We should not lack water because we can encourage communities to have water pans in each homestead. We should tap water, construct dams and water pans in order to preserve our rivers. If the good work being done under the Ministry of Environment and Natural Resources is carried on, then our rivers will be sustained. The degradation of the environment and rivers would also come to an end. If we do not take care, very soon, there will be conflict in the use of water.

I support the Ministry of Youth Affairs. However, we might set aside Kshs2 billion for the youth, but eventually, the money might not go to help those it is intended for. The first thing we should have done is to ensure proper management of the fund. Let us have workshops which should not be expensive so that when we train, we do not consume all the money meant for the youth. If I were to go to Nanyuki today, Laikipia East, and ask the youth groups there to come up with projects, they would not know what projects to embark on. Money should be set aside to train the youth groups and advise them. We have many disadvantaged groups which are not even aware of how to manage the fund. We should come up with a well defined policy, rules and regulations and proper guidelines. Otherwise, we may give out money but not achieve anything. Just as we created the CDF, we should have a department to deal with the Youth Development Fund, so that we can monitor the projects that are carried out. We should have a monitoring body and know how to follow up the use of funds and ensure that there are good results. If we do not do that, we will have set aside funds and we will not know if the money is being used properly.

On the issue of polytechnics, most of them are completely run down. That is where we are targeting the youth money to go to. For us to achieve industrialisation, I believe that the polytechnics should be well supported. It is true that parents cannot be able to pay for the training of their children to become mechanics, owing to the exorbitant fees charged in the training institutions. They instead opt to pay mechanics who are already practising to train their children but at the end of the day, they do not get certificates. How can we ensure the money will reach mechanics who already have garages and are training the youth so that they can be able to compete with other Kenyans? Shall we ensure that we can train the youths in polytechnics and give them certificates which they can advance to diplomas and eventually degrees? We should give out money, but also ensure that those people who are being trained in the polytechnics are properly trained. We should also set aside some of that money to ensure that we train teachers and all those people who will manage our polytechnics. It is my wish that the Ministry of Youth Affairs will be able to undertake all that and that it will manage the resources we have.

With those few remarks, I beg to support.

Mr. Sirma: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute on this Motion. First, I would like to say that the Budget would have been good if the Government realised what it meant. Those people who are working under the Government will

always promise people that things will always be right, through their good proposals. I hope that the Government will implement what it promised.

I want to take up the issue of the Youth Fund from my colleague, Mr. Kiunjuri. The Youth Fund may not realise its intended purpose unless there are structures in place. If we will have a revolving fund for the youth and utilise the money to support groups that will generate income for themselves, then it will create an impact. However, if we will use the same civil servants, as corrupt as we know they are, they will make sure that they hold seminars and workshops the whole year round and the fund will not end up anywhere. They will be holding seminars in the pretext that they are doing what we refer to as capacity building.

Selling of vegetables and eggs in the market is not something which requires capacity building. People have been doing it before. Even our grandfathers knew how to carry out such businesses. The kind of business we want our youth to involve themselves in is the technical kind of business which can generate funds and promote our economy. When I estimated the use of the Kshs1 billion that was set aside for the youth, I realised that if the money was to be divided equally among constituencies, each constituency would get at least Kshs5 million. Let the fund reach the youth because they are our future leaders. When I was young, we were promised by the old men in the Government that we would be the future leaders. However, the same old men have not yet left the Government. If we promise the youth today that they will be rich one day, then we should avail money to them. If we do not, when do we expect them to become rich? The Minister should distribute the money as soon as he can, so that the youth can start benefiting from it. All our youth polytechnics have been run down and it will be a good move to revive them because they provide the technical expertise required in villages. We must appreciate the Government for that. Economic recovery cannot be realised if the principal groups of people concerned in generating wealth are not well facilitated.

I commend the Government for the good work it has done in reviving the New Kenya Co-operatives Creameries (New KCC), the Kenya Meat Commission (KMC), Pyrethrum factories and cereals sectors. However, I hope that the Marketing Department will also be facilitated enough so that it can take care of farmers' interests.

Mr. Temporary Deputy Speaker, Sir, other countries have subsidised their agricultural products. We allow those subsidised products to be imported to compete with ours. How are we going to protect the farmer? We should reduce taxation on some items. We want the Minister to tell us how much we stand to gain by the reduction of duty on wheat. I hope it will not impact negatively on the farmers. I hope it is not going to help the importers. Our people can grow wheat if they are facilitated.

Mr. Temporary Deputy Speaker, Sir, on health workers, the Ministry of Health is understaffed. There are no facilities to make this country a healthy nation. We need to inject a lot of money in that Ministry. The recruitment of nurses, clinical officers and doctors should be decentralised, so that the needy districts--- We employ somebody who is not from Mandera and take him there. But after one year, that person will find his way back to Nairobi. We shall have a bigger population of doctors and nurses in Nairobi, when there is nobody in other areas. We need decentralisation on recruitment of medical staff.

Mr. Temporary Deputy Speaker, Sir, the 74 local authorities, through the Local Authority Transfer Fund (LATF) are going to be allocated Kshs7.2 billion. It was a noble idea to create that Fund to assist the local authorities, but five years down the line, we are yet to see the impact of those funds. We do not have personnel and manpower to utilise those funds to make an impact. We need to amend certain sections of the LATF Act, so that salaries for councillors could be paid from

the central Government. That way, high calibre people will be attracted to become councillors. But now, to be a councillor, you just need to make noise and you will be known. But we need high \ calibre people to spur growth in local authorities.

Mr. Temporary Deputy Speaker, Sir, a sum of Kshs400 million has been set aside for the Settlement Fund Trustee (SFT), but squatters are everywhere. An amount of Kshs400 million is a drop in the ocean! We need more money and land. We need to carve some land out of those who own huge chunks of land, so that we do not have squatters 40 years after Independence. It is a big shame that we are not able to settle everybody.

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

[Mr. Deputy Speaker took the Chair]

Mr. Deputy Speaker, Sir, regarding the Fuel Levy, there was an increase of Kshs3.20 per every litre of fuel. That has really impacted negatively on the public. The public service vehicles have increased fares. Production costs have gone up. It is reducing economic growth, instead of pushing it higher. If we will use that money to develop our infrastructure, this country will develop. I concur with Mr. Mwiraria who said that we need to borrow to undertake development projects, so long as we are sufficiently catered for in the Recurrent Expenditure. That will make this country go ahead.

Mr. Deputy Speaker, Sir, I want to concur with what other Members have said. It is sad that, as hon. Members, we can go all the way--- It was claimed yesterday in this House that extortion was used so that people can table documents in this House, so that some banks and financial institutions could collapse. When have banks been tax collectors? The Minister should move fast, leave alone propaganda and open those banks so that we can have sound financial institutions in this country. It is very sad that we can have hon. Members extorting money!

With those few remarks, I beg to support.

Mr. Deputy Speaker: Order! Just a minute. May hon. Members sit down.

Mr. Sirma, you have just made a statement that it is very unfortunate to have hon. Members extorting money. That matter has been exhaustively discussed here. The Speaker cautioned hon. Members to refrain from making utterances that would lower the dignity of this House. I heard you very clearly say that it is unfortunate to have hon. Members extorting banks. Could you stand up and tell us who those people are?

Mr. Sirma: Mr. Deputy Speaker, Sir, it is public knowledge that some hon. Members have spoken about banks and other things in this House. I want to say, without naming names--- Because they are known! It is in public domain that those things have existed and they will continue existing.

Mr. Deputy Speaker: Order, Mr. Sirma. I am really surprised because the Chair took a lot of time to discuss and explain to hon. Members that they must be honourable and refrain from damaging the reputation of their colleagues and this House! Hardly an hour has passed and you are on the Floor making such an outrageous allegation against Members of Parliament, and you say that it is public knowledge! Can you stand up there and apologise to the House for making that remark, or give us more information if you have it?

Mr. Sirma: Mr. Deputy Speaker, Sir, I said it is sad if it is true that hon. Members extorted---

Mr. Deputy Speaker: I heard you very well, and the HANSARD will bear me witness. So, do not tell me what you said. I think this afternoon, we have dealt with the issue of hon. Members being honourable and refraining from making such allegations.

Mr. Wamunyinyi: (inaudible)

Mr. Deputy Speaker: Therefore, it just surprises that Mr. Sirma, a very experienced Member of this House, can repeat what the Speaker had cautioned hon. Members not to do. Can you apologise now, without wasting time?

Mr. Sirma: Mr. Deputy Speaker, Sir, if it is true that hon. Members have not done that, then I withdraw. But if it is not true---

Mr. Deputy Speaker: Order! Would you, unconditionally, withdraw that remark and apologise to the House? Would you do that?

Mr. Sirma: Mr. Deputy Speaker, Sir, with a lot of pain, I withdraw.

Mr. Deputy Speaker: And apologise!

Mr. Sirma: Mr. Deputy Speaker, Sir, under duress, I withdraw and apologise for that.

Mr. Angwenyi: On a point of order, Mr. Deputy Speaker, Sir. I heard Mr. Wamunyinyi call Mr. Sirma "a thief" and "the one who has finished forests".

Mr. Deputy Speaker: Order! I really did not hear that. Let me deal with Mr. Sirma first!

Mr. Sirma: Mr. Deputy Speaker, Sir, when you are dealing with policemen who have taken bribes, then, definitely, you know what he is talking about.

MOTION

SUSPENSION OF HON. SIRMA FROM THE SERVICE OF THE HOUSE

The Minister for Roads and Public Works (Mr. Nyachae): On a point of order, Mr. Deputy Speaker, Sir. I think we must respect the Chair. When the Chair demands an apology from an hon. Member and is told: "I am apologising under duress", that means he is not willing to apologise. He is being forced to apologise. I think---

Mr. Deputy Speaker: I will, therefore, invite the hon. Member on the Floor to move that the hon. Member be named! Is there any hon. Member who wants to move that?

The Minister for Roads and Public Works (Mr. Nyachae): Mr. Deputy Speaker, Sir, because Mr. Sirma has shown disrespect to the Chair, I beg to move that he be named.

*(Question, that Mr. Sirma
be suspended from the service
of House, put and agreed to)*

Mr. Deputy Speaker: Mr. Sirma, you will now leave the Chamber for the rest of the day! You are suspended for three sitting days. Go ahead!

Mr. Sirma: Mr. Deputy Speaker, Sir, the remarks by Mr. Wamunyinyi---

Mr. Deputy Speaker: Order! The matter is finished! You are now a stranger. I will deal with Mr. Wamunyinyi when you are out!

Order, now! Mr. Wamunyinyi, did you make the utterances that have been stated?

(Mr. Sirma withdrew from the Chamber)

Mr. Wamunyinyi: Bw. Naibu Spika, Bw. Sirma alikuwa akielezea kwamba---

Mr. Deputy Speaker: My question is: Did you make the utterances as stated by Mr. Angwenyi?

Mr. Wamunyinyi: Sikusema hayo maneno, Bw. Naibu Spika.

Mrs. Kilimo: On a point of order, Mr. Deputy Speaker. I heard Mr. Wamunyinyi call Mr. Sirma "mwizi wa misitu".

Mr. Deputy Speaker: Mr. Wamunyinyi, could you withdraw those remarks and apologise?

Mr. Wamunyinyi: Bw. Naibu Spika, kwa heshima ya Bunge hili, naondoa hayo matamshi.

Mr. Deputy Speaker: Tuendeleo basi! Who had not finished contributing?

Hon. Members: Mr. Sirma!

Mr. Deputy Speaker: Oh, Mr. Sirma! Let me call upon, Mr. Arungah!

Mr. Arungah, please, proceed!

*(Resumption of Motion
on Budget Debate)*

Mr. Arungah: Thank you, Mr. Deputy Speaker, Sir, for giving me a chance to contribute to this Motion. Let me state from the outset that I support the Motion. It is my view that, as representatives of the people of Kenya, and as a body that allows the Minister to levy taxation, it is only fair that we be given an opportunity to decide on how the resources of this country are allocated. Therefore, I am hoping that this is the last time the Minister for Finance will come here and surprise us with his proposals. We expect hon. Members to have an input in the next Budget.

Mr. Deputy Speaker, Sir, having said that, let me join my colleagues who said that it was a fairly progressive and imaginative Budget. But that is with an exception of two areas. The issue of the Sugar Development Levy is contentious. We are aware of other levies that are paid, but they are never paid by consumer organisations. For example, we have the Petroleum Development Levy and Catering Levy that are paid by the consumers. I do not see why the Minister wants sugar-cane growers to pay those taxes. I have an issue to raise with regard to the increase of fuel prices. But I will talk about that later.

Mr. Deputy Speaker, Sir, let me comment on our own performance as a House. We all know that the Government is subjected to scrutiny. I hope hon. Members know that Parliament is part of the Government. So, just as we expect the Executive to account for its omissions or commissions, Parliament also must submit itself for scrutiny by other bodies. I am aware that the Press has incited *wananchi* against us. However, there are times we, ourselves, have played into the hands of the media. We engage ourselves so much with what I would call "very unproductive politics", while ignoring our core mandate. It is my sincere prayer--- I am appealing to my colleagues: Let us concentrate on providing the necessary legal framework to enable the private sector to grow and invest, so that our country can move forward. Members of Parliament should stop grumbling because they have the capacity and means to bring about changes. The other day, all of us were grumbling about Uchumi Supermarkets. This House has a capacity to formulate laws that can save a company like Uchumi Supermarkets, which is in trouble. It is within our mandate to do that. Let us concentrate on policies that would make a difference in the lives of our people.

Mr. Deputy Speaker, Sir, for example, Dr. Ojiambo has brought a Bill that will bring sanity in the area of procurement. A lot of money is spent by the Government on procurement. If that Bill is passed by this House, there will be some professionalism. Hopefully, if we can save even 5 per cent of what the Government spends on procuring goods and services, that money will go a long way in helping our people.

Mr. Deputy Speaker, Sir, with regard to the Budget itself, I appreciate that we are going to get some more money than we got last year. I also appreciate the fact that, the Minister has set aside some money to help the womenfolk. Our youth are also going to be facilitated to engage in activities that can improve their lives.

However, I was looking for things in this Budget that affect my people in Khwisero Constituency. I represent people who are largely farmers. They suffer from hunger because they cannot access inputs to produce enough to feed their families. The Government has spent a lot of money in research. I can say that our research basket is literally full, and yet our granaries remain empty. Our people are still going hungry. I expected more money to be pumped into agriculture, so that we can expand extension services. We want officers who can address the production challenges that our people face.

In Khwisero Constituency, farmers have problems with soil fertility. Weeds like *striga* and pests like *osama* are causing untold suffering. We have problems in land preparation. All in all, we have serious problems. We need to teach our people how to engage in productive farming. They need to know conservation measures, so that our soil is not eroded and taken to Egypt.

Mr. Deputy Speaker, Sir, the main challenge is access of inputs by the poor people in this country. We know that during the last drought, the Government spent over Kshs8 billion! That money was not budgeted for. They were able to put that money together and feed only two million people. I am convinced that the Government, in partnership with the private sector, international community and local charities, can set up an emergency fund of Kshs10 billion. If you gave me and my farmers in Khwisero Kshs10 billion, we can produce 27 million bags of maize and four million bags of beans. That is enough to feed 18 million Kenyans. Why do you spend Kshs10 billion to feed two million Kenyans? With Kshs10 billion, we can feed 55 per cent of Kenyans who, today, cannot afford one meal a day.

Mr. Deputy Speaker, Sir, let us not entrench the culture of begging. Let us endeavour to restore our national dignity by enabling our people to access two meals per day.

When the Minister increased the price of fuel by Kshs3 per litre, he told us that he intended to raise Ksh5 billion. Even without him having to raise it, we know that it was bound to go up due to what is happening in the oil world market. It was going to go up whether he increased it or not. However, fuel is a very important factor in production. When you increase the price of fuel, consumer prices and the cost of transportation go. The Minister could only have done that if he did not have other options. However, he had many other options to raise the Kshs5 billion that he was looking for.

We have heard about Nakumatt Supermarket and how much money it owes the Exchequer. We know at what rate the likes of Nakumatt have expanded and yet the Minister is so naive to believe that with this expansion, they cannot pay tax. There are so many "Nakumatts" in this country. There was a period when the Kenya Revenue Authority (KRA) was collecting a lot of revenue, but all of a sudden, something went wrong. I suspect that the ugly head of corruption has started to crop up.

I know of a company that owes the KRA Kshs2 billion. Somehow, this company has arranged with some KRA officers to frustrate the collection of tax. This is a trend that we cannot

allow. There are so many companies that are not paying tax. I would urge the Minister to tighten the strings to ensure that---

Mr. Munya: On a point of order, Mr. Deputy Speaker, Sir. Hon. Arungah has said that he knows of a company that owes the Government taxes worth Kshs2 billion. That is important information that he should share with this House.

Mr. Arungah: Mr. Deputy Speaker, Sir, if you gave me Kshs2 billion, I would feed the people of Khwisero for 25 years.

Mr. Deputy Speaker: Mr. Arungah, you were to respond to the point of order which has been raised by hon. Munya. He asked you to name the company you have referred to.

Mr. Arungah: Mr. Deputy Speaker, Sir, the company is called Kingsway Tyres and Automat Limited. If you want more information, I will give you.

In September, 2004, this company owed the KRA Kshs2 billion. A distress was effected and the Kingsway Tyres and Automat Limited wrote to the KRA and volunteered to pay.

Mrs. Kilimo: On a point of information, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Do you need any information?

Mr. Arungah: Mr. Deputy Speaker, Sir, I do not need any information.

The company in question wrote a letter to the KRA offering to pay at the rate of Kshs1.5 million a week. The KRA duly accepted this arrangement. After that arrangement was made---

Mr. Deputy Speaker: Your time is up.

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

Mr. Gumo: Thank you, Mr. Deputy Speaker, Sir, for giving me a chance to also support this Motion.

As much as we all agree that this was a poor man's Budget, there are certain areas that show that this is mainly a tax Budget. We cannot live in a country where whenever we want money, we must tax our people. Kenyans are already too taxed compared to those other African countries. The capital gains tax used to be there before and it was removed. The majority of our people sell their properties because they are not able to manage their finances. Some of them sell them because of personal problems, either to pay school fees for their children or just to maintain their affairs. If we tax whatever they get after they sell their properties, then we will be exploiting them.

Mr. Deputy Speaker, Sir, there are very many taxes on properties. Today, if you sell a property, you will pay a stamp duty. There are very exorbitant annual rates on properties and if you default, you pay nearly twice the amount. Before you sell your property, the Government makes sure that you have paid all the due rates. The percentage of the stamp duty is a bit too high. The Minister should review this tax.

Secondly, the Minister did away with road licences and increased the price of fuel. The prices of fuel are already too high. The majority of the people who use public transport do own vehicles. You cannot do away with road licences and increase the price of fuel and think that you are helping the *mwananchi*. The *mwananchi* cannot afford to buy a car. He uses the public transport. If you increase the price of fuel, you tax the *mwananchi*. The cost of transport from Kangemi to Town has almost doubled because the price of fuel is too high. There is nothing you can do about it. People are walking from their homes to their places of work and back. We would rather retain road licences than increase the price of fuel.

Mr. Deputy Speaker, Sir, I have just heard that the Commissioner-General of the KRA has banned the importation of vehicles from Dubai. Owning a vehicle today is a necessity, particularly in Nairobi. Most children go to school very far and parents need cheap vehicles to take the children

to school. If you stop the parents from buying cheap vehicles, where do you expect them to get money to buy new vehicles? It is not the problem of this country to know where the sellers in Dubai got their vehicles. Interpol should go to Dubai and find out where they are getting the vehicles from.

If you go to Dubai, buy a vehicle and you are given a log-book or a receipt and you bring it here, you will not have stolen that vehicle. That is a different country. Why do you want to carry a problem which is not yours? Kenya is a very small market of vehicles. No other country has banned the importation of vehicles from Dubai. These vehicles are being sold in India, Pakistan, other African countries and even England. What is Kenya to say that it is not going to import vehicles from Dubai? Some of you think that Kenya is a very important place. It is not compared to these other countries.

Mr. Deputy Speaker, Sir, corruption is another problem we have. When we talked about the Margaryans in this House, some hon. Members, particularly those on the Government side, could not allow us to do so and yet they are crooks. I do not see why the Government should set up a commission of inquiry and yet they knew who these people were. They were thieves and killers. I have never seen a businessman wearing those gold crosses everywhere. We have so many investors who come to this country. The moment you see a person wearing gold ornaments all over, you must suspect him. We have rich people in this country who do not even wear those things. They come here, do their businesses and go back. Here, there is somebody who you do not know properly, you do not have his address and yet you give him guns. You allow him to even walk on the runway at the airport. He walks everywhere. He imports containers and does not allow the Government to inspect them. When you say something about them here, the Ministers and hon. Members from that side are up protecting people they do not know.

Mr. Angwenyi: On a point of order, Mr. Deputy Speaker, Sir. Is the hon. Member in order to say that hon. Members from this side protect people who are thieves and killers? Which thief or killer have I protected since I am on this side?

Mr. Gumo: Mr. Deputy Speaker, Sir, I did not say they were killers. I said some hon. Members of this House supported the Margaryan group and it is public knowledge. They were up here. When we said these people were not good, some of them were quarrelling and fighting us. I do not know how much they earned from those people. This is all corruption. Instead of the Government finding out what sort of people they were, it supports them. It supports people who they do not know. When the truth is found, the Government is the first one to say they did not know. You did not know what? You are the Government and you are supposed to know anybody who comes in. A Government is a Government! If you are not able to know then resign and let some of us run it. We have seen how the Government is run. We have been there and we know. Some of you were in the Opposition and that is why you are even more confused. You do not even know how the Government is run.

Mr. Deputy Speaker, Sir, a lot of money has been allocated to the Department of Defence (DOD) and today when you are driving to Nakuru or some other town, you find DOD vehicles stuck on the road. These are 20 year old Land-Rovers. Where does this money go? Why do they not buy new vehicles? Military vehicles are an embarrassment to this country. At least, the police have new Land-Cruisers. What about the military? Where is the Minister of State for Defence to tell us why he cannot buy the military new vehicles and yet the DOD is getting a lot of money? Where does this money go? This must be a conduit through which money is siphoned out. Probably this is the way the money is stolen. The Government uses the DOD to get the money siphoned out. Why should we vote for so much money every year and yet our military people do

not have properly serviced vehicles? We have no Land-Rovers and if we are invaded today what shall we do? Shall we go to war on foot? Even today the military still have the long old AK-47 guns which are out of date and yet we vote billions of shillings for the DOD every year. Please, this time buy new vehicles for our military.

Mr. Deputy Speaker, Sir, the other day I was going to Naivasha and I was embarrassed to be stopped by military personnel by the roadside at night. Their Land-Rover had broken down because its battery was down. The Land-Rover's battery was "dead" and the vehicle was stuck in the bush. My dear friend, can you not be embarrassed by that and yet we pass the vote of the DOD here every year? I am ashamed of and embarrassed by our military vehicles. That is why insurgents from Ethiopia attack our people in North Eastern Province the way they want because we do not have military vehicles to chase them. Let us put our money to the right use.

I beg to support.

The Assistant Minister for Water and Irrigation (Maj. Sugow): Mr. Deputy Speaker, Sir, I stand here to support the Budget as presented by the Minister for Finance. I would like to take this opportunity to congratulate him for presenting a Budget that is geared towards the growth of this economy. This country has been experiencing economic growth for the last two years. This is commendable effort and the challenge to us, as a Government, is to ensure that we implement the Budget proposals. This Budget has been dismissed by some of our colleagues as being a populist Budget geared towards election campaigns, therefore, we can only disapprove them by implementing it. As the saying goes; proof of the pudding is in the eating. So, we have a challenge, as a Government, to implement this Budget. I believe it is a challenge we are up to and we will be successful.

Mr. Deputy Speaker, Sir, I would also like to congratulate the Minister for allocating money to sectors that will really take this country forward. In the past, we had been allocating money haphazardly in areas where this country cannot attain any growth. I, therefore, thank the Minister for allocating more funds towards the Free Primary Education Programme, health, infrastructure and other such sectors. I would also like to congratulate the Minister for coming up with the Youth Fund. However, we need some sort of legislation and framework for managing this Fund. It is important that we put in place measures that will assist us to utilise this money effectively.

Mr. Deputy Speaker, Sir, for the first time in the history of this country, the Minister has decided to bring in a very important population in this country into the mainstream of the financial transactions or the economy of this country. That is the Muslim population. Some banks have been making attempts to introduce interest-free banking in this country. I would like to thank the Minister for recognising their efforts and for promising to bring some changes within the banking sector to encourage banks to go into interest-free business.

Mr. Deputy Speaker, Sir, all is not rosy. There are a few areas that we really need to look at. The environment is a very important aspect of our lives. If the price of kerosene can be adjusted downwards, it would really benefit the low income earners and help to conserve our environment. This is a challenge for us. Quite a number of our people depend on kerosene as a source of energy. Many people would probably opt to use kerosene instead of destroying our forests. We, therefore, need to look into this aspect in the future.

Mr. Deputy Speaker, Sir, many of our past governments have always given lip-service to the northern part of Kenya when it comes to the allocation for development. This Government has the goodwill to support northern Kenya in terms of development. However, past marginalisation is so great for any efforts that are being made now to be of any effect.

Mr. Deputy Speaker, Sir, I was looking forward to see the Minister bring more concrete proposals to this House to develop infrastructure in northern region of Kenya. Many hon. Members have talked about this issue very passionately, especially those who come from northern Kenya, regarding the infrastructure. We lost colleagues as a result of poor infrastructure in northern Kenya. That should have been a challenge to us to come up with more effective proposals. I expected billions of shillings to have been allocated for the road network in northern Kenya. I think it is still a challenge that we have not addressed effectively. I hope that the Minister will look into this issue and come up with better proposals, probably even in the Supplementary Estimates.

Mr. Deputy Speaker, Sir, I come from an area where in the past development was just a dream. The people did not even know whether they were part of Kenya or not. Today, they realise that they are part and parcel of this country, thanks to the CDF. That is why everyone of us, whether in the Government or in the Opposition, as hon. Members, we are very passionate about this particular Fund. I, therefore, congratulate the Minister for having increased the kitty to the amount that he has suggested.

Mr. Deputy Speaker, Sir, there are refugees in this country and they pose problems for the local people. I come from an area where there are refugees and they are not well taken care of by the United Nations Human Commission for Refugees (UNHCR) in terms of their welfare and energy provision. They are only provided 30 per cent of their energy requirements. They are not given sufficient food. They have encroached our environment to provide for themselves shelter and food by keeping livestock in a very limited environment. This has become a very big threat to the local community. I think it is important that, as a policy measure, the UN is approached to ensure that they take care of refugees fully.

I would like to congratulate the Government for the re-opening of the Kenya Meat Commission (KMC) recently. We have re-opened the Athi River depot but most of the holding grounds in this area have been grabbed. I do not see how the capacity of 1,000 animals can be achieved without any holding ground within that general area. I, therefore, foresee a problem in the near future. We can overcome this by opening up new abattoirs in livestock producing areas, as quickly as possible, as promised by the Head of State. We also suggest that the KMC, Mombasa, should be rehabilitated and re-opened as quickly as possible so that the ranches in the Coast Province can serve as holding grounds for this particular depot.

With those few remarks, I beg to support.

Mr. K. Kilonzo: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to the debate on the Financial Statement delivered by the Minister.

From the outset, I want to congratulate the Minister---

Mr. Deputy Speaker: Mr. K. Kilonzo, I have said that the Minister will respond for 20 minutes. Therefore, you will continue up to 10 minutes past 6.00 p.m and then the Minister will start responding.

Mr. K. Kilonzo: Mr. Deputy Speaker, Sir, I want to congratulate the Minister and his team for a well-thought-out Budget.

On the Youth Enterprise Fund, I wish to say that for the first time in Kenyan history, the youth have been considered in a Budget and they have been allocated a considerable amount that will help them to participate in the development of this country. Now that we have these youth funds, we want to call upon the Minister to ensure that the youth who will benefit are not only the youth from urban areas but also those in rural areas. The funds should be distributed equitably, so that all the constituencies benefit.

I now wish to turn to the insurance industry. One week before the Minister read his Budget

Speech here, he said that the insurance industry would be autonomous. We felt that for the first time the insurance industry would grow since it was going to be made autonomous. However, during the Budget speech, we heard the Minister introduce what is known as the "cash and carry policy". This is where insurance brokers are required to remit insurance premiums to underwriters the same day they receive it from clients. Those who have been in the insurance industry like myself know that this is a move that will "kill" insurance brokers. Most of the brokers come from insurance colleges or other sectors to join the industry and start selling policies. If they are asked to remit insurance premiums the same day they received them, then definitely they will not be able to do that. Therefore, the insurance industry is going to be a preserve of the rich people, who will be able to remit premiums within a day. I wish to call upon the Minister to consider allowing insurance brokers at least a month grace period before they remit premiums. This is because most of them benefit from the grace period allowed before they remit premiums.

Mr. Deputy Speaker, Sir, the insurance industry has for a long time been the preserve of foreigners. You find that most of them register in the service industry. I wish to also request the Minister to, in future, restrict the service industry to the locals. This will enable the unemployed to participate in it.

The allocation for water is Kshs2.5 billion. I come from an area which is hit by drought year in, year out. I wish to ask the Minister to increase Vote for the Ministry of water and Irrigation, especially the portion meant for Ukambani. You find that the major rivers of this country like the Athi and Tana River pass through Ukambani. We should tap river water to irrigate this area. If this is done, Ukambani will be a food basket of this country.

The Minister allocated Kshs26 billion to the Department of Defence. This Department needs to be given sufficient funds. However, our military should be involved in development activities in this country. Our military officers should help us in sinking more boreholes in areas hit by drought and also in construction of roads. If they do that, we will not use a lot of money to pay contractors. Our military have the capacity to do these works.

The other issue I want to comment on is the increase in the fuel levy. The Minister removed road licences and increased the fuel price by Kshs3.20 per litre. This increase has a spiral effect on prices of other commodities across the country. What the Minister did is to give us relief on one hand and then burden us on the other one. Today, a poor Kenyan who does not own a car or simply cannot afford any means of transport is going to be taxed heavily because of the Kshs3.20 increase on the Roads Maintenance Fuel Levy. I would like the Minister, as we continue to deliberate on this matter, to rescind this decision so as to enable the poor people get relief.

Mr. Deputy Speaker, Sir, I want to thank the Minister for having given us a token increment on both the CDF and Local Authorities Transfer Fund (LATF). The CDF has, indeed, revolutionarised development in this country. It has enabled projects which have been desired by *wananchi* to be implemented in the various constituencies countrywide. However, the token increment on CDF is wanting. We would like the Minister to consider doubling the money allocated to the CDF. At least, we need to have not less than five per cent being allocated to the CDF. This is because that is the only money *mwananchi* can be sure will yield instant results in terms of development.

Much as the Minister said that the amount of money allocated to CDF has gone up by 30 per cent, he also announced that the construction of police stations and bursaries for secondary schools will now be catered for by the CDF. I want the Minister to transfer the actual money which was reserved for the bursaries and the construction of police stations to the CDF. This should be in addition to what we already have been allocated. If the CDF is to cater for all these projects, then

the net effect is that, really, there was no increment in the amount of money allocated for the CDF.

Mr. Deputy Speaker, Sir, Kshs13 billion has been allocated to the Ministry of Roads and Public Works. I come from an area where there is a major road. It is the only Class B road in the country which is not tarmacked. It is the road that links Kibwezi to Kitui all the way to Mwingi, Maua, Isiolo and ending up in Ethiopia. I want to request the Minister to consider this road so that it can be tarmacked during this financial year.

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

Mr. Deputy Speaker: Hon. Members, I only have five minutes for this debate. This is the final Allotted Day and, by indulgence of the House, I will give two minutes to Mr. Munya and the rest of the time to Mr. Tarus.

Mr. Munya: Mr. Deputy Speaker, Sir, this year's Budget Speech was a good one. The measures introduced are good and intended to promote further growth in the economy. I thank the Minister for that. I also thank him for remembering the youth of this country who have been forgotten for a long time.

However, there are two issues that the Minister proposed that are of concern to me. The issue of refunding pension money to people who are moving out of this country gives an impression that we are encouraging people to move out so that we can give them money. This is contrary to the fact that those who remain in the country; even if they lose their jobs and get sick, cannot access their pension. That is not good and I expect the Minister to look into that matter. It will be very difficult for us to pass that as law.

Mr. Deputy Speaker, Sir, the other issue which concerns me is that of the third party insurance. The compensation amount has been limited to Kshs3 million. It is a pity that if you are involved in an accident and you go to a hospital for treatment and your medical bill goes beyond Kshs3 million, the insurance company will not help you pay it, yet you were in a car that was insured. That is another bad measure that is going to hurt the poor. The Minister needs to look into it. An insurance policy is a contract between a company and an individual. Therefore, I do not see why the Government would want to interfere by determining how much a person is to be compensated. The Minister is trying to interfere with the cheapest insurance cover that is usually accessed by the poor. That, again, will hurt the poor. It is not intended to bridge the gap between the rich and the poor, yet from the outset the Minister said that his Budget intended to do so. This is an issue that is going to give us problems when it comes to passing the Budget. Some of us are reluctant to support this measure.

But, by and large, this Budget is good. I applaud the idea of continuing to privatise our parastatals through issuance of shares to the public. Previously, privatisation was simply intended to give our resources to foreigners. Now that Kenyans seem to be very eager to invest in our State Corporations, we should continue to give them a chance to do so.

Mr. Deputy Speaker, Sir, I applaud the Minister for introducing measures to reduce spending by the Government.

With those few remarks, I beg to support.

The Assistant Minister for Local Government (Mr. Tarus): Thank you very much, Mr. Deputy Speaker, Sir, for this opportunity. I want to thank the Minister for Finance for the Budget Speech, and also appreciate the importance of our youth. Our youth have a lot of problems, ranging from unemployment to participation in the informal sector, where they are exploited. They have not been able to realise their desire to participate in building our economy. As some hon. Members have said, it is important to find a way of making sure that the funds allocated to youth programmes will go into beneficial ventures. We should not have a situation where the funds go to

waste. Mr. Deputy Speaker, Sir, it is very important to have good roads. Good roads reduce costs and improve the economic performance. I want to touch on the issue of maintenance of roads. We are maintaining roads that have outlived their life period. In most cases, after we reseal them, they are washed away immediately by rains. It would be important to allocate more funds for road construction. In future the budget for constructing new roads should be in the tune of Kshs100 billion. I propose that in future we should allocate not less than Kshs35 billion for the maintenance of roads in our country, so that we have suitable roads for economic development.

On modernisation of our airports, I would like the Government not to forget that we spent a lot of funds to build the Eldoret International Airport. It is important that, that airport pays back the amount we spent on it. We can make it a cargo airport by introducing incentives that will attract businessmen to utilise it.

Mr. Deputy Speaker, Sir, I would like the Ministry of Education to recognise the plight of orphaned children.

With those few remarks, I beg to support.

Mr. Deputy Speaker: Hon. Members, it is now time for the Mover to reply.

Proceed, Mr. Kimunya!

The Minister for Finance (Mr. Kimunya): Mr. Deputy Speaker, Sir, I beg to reply. But before I do that, I would like to thank Members for their contributions and the support they have given the policies which the Government proposes to implement during the next financial year.

Mr. Deputy Speaker, Sir, listening to Budget Debate, I am very encouraged by the richness in content and the fact that we have concentrated on the issues that were raised in the Budget Speech and there has been very little in terms of extra issues. I also note that in a long time, this year, we have managed to complete the Seven Allotted Days in a consecutive manner, which is again, credit to the Members that we have now taken the business of the House seriously and we have managed to use all the Allotted Days without breaking or losing a day.

Mr. Deputy Speaker, Sir, as I stated during the Budget Speech, this Budget was premised on the three pillars of the Economic Recovery Strategy which is promoting economic growth. Basically, what we are aiming to do there is lifting all the boats together as the tide rises since as the tide rises all the boats at sea rise together. The second pillar is the social injection of funds to lift those who are not on the sea to ensure that we can lift everyone, especially those at the very bottom. That is why we are injecting over 60 per cent of the funding to support health, education, infrastructure, water and roads. This will lift those people at the lowest bottom - the poor - to bring them up so that they can rise with the rest. The third pillar is our improvement in governance so that we can ensure that we reduce waste as we bring in the issues that thrive on corruption.

Mr. Deputy Speaker, Sir, I now wish to just touch on a couple of issues that Members raised that I thought I needed to clarify. By and large, I believe Members have been in total agreement with what we have said. I just want to spend a couple of minutes in just clarifying some of the issues that might have caused confusion. The first one is on the zero-rating of VAT on wheat flour. Contrary to what I have been hearing on the Floor, zero-rating of VAT on wheat flour is actually bringing it into parity with what we have done with maize flour, milk, LPG and kerosene to ensure that the total burden is removed from the consumer. Now, this has in no way got any impact on the imported wheat or for that matter, any wheat coming from outside. We are not talking of zero-rating duty or removing duty. Whether the wheat is local or imported, we have removed the VAT, and I think that, to me, will now mean there will be more wheat consumption and we should encourage our farmers to grow more wheat because it is cheaper to buy. At the same time wheat flour will be affordable.

The other clarification is on the 2 per cent that is charged on Catering Levy. There is some confusion as to whether that was included within the VAT or not. The Catering Levy is additional to VAT. That is specific to the industry, as you know the Catering Levy is charged on people within our hotel industry. It is used to improve the hotel industry. So, that is a levy payable by the industry for improvement of the industry. The reason we have harmonised the 16 per cent is for easier tax administration. We have seen problems between input tax at 16 per cent, output tax at 14 per cent, and we just thought of harmonising everything for that sector.

Mr. Deputy Speaker, Sir, hon. Members have raised concern that perhaps the 2 per cent may affect what is happening within that sector. But we have thrown in a lot of tax incentives. There is duty and VAT remission on capital goods that are imported for purposes of refurbishment of hotels. So long as they are used in hotels, there is VAT remission on expansion of hotels. We have also put in incentives in terms of industrial building allowance for hotels and also the amount of money we are spending on promotion of tourism.

Mr. Deputy Speaker, Sir, we all have a duty to move on, but the poor state of our roads is increasing the cost of doing business in this country and chasing away investors because they prefer to go to Dar es Salaam, where there are better roads. As the Minister for Roads and Public Works has constantly reminded us we, actually, need more than Kshs100 billion to rehabilitate our roads. We have lost out on ten years of rehabilitation of roads and it is time we accelerated that process. We are trying to increase the amount of money available to rehabilitate our roads not just in towns, but also in each of the constituencies. We have proposed to set aside about Kshs15 billion per annum so that we can reduce the time it requires to rehabilitate our roads from ten years to about six years. It is in this spirit that we are now asking for people to start contributing Kshs3.20 through the 5 per cent increase on the price of fuel.

Mr. Deputy Speaker, Sir, I am aware that I asked motorists not to raise fares because we only increased fuel costs by only 5 per cent. Therefore, *matatus* charging Kshs100 should ideally have increased the fare by Kshs5 only. But we have seen unscrupulous business people in the transport sector increasing fares by between 30 per cent and 50 per cent. I would like to ask hon. Members to show their leadership by censuring the *matatu* operators for exploiting Kenyans. Let us work together, let us re-energize the civil society and work with the consumer organizations to tell those people that they cannot exploit people on the pretext that the Roads Maintenance Fuel Levy has gone up. At the end of the day, I believe we are all united on this issue that, we want better roads. The Minister for Roads and Public Works has assured me that he has a very detailed programme to make sure that those roads are done. We, in the Treasury, also mentioned that, using our Budget Monitoring Unit (BMU), we are going to monitor how many kilometres of roads are done every quarter on all the roads we have scheduled to be done so that we can come back here and show you that, with the money you gave us, we have been able to do so-many kilometres of road. We do not want to come here and show you that we have just spent the money.

Mr. Deputy Speaker, Sir, the other issue which was raised here, and I wish to comment on is the Sugar Development Levy (SDL). The rationale for levying it as a user charge is for that money to be used the way the Catering Levy, Coffee Levy and cess are used to develop that sector. I was encouraged this afternoon when one hon. Member actually brought out the issue that the SDL is collected but it is not benefiting the farmers. First of all, we have brought the rationale to the user, who is the one who contributes to that Fund. If it is a tax, it comes to the Exchequer and then we allocate money for the Fund, but we do not want to go that route. Between now and December, 2006, we are going to sit down with the Minister for Agriculture, because the order takes effect from January, 2007, and we are going to work out the best modality. There have been suggestions

that it should be scrapped, while others have suggested that 7 per cent is too high. But 7 per cent is what is being paid out now, and we are going to work out to see how much farmers should pay and how much the Treasury should give as a grant to support that sector. So, we will have come up with a better solution by December, 2006, but things will go on as they are now. In terms of legalities, we now know that the levy is where it belongs. It is not a tax that should be approved by this House, as was happening when it was a consumer tax.

Mr. Deputy Speaker, I would also like to comment on the issue of the insurance industry. We have taken a lot of pain to look at what has been happening, for example, why the insurance industry has been crumbling and why they are not even willing to insure private vehicles. This is because in a comprehensive cover, things are sorted out. It is very clear what one is insured for. But in terms of the third-party cover, which is mandatory, it was left loose. We have looked at what is happening at the international level and we have borrowed heavily from them. So, we thought that the best thing is actually to make it predictable for people to know that this is what the insurance company can do or the maximum levels of claims, and the courts will then exercise their jurisdiction within some prescribed limits, which is already the practice with regard to the comprehensive covers and which have been left out in the third party covers. There are so many issues which have been well put. I want to assure hon. Members that as we move to the individual Votes, we will have more discussions. We will throw some more light on issues that hon. Members may raise. As we said, the past is gone. The present is with us. The challenge we have is how to make Kenya a better country for our children and grandchildren. The time to start looking for solutions for the future is now. This House will be privileged to start getting those solutions and laying the building blocks for the future as we move from recovery to making maximum effort to put our country where it should be.

Lastly, some hon. Members have raised the issue of donor support for the Budget. I would like to confirm that although we have not included donor funding in our Budget, there is some money from external sources which has been factored into the Budget. While presenting the Budget Speech to this House, I acknowledge that we are receiving up to Kshs29 billion in respect of project grants. We have itemised that money within the Development Estimates in the first few pages for hon. Members to see. We are thankful to the people who are supporting us implement those projects. However, in terms of Budget support, we have realised that if we continue relying on donors, who have become increasingly unpredictable, we will never get anywhere.

Mr. Deputy Speaker, Sir, in previous financial years, we factored into our Budget donor support money, but the money was never released to us due to subsequent conditionalities by the same donors. However, we are now operating with total predicability. We only include into the Budget money whose disbursement to us we can guarantee. So, let us not confuse donor support with loans we receive. That is money we will pay back. It is not donation. The only donation component of this money is the interest concession, which we can factor in within our donations. I am very happy with the Kenyan taxpayers, who contribute 96 per cent funding for our Budget. I am also grateful to this House for supporting the Budget. Once again, I thank you very much.

Mr. Deputy Speaker, Sir, lastly, I am very encouraged by the response I got from hon. Members following the Treasury proposal to tax hon. Members' personal emoluments. I am glad that we are now agreed to remove the legal impediments that have been denying us the opportunity to pay our fair share of tax to the Government, just like any other Kenyans. I look forward to the Parliamentary Service Commission setting up a tribunal to review this law to enable us pay tax.

Mr. Deputy Speaker, Sir, once again, from the bottom of my heart, I wish to thank hon. Members for the enrichment they have given to this debate, and for their overwhelming support. I

look forward to, further, receiving their support next week, when we debate other proposals contained in this Budget as well as when we debate the individual Votes, so that we can start the process of implementing this Budget.

Mr. Deputy Speaker, Sir, I beg to move.

(Question put and agreed to)

ADJOURNMENT

Mr. Deputy Speaker: Hon. Members, that concludes today's business. Therefore, the House stands adjournment until Tuesday, 4th July, 2006, at 2.30 p.m.

The House rose at 6.25 p.m.