

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 17th June, 2003

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Papers were laid on the Table:-

The Economic Survey, 2003.

*(By the Assistant Minister for Planning
and National Development (Mr. Kombo) on
behalf of the Minister for Planning
and National Development)*

The Report of the Commissioner of Insurance for the year ended 31st December, 2001.
Annual Report and Accounts of the Registration of Accountants Board for the year ended
30th June, 2001, and the Certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister for Planning
and National Development (Mr. Kombo) on behalf of the Minister for Finance)*

NOTICE OF MOTION

APPROVAL OF TAXATION MEASURES

The Assistant Minister for Planning and National Development (Mr. Kombo): Mr. Speaker, Sir, on behalf of the Minister for Finance, I beg to give notice of the following Motion:-
THAT, the proposals relating to:-

- (a) Customs Tariff,
- (b) Excise duties,
- (c) Value Added Tax,
- (d) Income Tax, and
- (e) Miscellaneous fees and taxes contained in the Financial Statement for the year of account 2003/2004 be approved.

His Excellency the President has signified his consent to this Motion.

COMMUNICATION FROM THE CHAIR

CHANGE IN THE ORDER OF
DEALING WITH QUESTIONS

Mr. Speaker: Order, hon. Members! Hon. Members, as we come to Questions, from now on, we will have exactly one hour to deal with them. I will propose that from tomorrow, I will be beginning with Questions by Private Notice so that they are not caught up with time because, by their very nature, they are supposed to be answered urgently. For the hon. Members who wish to seek Ministerial Statements, know about that limitation.

For today, I will finish Question Time at 3.25 p.m., so that I give one or two hon. Members an opportunity to seek Ministerial Statements. So, tomorrow, we will begin with Questions by Private Notice.

ORAL ANSWERS TO QUESTIONS

Question No.293

TARMACKING OF KABUKU-NGECHA ROAD

Mr. Kanyingi asked the Minister for Roads, Public Works and Housing:-

- (a) whether he is aware that Kabuku-Ngecha Road is halfway tarmacked; and,
- (b) when the road will be completed.

The Minister for Roads, Public Works and Housing (Mr. Raila): Mr. Speaker, Sir, I beg to request the indulgence of the House that this Question be deferred. I have talked to the hon. Member and I need to undertake some consultations with him. So, I would like to answer this Question on Thursday this week.

Mr. Speaker: Mr. Kanyingi, is that okay with you?

Mr. Kanyingi: Mr. Speaker, Sir, I have accepted that.

Mr. Speaker: It is so ordered. Thank you, Mr. Raila.

(Question deferred)

Mr. Kagwima!

Question No.285

WILDLIFE MENACE IN
THARAKA CONSTITUENCY

Mr. Kagwima asked the Minister for Environment, Natural Resources and Wildlife what urgent measures he is taking to safeguard the people of Tharaka, whose livelihood is threatened by wild animals which attack area residents and destroy their crops, particularly along Tana River, Kahita, Nkarini and Kiuguru villages.

(A mobile phone rang)

Mr. Speaker: Could all hon. Members and strangers, please, put off their mobile phones now? You have a few seconds to do that! Where is the Minister for Environment, Natural Resources and Wildlife? He is absent? We will leave this Question until the end.

Next Question by Mr. Kalembe!

*Question No.295*MEASURES TO BOOST TV
TRANSMISSION IN KIBWEZI

Mr. Kalembe asked the Minister for Tourism and Information:-

- (a) whether he is aware that residents of Kibwezi Constituency do not receive any television transmission; and,
- (b) if he could state what urgent measures the Ministry will put in place to ensure that Kibwezi residents receive the said transmission.

The Assistant Minister for Tourism and Information (Mrs. Mugo): Mr. Speaker, Sir, I beg to reply.

(a) It is true the residents of Kibwezi Constituency do not receive television transmission.

(b) The Government, through the Kenya Broadcasting Corporation (KBC), has plans to establish TV transmitting stations at Kibwezi and Kitui at an estimated cost of Kshs60 million and Kshs80 million respectively. However, KBC is not able to afford the level of investment at this moment in time.

I may also submit that there are TV broadcast frequencies available in this area for any interested private broadcaster. However, we are also aware that, commercially, that is not a very promising proposition.

As part of the restructuring and modernisation of KBC, the Ministry will follow the path of embracing new, relevant and currently cheaper technology of satellite-based transmission, supported by smaller terrestrial transmitters that can better cover the whole country with better targeting of population clusters.

Mr. Kalembe: Bw. Spika, Waziri Msaidizi amesema kwamba kuna mipango ya kujenga vituo kama hivyo huko Kibwezi na Kitui, ambavyo vitaigharimu Serikali Kshs60 milioni. Hivyo vituo vitajengwa siku gani?

Mrs. Mugo: Mr. Speaker, Sir, as I said earlier on, the KBC is currently not able to carry out that exercise. When we had targeted to carry out the exercise, no money came from the Treasury. It was financed by KBC through advertisements, but funds were not forthcoming because of the poor broadcasts and programmes that were introduced at that time. So, at the moment, the Ministry is evaluating the cost of satellite transmission, which will cover most parts of the country. The Ministry will be issuing a statement to that effect as soon as we get the findings.

Mr. Speaker: Very well, next Question!

*Question No.268*PROVISION OF MEALS TO
UNIVERSITY STUDENTS

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

- (a) whether he is aware that due to harsh economic conditions, students in our public universities now prepare meals in their hostels; and,
- (b) if the Minister could consider providing meals to the students to ensure adequate time is availed to learning.

Mr. Speaker: The Minister for Education, Science, and Technology! He is not there? We will

leave that Question until the end.
Next Question!

Question No.285

WILDLIFE MENACE IN
THARAKA CONSTITUENCY

Mr. Kagwima asked the Minister for Environment, Natural Resources and Wildlife what urgent measures he is taking to safeguard the people of Tharaka, whose livelihood is threatened by wild animals which attack area residents and destroy their crops, particularly, along Tana River, Kathita, Nkarini and Kiuguru villages.

Mr. Speaker: Is the Minister still not here? I am sorry he is not there. Until when shall we defer the Question, Mr. Kagwima?

Mr. Kagwima: Mr. Speaker, Sir, until tomorrow.

Mr. Speaker: The Question is deferred until Thursday, this week.

(Question deferred)

Question No.268

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UNIVERSITY STUDENTS

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

(a) whether he is aware that due to harsh economic conditions, students in our public universities now prepare meals in their hostels; and,

(b) if the Minister could consider providing meals to the students to ensure adequate time is availed to learning.

Mr. Speaker: Is the Minister for Education, Science, and Technology still not here? Until when can I defer this Question, Mr. Lagat?

Mr. Lagat: Mr. Speaker, Sir, until tomorrow.

Mr. Speaker: I will once again defer it to Thursday.

(Question deferred)

QUESTIONS BY PRIVATE NOTICE

DIVERSION OF RIVER WASEGES

Mr. Korir: Mr. Speaker, Sir, I beg to ask the Minister for Water Resources Management and Development the following Question by Private Notice.

(a) Is the Minister aware that River Waseges has been diverted for irrigation upstream around Subukia area, leading to scarcity of water downstream?

(b) What steps is he taking to ensure that the river course is not tampered with to avert conflicts which may arise as a result of water shortage?

The Minister for Water Resources Management and Development (Ms. Karua): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that the River Waseges dried up downstream owing to prevailing drought

at the time and illegal irrigation activities that were ongoing upstream. The reduction in river flows at the time was accelerated by destruction of water catchment areas that recharge its three tributaries.

(b) My Ministry at the time intensified surveillance in both Nakuru and Koibatek districts to enforce a ban on irrigation and illegal diversions in order to restore flow in the river. As a long-term measure, however, my Ministry has embarked on implementation of far-reaching institutional reforms that will create river basin catchment committees and water user associations which will be empowered to take charge of catchment management activities in their areas of jurisdiction.

Mr. Korir: Could the hon. Minister confirm exactly when she is going to form the committees? Secondly, could she confirm to this House that when the river basin committees are formed, the consumers of water from downstream will also be included in that committee?

Ms. Karua: Mr. Speaker, Sir, I cannot say exactly when these committees are going to be formed, but the reforms have been initiated. Indeed, they are going on. We have formed some of the institutions like the Water Regulatory Board. We are now going to the other levels and eventually we will form the area catchment committee. I want to confirm that when these committees are formed, we will take care of everybody within the entire basin, including the lower and the upper basins.

Mr. Bahari: Mr. Speaker, Sir, the problem of River Waseges is not only unique to that river. It applies to very many other rivers, including Uaso Nyiro. This is becoming quite disastrous to the communities that live downstream, yet they have a right of using that water. Could the Minister ensure that the same institutional reforms are also applicable to the other rivers? At the same time, during the colonial times, this issue was more regulated in that there were specific measures that the colonial government was using. Whenever the water level went down at a particular point, then they would go upstream to make sure that the position is regularised. Could the Minister ensure that all those regulations are put in place?

Ms. Karua: Mr. Speaker, Sir, this is the third Question I am answering, for the last two weeks, on the same issue. I want to confirm that the institutional reforms are going to apply countrywide. Even today, there are laws that prevent illegal abstraction of water from the rivers, but previously there was laxity in my Ministry in effecting enforcement. We are putting mechanisms in place to ensure that there is strict enforcement so that people upstream do not deny those who are downstream the use of the water. Those reforms will require members of the community, including the hon. Members, to work with my Ministry.

Mr. Speaker: Very well, next Question by Mr. Patrick Muiruri!

(Mr. Cheboi stood up in his place)

(Laughter)

Mr. Cheboi: Mr. Speaker, Sir, I am asking the Question on behalf of Mr. Muiruri.

Mr. Speaker: No! You do not do that.

Mr. Cheboi: What do I do, Mr. Speaker, Sir?

(Loud consultations)

Mr. Speaker: Order! Order! Order! You cannot ask a Questions by Private Notice on behalf of any other hon. Member. If the hon. Member is absent, the Question falls on his face. So, where is Mr. Muiruri?

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

Mr. Speaker: Yes, what is it?

Mr. Cheboi: Mr. Speaker, Sir, I was standing because I wanted to introduce myself to you.

(Laughter)

You see, I have a feeling that you do not know my name and every time I jump up, you do not notice.

(Laughter)

So, I want to withdraw the earlier remark. I was actually not asking the Question on his behalf, but I wanted to catch your attention.

(Laughter)

Mr. Speaker: Who are you?

Mr. Cheboi: Mr. Speaker, Sir, my names are Moses Cheboi, Member for Kuresoi. I have been here for the last six months.

(Laughter)

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

Mr. Speaker: What is it Mr. Mwenje?

Mr. Mwenje: Mr. Speaker, Sir, did you see a former Deputy Speaker standing at the same time? I do not know whether he was going to answer or to ask a question?

Mr. Speaker: Well, there is no crime in being enthusiastic.

(Laughter)

Yes, what is it?

Mr. Wario: Bw. Spika, Maswali kadhaa yalisongeshwa mbele kwa sababu Waziri ambaye angestahili kujibu Swali hilo hakuwepo. Ikiwa Waziri hayuko, au mwenye Swali hayuko, kwa nini Swali halisongeshwi mbele?

Mr. Speaker: Well, it falls on his face. I am sorry, the Question is dropped.

(Question dropped)

What is it?

Mr. J. Nyagah: Mr. Speaker, Sir, there was a request for a Ministerial Statement on this very subject. What happened to it?

Mr. Speaker: Well, there was a Question and, therefore, the Ministerial Statement fell on his face.

(Loud consultations)

If the hon. Member, Patrick Muiruri, turns up, consults the Chair and gives good enough reasons for his absence, I may consider reinstating it. Until that time, it is dropped.

Next Question, Mr. Khamasi!

ILLEGAL SALE OF PUBLIC LAND

Mr. Khamasi: Mr. Speaker, Sir, I beg to ask the Minister for Lands and Settlement the following Question by Private Notice.

(a) Is the Minister aware that public land, LR. No. 24984 - Nairobi, measuring 100 acres has

been advertised for sale?

(b) Could the Minister inform the House who are the allottees of that parcel of land and how they acquired it?

(c) What action will the Minister take to stop that sale and repossess the land?

Mr. Speaker: Is anybody here from the Ministry of Lands and Settlement? The Minister is not here? Mr. Khamasi, what do I do now?

Mr. Khamasi: Mr. Speaker, Sir, I have a written answer here. Perhaps, it can be read by the Leader of Government Business or any other Minister on the Front Bench.

Mr. Speaker: Is there anybody who is interested in reading that answer?

Mr. Khamasi: Mr. Speaker, Sir, you should order them to do so.

Mr. Speaker: Order, Mr. Khamasi! He is not there. I think the fairest thing for me to do is to give you another chance to ask the Question. I will defer the Question to tomorrow afternoon. Is that okay with you, Mr. Khamasi?

Mr. Khamasi: Mr. Speaker, Sir, why should you defer it to tomorrow afternoon?

Mr. Speaker: If the Order Paper for tomorrow is not out, I will order that the Question be put in it.

(Question deferred)

That is the end of Question Time. Next Order!

POINTS OF ORDER

ALLEGED PLANS TO SET UP MILITARY BASE IN KENYA BY THE US GOVERNMENT

Maj-Gen. Nkaiserry: Mr. Speaker, Sir, I rise to demand for a Ministerial Statement from the Minister of State, Office of the President in charge of national security on a matter of great national and regional security concern. It has been reported in today's *Daily Nation* newspaper that the United States of America Government plans to set up a military base in Kenya, and although the Minister is reported to have denied the existence of such plans, it is important that this House, as a supreme institution over the Executive, be put in the proper perspective on the issue.

As you know, Kenya has become a target of terrorists in the recent past, and Kenyans have suffered a lot as a result of that. Kenyans, through this House, would want to know what advantages or benefits, if any, accrue from allowing the setting up of such a base.

Mr. Speaker: Is there any Minister ready to respond to that issue?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Speaker, Sir, I undertake to bring a Ministerial Statement on the issue on Tuesday, next week.

TAKEOVER OF LIMURU DO'S OFFICE

Mr. Kanyingi: Mr. Speaker, Sir, I rise to demand for a Ministerial Statement from the Minister of State, Office of the President, in charge of internal security. The Minister should inform the House whether [**Mr. Kanyingi**] the former Member of Parliament for Limuru has been appointed the District Officer (DO), Limuru. He harassed the DO and everybody else in Limuru Constituency, and took over the DO's office.

The people of Limuru would like to know whether the former Member of Parliament has been appointed a DO in Limuru. If so, they want him to be transferred to another division.

Mr. Speaker: Mr. Tarus, would you like to respond to that issue?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Speaker, Sir, when the hon. Member was requesting for a Ministerial Statement, I was just wondering whether he should not bring a Question to this House on the issue, so that we can answer it fully.

Mr. Speaker: Order, Mr. Tarus! That may be the right thing for the hon. Member to do, but you are here. You are being told that a stranger has walked into the DO's office, taken over and is running the office as if he were the DO. Are you aware of that or not?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Speaker, Sir, I am not aware of that, but I can find out the details.

GOVERNMENT POSITION
ON SECOND-GENERATION BREWS

Mr. Mbau: Mr. Speaker, Sir, I rise to seek a Ministerial Statement on the Government's position on production, distribution, marketing and selling of second-generation brews. Earlier in the year, the issue was raised here and the Minister for Trade and Industry undertook to take appropriate action.

On Friday last week, His Excellency the President reiterated that brewers and consumers of illicit brews have no place in Kenya's new order of doing things. Indeed, for the economy to grow, we need healthy people who are energetic enough to work hard for long hours in their farms and other places of work. As I raise this issue, the people of Maragwa Town, which happens to be in Maragwa Constituency, are engaged in a gruelling exercise or operation to rid the town of the brews. A 12-wheel trailer was unloaded of the illicit brews early on Sunday morning, which were for sale and distribution in the district. The people of Maragwa have said no to the brews under whatever circumstances. I reiterate the same.

Could the Minister concerned confirm whether the Government is on the side of the suffering majority, or in silent support of a few suckers, who derive their pleasure and wealth on the destruction of our people?

Mr. Speaker: Mr. Tarus, are you ready to respond to that issue?

Mr. Mwenje: On a point of order, Mr. Speaker, Sir. I wish to take you back to the issue that was raised by the hon. Member for Limuru. We went to a different issue. The hon. Member has alleged that a stranger has taken over the office of the DO, Limuru. The Assistant Minister did not take the earliest opportunity to reply to the issue. The matter seems to have ended at that point.

It is a serious issue for somebody to evict Government employees in a particular office, and decide to sit and operate from it. That can bring about a very serious commotion. The Assistant Minister should tell us whether he is responding to that issue now, or he will respond on another day.

Mr. Speaker: But he said so!

Mr. Mwenje: Mr. Speaker, Sir, it was not clear---

Mr. Speaker: Order, Mr. Mwenje! We will not go back to what we have already done. The Assistant Minister stood and told the House when he will respond to the issue.

EXPLOSION OF LANDMINES IN MOYALE

Dr. Galgalo: On a point of order, Mr. Speaker, Sir. Last week, I requested for a Ministerial Statement from the Minister in charge of internal security about the landmines that are being detonated in my constituency. It is one week ago and the Minister has not issued the Ministerial Statement. He pledged to issue it today and he is seated there as though nothing is happening. Mr. Speaker, Sir, could he issue that Ministerial Statement now?

Mr. Speaker: Do I get it that there was another mine explosion in Garissa? I am just wondering where I read that, or is it just the one you are referring to? Mr. Tarus, are you ready to respond to that issue?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Speaker, Sir, the Ministerial Statement is not ready, but it will be presented.

Mr. Speaker: When?

The Assistant Minister, Office of the President (Mr. Tarus): Mr. Speaker, Sir, it will be issued on Thursday, this week.

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

Mr. Speaker: Order! We have a lot of business to do. What is it, Mr. Billow?

PUBLIC PROCUREMENT POLICY

Mr. Billow: On a point of order, Mr. Speaker, Sir. Last week, I requested for a Ministerial Statement on public procurement policy and the sacking of public procurement officers. I am looking forward to an answer today.

Mr. Speaker: Order, hon. Members! I have, in the past, explained to hon. Members that the best way of getting Ministers to come to the House to address issues of concern is by Questions. They will be called by Questions to come here. As it is now, it is in their discretion to issue Ministerial Statements or not, although I would urge them to be responsive to Parliament. They should understand that issues raised by hon. Members here affect the Kenyan people.

Some of the issues are absolutely matters of death and life. Please, take those issues seriously.

PROCEDURAL MOTION

LIMITATION OF DEBATE ON ANNUAL ESTIMATES

Minister for Education, Science and Technology (Prof. Saitoti): Mr. Speaker, Sir, I beg to move the following procedural Motion:-

THAT, the following limitations shall be applied to the business of the Annual Estimates:-

(i) Each speech in the debate on the Financial Statement on the Annual Estimates shall be limited to 10 minutes, excluding the Mover's speech and reply, which shall not be limited; and the Leader of the Official Opposition or the designated official spokesman who shall be limited to 30 minutes.

(ii) On the Motion "That, Mr. Speaker do now leave the Chair" to enable Ministers initiate debate on policy, the Mover shall be limited to a total of one hour; half an hour for moving and half an hour for replying to the debate; 30 minutes for the Leader of the Official Opposition or designated official spokesman; and that each other Member speaking, be limited to 10 minutes, provided that one hour before the question of the Vote is put, the House shall go into Committee and the Chairman shall put every question necessary to dispose of the Vote.

(iii) That, each speech in the Committee of Ways and Means, and Committee of Supply, shall be limited to 10 minutes. In moving this Motion, I do take into account that essentially, this has been the procedure throughout the Parliamentary life and therefore, this is a ritual which clearly limits the time during which the time the Mover, in moving the Motion and of course replying, has so much time including the 30 minutes which is allotted to the leader of the Official Opposition. And that all of us Members, have 10 minutes each, to be able to contribute to this Motion.

Mr. Speaker, Sir, I do beg to move this Motion.

Assistant Minister for Planning and National Development (Mr. Kombo): Mr. Speaker, Sir, I beg to second the Motion. I think it is important that as many Members as possible be given a chance to speak.

When you look at the current House, we have sharp brains on both sides, I must admit. I think each one should be given a chance to say his views.

Mr. Speaker, Sir, on that note, I beg to second the Motion.

Mr. Speaker: Order Members! Order!

(Question proposed)

Every Member will realise that as I was proposing that Question, there is an amendment I have made. That is to change spokesman to spokesperson.

(Applause)

Mr. Speaker: The Motion will be then debated as amended by the Chair.

(Question put and agreed to)

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT MR. SPEAKER DO NOW
LEAVE THE CHAIR

*(The Minister for Finance
on 12.6.2003)*

*(Resumption of Debate interrupted
on 12.6.2003)*

(First Day of Budget Debate)

Minister for Roads, Public Works and Housing (Mr. Raila): Thank you Mr. Speaker, Sir. I rise to second the Motion moved by the Minister for Finance in this House last Thursday.

I am sure that all the Members here will agree with me that the Minister eloquently presented what I can call the *unbwogable* Rainbow Budget.

(Applause)

Mr. Speaker, Sir, this confirms the determination of the National Rainbow Coalition (NARC), to change the way this country is governed; the way this country is managed.

Last year during the campaigns, we did make a commitment to the people of Kenya. In our manifesto, we made a contract with the people of Kenya. We said that when we take over, we were going to introduce fundamental changes in which the affairs of this country are run. This Budget

confirms the firm commitment of NARC to deliver on its campaigns promises. We did promise that if we took over, we would introduce universal primary education. This is confirmed in this Budget, that the provision of funding for free primary education is here.

Mr. Speaker, Sir, last year when we promised it, we were called liars. It was said that NARC was promising something that was impossible, without thinking where the money was going to come from. But we said we knew where the money would come from. We said we knew it was in the pockets of thieves. We said we were going to transfer it from there, for the education of our people.

Mr. Speaker: Order Mr. Raila! You must use more moderate language. Liars and thieves are not accepted here.

Minister for Roads, Public Works and Housing (Mr. Raila): Mr. Speaker, Sir we knew that the money was available. and that we would transfer it from the pockets of those who had misappropriated public funds and transfer it to the education of our people.

The Minister said at the outset of his Speech that when he took over, he realised that the task before us was much bigger than we had estimated, and that he did not quite fathom the extent of mismanagement and looting that had continued before he took over. He said that much more drastic measures were required to bring the economy back to the right footing.

The Minister made very fundamental proposals in his Budget Speech in terms of taxation, revamping the economy, agriculture, industry and tourism. The Speech was very comprehensive and it touched on every sector of our economy. All hon. Members will agree with me that this Budget is truly a poor man's Budget.

Mr. Speaker, Sir, for the first time, we have seen reduction of taxation for the people of Kenya. Everybody expected that because of the constraint in the economy, the Minister would respond by increasing taxation. But far from it, the Minister used the "Rainbow trick" and managed to balance the Budget without having to increase taxation. I know what our colleagues will be saying. We know how we are going to balance it. We know that by plugging the loopholes which were available in the previous regime for looting, we will be able to reduce the gap in the Budget.

Mr. Speaker, Sir, right now, we are looking at the Goldenberg issue, and we hope that through the Goldenberg case, we will be able to get back a lot of money which was looted in the previous regime. A lot has been said in terms of criticising. I want to invite my colleagues on the other side to give credit when it is due. I want them to come out and say that for the first time, a Budget has been presented to the nation of Kenya which KANU was not able to deliver for the last 40 years that it was in power. The change that took place on 27th December, last year, was a welcome change for the people of Kenya.

Mr. Speaker, Sir, we want to say here clearly that we will deal with the cancer of corruption. We will try to revive agriculture. We will revive some of our stalled industries. Tourism will pick up again.

We want to assure the people of Kenya that by the middle of next year, the economy of this country will be up on the mend again. We will have healed wounds, plugged the loopholes and created the necessary incentives for growth again.

As we debate this Budget, I would like to invite my colleagues to know that we are also trying to revive the local authorities which have suffered from many years of mismanagement. We are also trying to restore the infrastructure. Thirty-five per cent of the Development Budget has been allocated to infrastructure, particularly roads. We intend to bring our roads back to where they should be so that they can help the economy to grow again.

Mr. Speaker, Sir, we are determined to create the 500,000 jobs and this will be done. This is not an empty promise. We promised that we would create 500,000 jobs and we are already on the way to doing it. With regard to the roads sector, through the Roads 2000 Programme, we intend to combine manual labour with machines to provide more employment for our people in the rural

countryside.

For the first time, this Budget has got a special provision for arid and semi-arid areas. The NARC Government pays special attention to North Eastern Province which has lagged behind in terms of development. That is the reason why quite a bit of money has been devoted to development in that area. We will try to revamp infrastructure in North Eastern Province so that we can make it part of Kenya again.

This Budget is also trying to revive the coffee and tea industries which have been badly hit because of the neglect and bad policies practised by the KANU Government. That is the reason why the coffee farmers are being given incentives again to begin growing coffee which they had begun cutting down because coffee growing had become less rewarding.

Sugar-cane farming has become a big burden on the farmers because of involvement of the "sugar daddies" and the cartels that bring in sugar from out of the country and smuggle it into the country without paying duty. They end up flooding the market. We have given notice to the sugar barons that their days are numbered and that they will not be able to get the licences to bring sugar to flood the market here at the expense of our people. We believe that through implementation of this Budget, the economy will revive again.

With those few remarks, I beg to second.

(Question proposed)

Mr. Speaker: Who will be the official spokesman from the Opposition?

Mr. Billow: I will be.

Mr. Speaker: All right. You have 30 minutes.

(A mobile phone rang)

Please, keep off those things! Who is it? I have asked twice this afternoon that hon. Members switch off their mobiles. That is, in my view, adequate warning. So, will you now switch off your mobiles? Anybody whose mobile---

(A mobile phone rang again)

Mr. Koech, will you stand up?

Mr. Koech: I forgot to switch it off.

Mr. Speaker: Order! You must now leave the Chambers.

Mr. Koech: Pardon me. Give me a last chance.

Mr. Speaker: Order! For the first time, I will bring back somebody from the Bar. Mr. Koech, before you come back, will you proceed to the Serjeant-at-Arms there, hand over that mobile phone now and return?

*(Mr. Koech handed the mobile phone
to the Serjeant-at-Arms)*

Mr. Speaker: I have forgiven you; come in.

(Applause)

Order! That is the last person I will forgive for today. So, anybody who has a mobile phone here should switch it off now. Do not blame me again if it rings.

Mr. Billow, your time starts now.

Mr. Billow: Mr. Speaker, Sir, I stand to submit my comments on the Budget proposals by the Minister for Finance. I seek the Chair's and hon. Members' indulgence that because of the technical nature of this subject, I should be allowed to refer to my notes in the course of my presentation.

Hon. Members: You are allowed.

Mr. Billow: Thank you very much.

As is expected of a populist government that is riding over post-election euphoria, the NARC Government has presented an over-ambitious Budget, which, though inspiring for a crippled economy, may be unrealistic after all.

(Applause)

Mr. Speaker, Sir, the theme of this year's Budget is working together to regain a high and sustained economic growth. This theme fits well with expectations of this country. However, I wish to inform the House that the Minister, in his speech, did refer to the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC). The ERSWEC is a strange document because it has not been tabled in this House. I think it is unprocedural, and reflects once a gain, the perennial goofs by the NARC Ministers. Nonetheless, I will go ahead and refer to the same document. I wish to note that the Minister, in his speech, gave very derisive remarks while reviewing the performance of the economy in the year 2002. I quote what he said in the Speech--

The Assistant Minister for Planning and National Development (Mr. Kombo): On a point of order, Mr. Speaker, Sir. The ERSWEC document has been tabled in this House. So, I do not know what the hon. Member is talking about.

(Loud consultations)

Mr. Speaker: Order! Hon. Members, in timed debates like this, unless absolutely necessary, I will not allow interruptions.

Proceed, Mr. Billow!

Mr. Billow: Mr. Speaker, Sir, allow me to quote what the Minister said in his Budget Speech. He said the economy could have survived if the Government was utilizing revenues it raised through both taxes and debts more efficiently. Unfortunately, he said that was not the case. This was demonstrated by the fact that the Government was only able to complete 3 per cent of annual investment portfolio, which he said was a very poor performance by any standards. However, the same challenge today faces the Minister for Finance.

Mr. Speaker, Sir, contrary to the Minister's sweeping assertions, the previous KANU regime did achieve and sustain the normal macro-economic stability. This includes the low inflation rates, stable exchange rates, positive real interest rates and a healthy balance of payments. This House will see very shortly that this macro-economic stability which KANU left behind will be threatened by the comparatively high Budget deficit - the 6.5 per cent of the Gross Domestic Product (GDP) - that is factored in this Budget.

The Minister for Roads, Public Works and Housing (Mr. Raila): On a point of order, Mr. Speaker, Sir. Is the hon. Member in order to be reading? That is not allowed according to the Standing Orders.

Mr. Speaker: Mr. Billow, you can consult your notes, but do not read throughout. In fact, you are free to refer to your notes.

Mr. Billow: Mr. Speaker, Sir, I did refer to my notes.

The Members in the Front Bench who have been in the previous Government cannot claim to have found empty coffers when they took over a few months ago. This is because some of them were

the architects of the destruction of the economy of this country. It is interesting to note---

(Applause)

(Mr. Ojode stood up in his place)

Mr. Speaker: Order! Mr. Ojode, you will sit down and listen!

Hon. Members: Sit down! Listen!

Mr. Billow: Mr. Speaker, Sir, we are happy to note that those hon. Members have now decided to sew their pockets so that they do not continue with what they did before. Mr. Speaker, Sir, the ERSWEC itself is founded on the marriage of the Poverty Reduction Strategy Paper (PRSP) and the NARC Manifesto. The PRSP, you will remember, was prepared in consultation with all Kenyans. It took two years to prepare. It is a very comprehensive document, with strict time frames, which cover all aspects of our economy. However, to all intents and purposes, the NARC Government has now swept this useful paper into oblivion and replaced it with the ERSWEC, which does not have any time frame at all in terms of implementation. The PRSP was developed against a backdrop of the low per capita income which now was about US\$239; the rising unemployment of about 2 million, and the biting poverty at 56 per cent of our population.

I keep referring to strategy because it forms the basis for the preparation of the Budget. This does anticipate the following socio-economic objectives: There will be a GDP growth of 2.3 per cent, which will average in the next five years at 4.7 per cent. It does also projects that there will be 500,000 jobs to be created annually. The same strategy document predicts that poverty level will be reduced from 56 per cent to about 51 per cent. In other words, there will be a reduction of 5 per cent. It also anticipates that inflation level will be maintained below 5 per cent, and savings rate will increase to 10.8 per cent.

Are these targets realistic? Will they be achievable? This will be the question that we will try and look at.

First, let us look at the question whether the NARC administration has a vision for this country. What is the long-term vision? The Minister, in his Budget Speech, sought to emphasize the relevance of agriculture and the percentage it really commands in the GDP. However, he did not give a vision for this country. Where do we want it to be in the next 20 years? Do we want it to be an industrialised nation? Do we want to pursue agricultural policy? This is not clear, and I think we need to determine the long and short-term objectives in terms of industry, infrastructure, education and so forth, so that we can target our long-term vision for this country. It is my feeling and assertion that this Government is so engrossed with the past that it does not have a vision for this country.

There are a few questions in this strategy which still need to be addressed. What are the performance indicators of the strategy that all the stakeholders, including the ordinary Kenyans in this country, use to gauge, measure, monitor and evaluate performance of this Government in terms of achieving the matters stated in this strategy? It is not provided for. The Minister did not mention anything at all about this in his Budget Speech. So, we are given a document that is simply a wish list because it does not say precisely, in terms of time frame and performance indicators, what will be achieved.

Mr. Speaker, Sir, the Minister did mention, in his speech, that there will be a resource gap of about US\$2.2 billion over the next five years. This is financing shortfall that he said would have to be sourced externally. How will this US\$2.2 billion be sourced in the next five years? The Minister did not give any information at all in his speech. I think it is a situation where we will live beyond our means. Again, there is no fall-back position at all, should the Minister fail to raise that kind of money from the donors. Is it sustainable in the long-term that we continue relying on external flows in this country to finance our Budget?

The external debt in this country is Kshs377 billion. However, the Minister did not outline any measures at all to seek debt relief, which, as we know, has a high potential impact on the resources available in this country. Many countries in our region are seeking debt relief, but the Minister did not mention anything at all in this respect, both in the strategy paper and the Budget. Therefore, the begging question is: What is the long-term strategy of this Government on debt management?

Finally, Mr. Speaker, Sir, the strategy and the Budget did not mention anything regarding the impact of international initiatives and agreements such as the World Trade Organization (WTO), the Customs Union which is coming up under the East African Co-operation, the Common Market for Eastern and Southern African countries (COMESA), NEPAD, or any of these other international initiatives and the impact they will have on achieving the strategy and the Budget.

Now, let us look at the growth target, Mr. Speaker, Sir. How does the Government intend to achieve the Gross Domestic Product (GDP) of 2.3 per cent? Last year, the GDP was 1.2 per cent and currently, the first six months of this year, the economists have told us that the GDP has grown only by 0.5 per cent and yet the Minister, in his Budget Speech, had very high expectations and he gave clearly the following figures. In the building and construction sector, he expects the average growth to increase from 0.3 per cent last year to 16.7 per cent this year. He also expects the manufacturing sector to grow from 1.2 per cent to 8.6 per cent; agriculture, from 0.7 per cent to 3.1 per cent, and tourism, from 1.6 per cent to 5.4 per cent this year. How feasible are these targets?

If we look at the building and construction sector, which the Minister has chosen to be the lead sector in terms of rejuvenating this economy, it is 16.7 per cent, which means the building and construction sector is expected to grow 15 to 16 times faster than it did last year. He based it on basically two issues. One, that there is going to be 150,000 housing units that will be put up by the Ministry of Public Works and Housing. This project, for which money has not yet been obtained, is believed to probably start in the course of the year. Two, the development budget for roads has been increased by Kshs3.5 billion. It is only these two factors which form the basis for the Minister's prediction that the building and construction industry will grow by 16.7 per cent from 0.3 per cent. It is my assertion that this may not generate the anticipated growth at all, and I, therefore, do not think that those targets will be achieved.

On the manufacturing sector, Mr. Speaker, Sir, this is the sector that has received the highest number of incentives. The Minister has given a lot of incentives; removal of duties on capital goods, VAT remission and the 100 per cent investment deduction that has been allowed. As you would remember, also, last year, there was zero-rating of VAT on raw materials and all that. The motor-vehicle industry did also benefit from the deduction or removal of Excise Duty. However, the growth of this sector has been impaired by lack of credit.

The investment required for expansion of this sector will depend on availability of affordable credit. The Minister has only come up with changes in the monetary policy which he expects would reduce the cost of finance in this industry. However, it is going to be a very tall order because there is no way that the financial sector will respond quickly to the monetary measures the Minister has outlined for the financial sector. Consequently, it is my assertion also, again, that the manufacturing sector is not likely to grow from 1.2 per cent to 8.6 per cent.

Mr. Speaker, Sir, agriculture is the sector which is important. It is expected to grow three times faster than it did. The Minister quite adequately did analyze the problems that bedevils this industry. He talked about the sugar industry and all the other industries that are affected. However, the measures proposed by the Minister do not go far enough at all to address the problems that are facing this industry. For example, the tax incentives for the flower industry and for the coffee farmers do not, or will not, lead to any increase at all in productivity in the short-run. In the same way, the tax incentives which have been provided for the co-operative sector will not in any way increase the disposable incomes of the pockets of the members. In the first instance, there is no income in the co-operative sector that is there today because most co-operatives are languishing in losses. A

major boost that would have made a difference to this sector would have been to introduce measures that would have increased productivity. However, developing a Sessional Paper to provide finance in the agricultural sector, or allocation of Kshs200 million to the Agricultural Finance Corporation, will not in any way boost production in agriculture. The Minister's colleague in Tanzania did provide boldly, subsidies to farmers from the key breadbasket areas in Tanzania. That is the sort of thing that farmers in this country need.

Mr. Speaker, Sir, let us look at tourism. Tourism is expected to grow by 5.4 per cent. However, it first requires to be resuscitated. This is an industry that was growing only five months ago at 25 per cent. It was growing much faster than you would imagine and yet, in the last three months, this industry has been destroyed, courtesy of the three wily NARC Ministers' roadside declarations.

(Applause)

I am told it costs approximately Kshs1 billion weekly. The losses that are being sustained by that industry every week are in excess of Kshs1 billion, not to mention the thousands of workers who have been laidoff. The bed occupancy has gone below 30 per cent in most of the hotel industry in this country.

The incentives that the Minister has provided relate to aircraft and flights for tourists. Of what benefit will those incentives be if there are no tourists to be flown into this country? The Minister, however, did appeal to Kenyans to be on the look-out and scout for terrorists. That is the reason why our tourism industry collapsed. He did, however, say nothing about his colleague in the Office of the President, whose reckless outbursts were responsible for the collapse of this industry.

(Applause)

Mr. Speaker, Sir, the other target that this Budget intended to achieve is the creation of 500,000 jobs. The Minister did not specify at all in his Budget how these 500,000 jobs will be generated. Given the concerns I have expressed on the various sectors; that is, tourism, manufacturing, agriculture, building and construction, it will be necessary for the Minister to table specific measures which can show how the Government will create the 500,000 jobs.

We are all aware that the manufacturing sector has been retrenching in the last few years. They have been laying off thousands of workers and it is unlikely to employ more than 10,000 people, even if it operated at its full capacity. However, in providing incentives, the Minister was all ears to this sector, which is a shrinking employment market.

The fastest growing sector, in our view, which has the potential to absorb 80 per cent of the potential workforce in this country is the medium and small-scale enterprises. This sector was largely favoured over by the Minister. What the NARC Manifesto did provide for, which, again, has been ignored, is the lower corporation tax regime for this sector. If the Minister reduced taxes on essentials like petrol, for example, which would have a multiplier effect on the transportation industry, this sector would have benefited, and, more importantly, if the VAT was reduced much lower. However, this has not been done. So, the question is: Where will these 500,000 jobs come from?

Mr. Speaker, Sir, I will now look at the policy strategy that the Minister gave in his Speech, and I will start with the monetary policy. On the non-performing loans, the Minister did mention that a Non-Performing Loan Agency will be set up and it will take up the non-performing loans from the banks. He also mentioned that there will be a tribunal with judicial powers. But it is not clear how this agency is going to deal with loan defaulters who have irregular loans and the legal complications which will be attendant in that exercise. Many of these cases involving the non-performing loans, are already in the courts and it will be interesting to see how such an agency will handle that aspect of it.

However, the proposed rule will be useful if it can reduce the non-performing loans in the long-term.

The Minister did not also disclose the provision for Kshs4.5 billion provided for under his Ministry for equity participation in respect of the National Bank of Kenya. This is provided for in the Printed Estimates. We do not understand why the Minister found it unnecessary to disclose such a huge amount of money. Does the Minister or the Government intend to capitalise the bad debts which relate to the State enterprises in that bank? That is a question which needs to be answered so that hon. Members can debate on it.

Mr. Speaker, Sir, on the question of interest rates, the Minister did mention, and I refer to his Speech, that there will be neutral instruments that will be used by the Central Bank of Kenya (CBK) to manage interest rates. He also threatened to invoke the Donde Act. We need to know the nature of the instruments which will be used by the CBK, and what impact they are going to have on open market operations. The rule to publish the saving rate and the minimum and maximum lending rates is welcome, as it will increase competitiveness. However, what will happen to the rest of the Donde Act?

The Donde Act is a valid statute of this country that was passed by this House and assented to by the President. That statute has never been enforced simply because the industry regulator, which is the CBK, has often worked hand and glove with the banking industry. We need to know what action the NARC Government will take to enhance the rule of law in this country. If there is an Act of Parliament which has not been validated, and which is constitutional, we need to know why the Government is not able to enforce it. The Act, as you will remember, went into limbo when the Kenya Bankers Association went to court to challenge its effective date. The date depicted in the Act was 1st January, 2001. The implementation date, which was published in the Kenya Gazette, was 7th August, 2001. The High Court gave its judgement on 24th January, 2002, and ruled that the Minister could not levy criminal sanctions retrospectively. The question that begs an answer is: Does that make the Act unconstitutional and, therefore, defective?

Mr. Speaker, Sir, the Act was passed by hon. Members who, in their collective wisdom, believed that the provisions of that Act will enable this country to get out of the poverty that it was in, by reducing the cost of finance to enable the industries to borrow competitively. The Government's inability to implement that Act dents the image and reputation of this august House as the guardian of the "Just Welfare of Men". Today, the Government can enforce draconian laws against thieves and yet, it has turned its back on the council of high interest rates, which paints the picture of a powerless Government. Something needs to be done by this Government to prove that it is not keeping silent on that Act because of pressure from the Bretton Wood institutions. If that Act was enforced today, then Kenyans would not pay more than 7 per cent on their borrowing.

The Minister also proposed in his Speech that banks are required to pay interest on savings at a positive rate. That means that the rate at which banks are required to pay interest on the savings of customers should be above the rate of inflation. However, we need clarification from the Minister as to which rate of inflation will be used. Will it be on monthly basis, annualized or any of the inflation rates used by the CBK?

Mr. Speaker, Sir, finally, my question on the monetary policy is with regard to the minimum share capital for opening banks. The Minister has reduced that to Kshs250 million; and for non-banking financial institutions to Kshs200 million. What is the rationale for that? Are we heading back to the days of Rural-Urban Credit and Merchant Bank; the days when political merchants proliferated in this country under the guise of indigenous banks, only to siphon deposits of Kenyans? We need to know what exactly the Minister had in mind when he reduced that. The question is not the lack of banks. Today, we have over 50 banks in Kenya and there are close to 100 hundred micro-finance institutions. I need to point out that over 36 banks have collapsed in the last 15 years. Those are largely indigenous banks which were under-funded. So, the proposal to reduce the minimum share capital does not go down well with us.

Mr. Speaker, Sir, on the fiscal policy, the Minister did mention and emphasize the need to

carry out expenditure reforms, the performance expenditure review and the integrated financial management system. But he did not give a specific time frame within which those reforms will be put in place. For instance, the integrated financial management system has been on the table for the last few years. What progress has been made to implement that system?

It will be necessary to rationalise expenditure in order to reduce the huge budget deficit. The budget which has been submitted to us has a deficit of Kshs120 billion. Out of that, Kshs100 billion relates to the Recurrent Expenditure. That is likely to create a situation where the government will have to borrow an additional Kshs62 billion and roll-over another Kshs55 billion. If the Government borrows from the domestic market, will that not lead to the sky-rocketing of interest rates in this country? How is that going to help those policies that the Minister intends to implement in the industrial sector, to encourage availability of affordable credit? We have a situation where the government has no plans at all to rationalise expenditure. In fact, in the economic recovery structure, the emphasis was on restructuring expenditure and not rationalising. So, spending an additional Kshs120 billion deficit is going to make the situation worse for the monetary policy in this country, and lead to the sky-rocketing of interest rates.

Mr. Speaker, Sir, we need a Ministerial Statement on privatisation in this country. There is conflicting information from various ministers on what the policy and plans of the Government are on privatisation. When is the Bill expected in Parliament? The Minister referred to a Bill to be tabled in Parliament and we need to know when that Bill will be tabled. Should we actually privatise such strategic institutions as Telkom Kenya, Kenya Power and Lighting Company or Kenya Railways. Should the Government not consult Kenyans on that matter? It is the same members of the NARC Government who, when they were in the Opposition, were accusing the KANU Government of not consulting Parliament on plans to privatise. Should it not be in order for them to submit all the privatisation plans to this house, so that, we can examine as representatives of the people, and ascertain whether the plans are necessary? Did NARC not promise Kenyans change to enhance efficiency and eliminate corruption? If that was done, would it be necessary to privatise some of those enterprises? Those are the questions that we need to ask.

Mr. Speaker, Sir, on electricity, the Minister proposed the amendment of the Electric Power Act, so that, he can encourage competition at all levels, including generation, supply and distribution. How is that plan connected with the planned privatisation, and other plans to buy power from within the region? Rural electrification is to receive a further Kshs1.2 billion. That fund has received consistent allocations over the years. However, there is no demonstratable evidence on the ground to show the high level of rural electrification. Could the Minister, therefore, subject that programme to a financial and efficiency audit before further allocations are approved? We have been consistently allocating money to that sector, but there is nothing to show for it in most of the rural areas.

Mr. Deputy Speaker, Sir, ASAL areas represent 70 per cent of Kenya's land mass. These areas also hold 25 per cent of Kenya's population and 50 per cent of the livestock. I would like to point out that 90 per cent of the people who live in these areas depend on their livestock. However, the strategies, or measures, which were proposed by the Minister in the Budget speech do not address the problems of infrastructure or investment in these areas. The allocation of Kshs200 million to the Kenya Meat Commission (KMC) is not adequate to revive that factory. So, is the Kshs200 million merely the cost of carrying out a feasibility study, or what is this amount of money for? I am asking this question because the KMC---

Mr. Deputy Speaker: Order, Mr. Billow! Your time is up!

Mr. Billow: Mr. Deputy Speaker, Sir, can I summarise my contribution?

Mr. Deputy Speaker: No, finish your contribution!

Mr. Billow: Mr. Deputy Speaker, Sir, you cannot allow me to make my last point? I was interrupted a lot.

Mr. Deputy Speaker: No! No! It was not me who interrupted you! Mr. Billow, you are taking the House's time. You have already finished your time and now you are engaging hon. Members---

Mr. Billow: Mr. Deputy Speaker, Sir, in conclusion, I wish to---

Mr. Deputy Speaker: Order, Mr. Billow! The rules of the House stipulate that when your time is up, you either say that you beg to support or whatever, but you cannot say "in conclusion". This is not Bomas of Kenya!

Mr. Billow: Mr. Deputy Speaker, Sir, I beg to support the Motion.

Mr. ole Ntimama: Thank you very much, Mr. Deputy Speaker, Sir, for giving me this brief opportunity to contribution to this Motion. This Budget is a road map to economic recovery. We all know that this country has gone through economic and social depression for a very long time. It is very unfair for the hon. Member, who is the shadow Minister for Finance, to point a finger at the NARC Front Bench on this side of the House. We had a despotic, one-man rule in this country.

(Applause)

There was no way anybody shared the responsibilities of leadership with another person. It was an absolute one-man rule. This is the reason why we now have all these hon. Members here. Some of the hon. Members on the other side of the House had the ear of the man who was in power at that time. Why did these hon. Members not change him? They are still here with us. The blame heaped on this side of the House is very unfair indeed.

It is true that this country went through plunder and wanton looting, which contributed to the abject poverty and social decay that our people are now experiencing. That is what we went through for a quarter of a century and nobody will doubt it. I would like to say that this Budget will help revive our economy. We have a responsibility as hon. Members of this House to try and help the Minister and the Government to pass laws and amend certain Acts of Parliament to facilitate the economic recovery of this country. We all have a responsibility to do this. It is not a question of pointing fingers at each other. By doing that we will be wasting our time. Mr. Deputy Speaker, Sir, let me now turn to the creation of about half a million jobs per year, which is a very difficult matter in this country. I would like to thank the NARC Government or the Minister himself for confirming what the President has been saying, namely, the policy of the NARC Government that we will try our level best to create half a million jobs per year for our people. Let me say quite frankly that this is not easy because somebody will ask tomorrow: "Where are the jobs?" It is very difficult to create this number of jobs. All of us have to come together, try and revive the economy of this country so that we can create the half a million jobs which we want to give our people. Let me touch on the tourist industry. This is an industry which can employ many people, but we have a problem right now. We hope that this problem will be solved sooner than later so that the tourist industry can become as vibrant as it was before. The Maasai Mara National Park is the pearl of Kenya because it is the most sought destination by tourists who visit this country. I would like to say very frankly that the employment of Kenyans in the Maasai Mara National Park has not been going on very well. I can commend some lodges, but there are a few lodges which are dens of *Makaburu*, who are brought into this country illegally to take up the jobs meant for Kenyans. This is something that the Ministers for Tourism and Information, Home Affairs and Finance should look into. This is because we have had a situation where our people are not employed. I know some lodges in the Maasai Mara National park have not employed African managers. They "smuggled" into this country white people or cowboy *Wazungu*, who had been in this country earlier for a long time, to take up some of these employment opportunities. People who could not make it in their countries of origin have been brought into this country to take up the jobs meant for our people. They should be done away with. Secondly, the Immigration Department has not been straight. We are suffering because

issuance of work permits has been messed up. I would like to say that wrong people have been retained here because of corruption. This must be rectified. The hon. Members in this House must protect the workers of this country. They must also protect Kenyans in their endeavour to develop industries in some of these areas. If the Government does not protect its people, then what is the use of having change? I would like to point out some of these things so that we can control the entry of some people into this country. We have many highly qualified people from Utalii College in this country. Why do we have to bring some people into this country to take up these jobs? Some of these lodges, as I have said, are dens of *Makaburu* and racists. We must point out these things. I am pointing out this because it is important for the Government to know what is happening.

Mr. Deputy Speaker, Sir, the other day at the Bomas of Kenya, a senior judge made a statement before the delegates who had attended the National Constitutional Conference. He said that although the Judiciary has been blamed for corruption, for every corrupt judge, there are two corrupt lawyers. This is true. Right now, we want the Law Society of Kenya (LSK) and the Government to spotlight the corrupt lawyers. You remember the bogus libel cases which were initiated against the media some years ago. Thank God that NARC came to power. Those media houses would probably have closed down by now. Everybody knows the lawyer who initiated those cases.

Hon. Members: Name him!

Mr. ole Ntimama: Mr. Deputy Speaker, Sir, that very corrupt lawyer is the one who is protecting illegal immigrants in this country.

Hon. Members: Who is he? Name him!

Mr. ole Ntimama: Mr. Deputy Speaker, Sir, the Government should look into this matter. This is because if it were not for the NARC Government, some of the media houses in this country would have closed down.

Mr. Khamasi: On a point of order, Mr. Deputy Speaker, Sir. Mr. ole Ntimama has made a very serious allegation that a certain lawyer is assisting immigrants to come to this country. Could he be told to substantiate that allegation?

Mr. ole Ntimama: Mr. Deputy Speaker, Sir, I will take my time to do that. Maybe, I will name this lawyer at a later date but not now. I have a right to do that.

(Laughter)

Everybody knows who the lawyer is.

Hon. Members: Name him!

Mr. ole Ntimama: Mr. Deputy Speaker, Sir, I do not have to mention his name because the media houses know him. Thank God they have not closed down.

An hon. Member: Where is he?

Mr. ole Ntimama: Mr. Deputy Speaker, Sir, he is not here yet.

(Laughter)

Mr. Deputy Speaker, Sir, this is exactly what I said; that, we must be straight and protect the jobs of our own people. Most of these corrupt lawyers have been able to manipulate the legal system and the process of justice. They have even compromised very senior Government Officers.

Mr. Deputy Speaker, Sir, I am saying clearly that, the NARC Government has done its best; this financial statement is good. Mr. Mwiraria is a good man and he has worked in the Treasury before. He has got credentials in that sector and we should respect him. He is not tainted by anything and I hope we will all support most of what he has proposed in this financial statement so that together, we can try and save the country from the economic slump that it is in now.

Mr. Deputy Speaker, Sir, I think we should be very careful even with the question of job creation in other sectors. That is the most important thing because our people need jobs. If we are not in a position to provide 500,000 jobs, then we are probably failing in this. But, it is the responsibility of all of us to work together and not waste our time criticising everybody or the Front Bench because we were not able to change a system that was entrenched for a quarter of a century.

I was quite happy with the Leader of the Official Opposition the other day and I think he chose a very good team for his Shadow Cabinet. They are very good people and I have seen them. So, we hope they will co-operate with us and with everybody else to make things work.

The Minister for Planning and National Development (Prof. Anyang-Nyong'o) : Thank you, Mr. Deputy speaker, Sir. I would like to support the Motion and make a few clarifications on points that were raised by the Shadow Minister for Finance. If I were hon. Billow, I would take my time and read my documents carefully, to avoid making obviously erroneous statements in the National Assembly. Secondly, if I were him I would emulate hon. Biwott and hire a competent person to study the Budget for me, so that he or she can give me the correct information.

Mr. Deputy Speaker, Sir, there are a few points that I would like to respond to. First, to make a statement that we are going to have a Budget deficit is correct but to quote the figure as Kshs120 billion is wrong, because the figure is Kshs62 billion. Secondly, to think that deficit financing by its very nature is wrong, is erroneous. Deficit financing is a common practice in any economy, provided that you know why you are getting the money and if you are going to use it for productive purposes.

Mr. Mwiraria has stated very clearly that this Government is going to lay emphasis in rebuilding infrastructure so that the economy can grow. To rebuild the Kenya Railways from Mombasa to Malaba over the next five years will need 500 million US dollars. That is a standard gauge of a railways system run by electricity because it is the most cost effective method of running any modern railway system.

Mr. Deputy Speaker, Sir, the Kenya Government will need to borrow that money either in terms of concessional loans or by going, as hon. Raila has said in regard to the road from Nairobi to Malaba or Busia, on a by-build operated transfer with private capital. It therefore means, that kind of money will be borrowed for purposes of investment.

Mr. Deputy Speaker, Sir, there is absolutely nothing wrong with borrowing that kind of investment capital, even if it means deficit financing. We would, therefore, like to educate the other side, that, picking up epithets and phrases that look popular and to think that you are going to criticise the Budget may look popular but would betray tremendous economic ignorance.

(Applause)

Mr. Deputy Speaker, Sir, secondly, when the banks collapsed during the Moi regime, they did not collapse because they were many, but because the Government failed to regulate them and used them as sources of looting this nation. You have seen the case of Euro Bank, where Mr. Daniel Toroitich Arap Moi misused his office and commanded Government Officers to help in the process of looting the resources of this nation. The NARC Government is in no way going to do that kind of thing.

Prof. Oniang'o: On a point of order, Mr. Deputy Speaker, Sir. Could he concentrate on the Budget that was delivered the other day? Could he provide evidence on the Euro Bank?

(Loud consultations)

Deputy Speaker: Order, Prof. Oniang'o! Could you tell me what your point of order is.

The Minister for Planning and National Development (Prof. Anyang'-Nyong'o): She has, Mr. Deputy Speaker---

Prof. Oniang'o: Mr. Deputy Speaker, Sir, is it in order for a schooled Minister of the NARC Government to go insinuating and making sweeping statements without substantiating?

(Applause)

The Minister for Planning and National Development (Prof. Anyang'-Nyong'o): Mr. Deputy Speaker, Sir, the English language is very precise and I am very much in order to use it precisely. If my dear Prof. does not know how to use the language, it is not my responsibility to educate her. There are a few issues that the House must understand; one, is regarding privatisation. The NARC Government is in no way reneging on privatisation. The Minister for Finance has stated clearly that indeed, we shall continue with privatisation, provided a Bill has been passed through this House to lay the proper legal framework. That means that the Government recognised the responsibility of this august House to the people of Kenya, to ensure that public assets are disposed of in a manner that is transparent and accountable, and that the proceeds are used for productive purposes. That is stated in the Budget, the recovery plan and the NARC manifesto and it will stand so.

Secondly, there is absolutely no disagreement between the NARC Government and our development partners. Indeed, there is only one contentious issue that we have been discussing with them; that is the wage bill in Government. The Minister for Finance has taken drastic measures to ensure that the Government wage bill comes down by dealing drastically with the procurement process in Government. We do believe that, if procurement is reigned in and if the pilferage in Government is stopped, we shall be able to reign in at least Kshs30 billion. We do note that when the opposite side were in Government, they were taking out of the Government, Kshs68 billion a year, close to a third of the Budget, in terms of corruption, mismanagement and pilferage. We are stopping that by bringing into this House, proper laws for managing public affairs. One of those laws is the Anti-Corruption and Economic Crimes Bill. We believe the Government wage bill will come down when the NARC Government puts into place proper governance of this nation and proper use of its resources.

The so-called "shadow Minister for Finance" has said that this Government does not have a vision. To the contrary, this Government has a vision for this country.

(Loud consultations)

Mr. Deputy Speaker: Order! Order! Prof. Anyang-Nyong'o, could you be civil in your language? That gentleman was appointed by---

Mr. Mganga: Mr. Deputy Speaker, Sir,---

Mr. Deputy Speaker: Order! Order! Mr. Mganga, we have only one person presiding over this House. Please, do not try to do my job. Mr. Minister, I was saying, could you be more civil and acknowledge the fact that the gentleman you have referred to has been dully appointed the shadow Minister for Finance? So, do not refer to him as "the so-called".

The Minister Planning and National Development (Prof. Anyang-Nyong'o): Mr. Deputy speaker, Sir, the Shadow Minister for Finance made a statement in this House, which needs to be corrected. He said that the National Rainbow Coalition (NARC) Government does not have a vision. I do not understand what he meant when he said so precisely because in the Budget Speech as well as in the National Recovery Programme, we have stated very clearly that we would like to move this nation from a Third World nation to a First World nation, giving our people democracy and empowering them. That is a much more clearer vision than what Mr. Daniel Toroitich arap Moi gave us for 24 years. That man spent every day scheming and undermining his Ministers and the people of Kenya, including those he was doing business with. That kind of person did not have a vision, but rather had a mission to destroy this country.

Contrary to his practice, we have a President who is prepared to devolve power, empower his Ministers and see that this House functions as the National Assembly of this nation. In that regard, we have before you a Budget and a National Recovery Plan that will ensure that investors put money into this country, right from the farmer to the captain of industry. Some people have made simple statements such as "This is not a poor man's Budget" when we know very well that if electricity becomes cheap and Value Added Tax (VAT) goes down by 2 per cent, the poor man will benefit; if there is business in the country and people are employed, the sons of the poor man will benefit. If there is free primary education and a comprehensive national health insurance scheme, the poor man will benefit, unless absence of poverty is measured by the fact that you need to have at least Kshs100,000 in your pocket. Hon. Members on the Opposition side are used to having billions of shillings in their pockets. If you have Kshs100,000 in your pocket, by the standards of hon. Members on the Opposition side, you are obviously poor; their measure of poverty is rather different from ours.

So, when hon. Members on the Opposition side talk of poverty, obviously, they do not mean the same thing as we do. We, on the Government side, believe that providing free primary education is in the interest of the common man.

With those remarks, I beg to support.

(Applause)

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

Mr. Deputy Speaker: Mr. Billow, you have had your time, during which you contributed to this debate. It is now the turn of other hon. Members to do so. Your request to raise a point of order is, therefore, declined.

Let us have Mr. Nyachae.

Mr. Nyachae: Mr. Deputy Speaker, Sir, I thank you very much for giving me this opportunity. Because time is very limited, I will be very brief.

First, I will start by commending the Minister for Finance. After going through his Budget Speech, and having listened to it here, I realised that he did a lot of homework. Knowing where we come from, and what we want for this country, we cannot say that we will not agree with him just because we are in the Opposition. We must support what is good for this country.

(Applause)

I have known Mr. Mwiraria for a long time. So, he will understand what I have to say.

On agriculture, the Minister has done very well. Coffee farmers, who have been struggling to keep the industry going, will now get some relief. However, I would rather the Minister had also considered the cereals sector. Cereals farmers have not been taken care of effectively in the current Budget. We spend so much money importing wheat from other countries. We are soon going to be short of maize in this country, and yet we have ample land. If we have enough food, the problem of inflation will have been taken care of. So long as people have enough to eat, inflation goes down. I know that the available financial resources are overstretched. However, we look forward to getting assistance from our overseas development partners, who may now agree with the current Government's policies. If they bring in money, the Minister should direct it to cereal production.

Mr. Deputy Speaker, Sir, in this connection, I also request that the Minister considers the area of irrigation. Through irrigation, farmers can produce rice and cotton, and hence create employment. These are areas we need to look into, so that we can have adequate food reserves and create employment. The Minister is fully aware of the severe depression that the United States of America (USA) experienced in the 1930s. Everybody in that country was crying for employment. The

agricultural sector, through the creation of water canals for irrigation, created the much needed employment. This country can do likewise, because we have the land to irrigate in the North Eastern, Eastern, Nyanza and Western Provinces. So, the Minister should seriously consider the aspect of irrigation.

Mr. Deputy Speaker, Sir, I would now like to talk about livestock. This industry is not just important to the people of the North Eastern Province. There has been a lot of emphasis on this province as far as livestock development is concerned. We want to support the province in this regard, but what about other livestock-producing areas? The Maasai people, for instance, in Trans Mara District and Loitokitok rely on livestock.

In times of drought, these people lose more than 100,000 livestock. If pastoralists had some watering points and marketing facilities in, say, Narok and Isiolo, in addition to the Kenya Meat Commission (KMC) facilities, they could sell their livestock when there is drought. So, we need to look into the areas of watering and marketing livestock. These are areas which require serious consideration.

I would like to commend the Minister for the budgetary allocations he has made to the education and roads sectors. These are very important areas. We talk about improving the coffee and tea sectors. However, without access roads, these crops cannot reach the market. So, I commend the Minister for that. The relevant Ministers should ensure that the huge allocations made to these sectors are prudently utilised, so that Kenyans can benefit from them.

Mr. Deputy Speaker, Sir, I would like to ask the Minister to watch the deficit. Looking at the performance of the economy, I do not think that he had an alternative. Revenue must come from the people. The Minister cannot raise more revenue than is practicably possible from poor Kenyans. So, I understand the level of the deficit. However, we have to be watchful. Already, this country has a national debt of more than Kshs600 billion, yet what this money did cannot be seen in terms of development. That is the problem in this country. Our grandchildren are going to pay this debt, but we cannot show them where that money went. So, we should avoid increasing the national debt.

Mr. Deputy Speaker, Sir, I now want to move to the area of banking. I congratulate the Minister for reducing the paid up-capital to Kshs500 million. I happen to be an interested party in this area and I am declaring my interest. I am not a starter; I am above the Kshs250 million he is talking about, but I commend him because that is the only way the local people are going to be able to have financial institutions. They cannot afford to raise huge amounts of money. With the strengthening of the Central Bank of Kenya's supervision department, we are not going to have cases like that of the Rural Urban Credit Finance Bank which collapsed some years back. If we are really going to support our own people to have banking institutions, the paid up capital should be reduced like the Minister has done.

The only request I want to make on what the Minister said about banking, is the lowering of the cash ratio. I know the Minister has reduced it a little bit by 2 per cent. I wish that percentage would go down, if we are going to reduce the interest rate to the borrowers. When the Central Bank of Kenya takes cash ratio from the banks, it pays low interest rate, but when the same bank pays such money to the Treasury, it charges high interest. It does so yet banks are supposed to pay interest to the depositor. That is unfair to the banks.

While we are insisting that cash ratio should be there, it should be lowered so that banks can have a breathing space. Where are they going to get money, if it has gone to the Central Bank of Kenya and they are supposed to pay the depositors? This is the situation that creates high interest rates. I think this is an area which needs to be looked into so that we can all help our people in getting money at low interest rates.

Still on banking, some years back, at Independence, and the Minister knows this, there was a system of supporting the economy in the agricultural sector. Each banking institution was required by

law to ensure that 17 per cent of their money went to the farmers.

(Applause)

We need to re-introduce that particular provision; that 17 per cent should go the farmers. Right now, majority of the farmers are Africans and as such banks do not give them a lot of attention because they think they cannot utilize that money properly. Let us now force the banks to give to the farmers 17 per cent of the minimum amount of money they have. They can give more but if they cannot, let them maintain 17 per cent. If we do this, farmers all over the country, be they cotton farmers or wheat farmers, will now have access to the banks. If that provision is there, it will force the banks to give money to the farmers. Banks are now giving money to traders and even importers of sugar, instead of giving it to the farmers to produce sugar in the country.

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

Dr. Khalwale: Mr. Deputy Speaker, Sir, may I start by saying that two men made me a very happy man last week. Mr. Kenyatta made me very proud because he appointed Dr. Galgallo as the shadow Minister for Health. I hope Dr. Galgallo as a colleague, is going to keep our Minister in check so that the Ministry of Health can deliver.

The second man who made me very happy was Mr. Mwiraria. I was happy for the fantastic Budget that he gave us. The one thing that I noticed in this Budget was the issue of wealth. It is important that this Budget and future Budgets lay a lot of emphasis on creation of wealth. A big proportion of our money in this Budget is going to be spent on Recurrent Expenditure. However, I was glad to notice that a provision for development was also made. In future, it is important that we emphasise this fact.

On the issue of creation of wealth, we have to be brave and realise that we cannot create wealth unless we address the Asian factor. The Asian community in this country controls the insurance sector, the manufacturing industry and even the Central Bank of Kenya. Unless we address this factor, then wealth will not be created because these businessmen borrow from our local banks. They pay taxes alright, but they engage the surplus of the tax in capital flights and the surplus is never re-invested in the country. In the process, our wealth does not grow. I would like to mention that if there is any section in this country that requires affirmative action, it is the black people. Do not even talk about the gender issue. Black people in this country require affirmative action so as to be able to compete with Asians in business.

I would like to say something about tourism. We know that for every single tourist who comes to this country, 15 jobs are created. If the NARC Government is going to realise the creation of 500,000 jobs per year, then the easiest way to get those jobs is to invest in tourism. There is great tourist potential in Western Kenya; Nyanza Province, North Rift and Western Province. It is important that a lot of money is put into the development of the infrastructure in these places so that every tourist comes creates 15 jobs. It is very easy to create these jobs because, if 50,000 tourists come to Western Kenya, they will be responsible for the creation of 750,000 jobs. This is a matter that must take priority.

For those hon. Members who might wonder what there is in Western Province that can attract many tourists, allow me to mention that there are serious tourist potentials ---

(Loud consultations)

Mr. Deputy Speaker: Order! Consult quietly so that we can hear Dr. Khalwale.

Dr. Khalwale: Mr. Deputy Speaker, Sir, the tourism potential in western Kenya, includes the rich culture of the people of that area, the Ikhonga Murwi of Ilesi, the Ilesi pottery, the Kit Mikayi, the

Kakamega Forest and the Bull fighting of Kakamega.

I would like to mention something on health. I noticed that in the Budget, the Minister had increased the budgetary allocations to the Ministry of Health upto Kshs1.5 billion. This is very commendable. However, I was disappointed that only Kshs6 million is set aside for combating Malaria. It is important that we spend more time controlling malaria because malaria and HIV/AIDS are the number one killers in this country. In the same breath, I was also disappointed that there is only a paltry Kshs12 million in the Budget that was meant for HIV/AIDS. Out of that Kshs12 million, only Kshs2 million was meant for the purchasing of drugs. Unless we are sure that there will be a lot of donor funding towards the combating of HIV/AIDS, then the Budget did not adequately address the problem of HIV/AIDS. I would like to mention something about the Rural Electrification Programme. Now that it is becoming cheaper, it is important that a record is taken of the communities that had already taken an initiative to make sure that electricity is introduced in their areas. We have certain communities in this country which had already organized themselves on a Harambee basis to raise money. In my constituency, I have Savane and Shitsotso communities which have already raised over half a million each, towards rural electrification. It is important for these kind of people to be given priority during the rural electrification process.

Lastly, Mr. Deputy Speaker, Sir, we read in the print and also saw in the electronic media, that hotels in Mombasa are planning to cut down on staff. It is wrong to cut down on staff or to lower their salaries because during peak seasons, when the hotels are registering huge profits in their collections, they never pass it over to their workers. So when they are in recession, they should not be allowed to sack or to lower salaries.

With those few remarks, I beg to support.

Mr. Chepkitony: Thank you very much Mr. Deputy Speaker, Sir, for giving me a chance to contribute to the Motion on the Budget. I would like to commend the Minister, first for taking action on the bank charges. It was the right move at the right time because banks had acquired a habit of levying commissions and bank charges every year. This contributed to the high cost of borrowing.

I would also like to mention about electricity. It was a good move for the Minister to zero-rate electricity imported from the neighbouring countries like Uganda, because this is going to bring down the tariff. The move to reduce taxes on fuel oil for power generation will also assist to cut down on the cost of power generation.

I would also like to talk about the Rural Electrification Programme. Rural electrification has been going on for quite some time, and we have the Rural Electrification Levy which is paid by every consumer who pays electricity bills. This is a lot of money, and yet we do not see it being used to extend electricity to rural people who want power. The Rural Electrification Programme has been progressing very slowly, and I hope that with the provision of another Kshs500 million from the State, the Rural Electrification Programme will be expanded. I will support the previous speaker who mentioned that there are some communities which have already collected money towards the Rural Electrification Programme. It would be good to give priority to them.

Mr. Deputy Speaker, Sir, I would like to mention something about the capital machinery for industries. This is another way of reviving or modernizing our industries. When you zero-rate capital machinery, the present owners of factories can upgrade the state of their current machinery, or even modernize them so that they are able to compete effectively with other factories in the world.

Mr. Deputy Speaker, Sir, I would like to mention something about cereal growing; that is wheat, maize and also sugar-cane. Farmers have not been given a fair treatment in the Budget, particularly the wheat and cereal farmers. Farmers are faced with competition from imported farm produce, and they cannot compete favourably. COMESA countries bring here their regional produce - wheat, maize and sugar - at a lower cost. This year, Kenya has been given one year to improve on the efficiency of its production on sugar and wheat. We should have provided a measure in the

Budget, in order to prepare the farmer to produce efficiently and cheaply, and compete with cereals and sugar from the COMESA countries. One way this should have been done was to give a rebate on the cost of production and zero-rate it. Any input used in the production of cereal and sugar, like diesel, should not be taxed. This is because diesel is a major cost, including spare parts and other things.

I would like to comment on the Kenya Co-operative Creameries (KCC). The KCC which was under receivership was sold back to the farmers. When the Government mentioned in the current Budget that it was going to buy KCC back from the farmers who bought it, I think the Kshs400 million provided was not enough. I do not think they need only Kshs400 million. They still require a working capital and additional funds to re-condition and rehabilitate structural machineries of the factories which have not been operating for several years. So the Kshs400 million that has been allocated is not enough to start all these KCC plants. If the Kshs400 million is to be used to refund those who have bought it, I think it is not enough, and KCC might not take off. I propose that the Government should encourage equity participation by the farmers. They should buy equity so that we have additional capital in KCC.

Mr. Deputy Speaker, Sir, on tourism, I would like to commend the Minister in the Office of the President in charge of Internal Security for being frank and telling the world that there was a danger of terrorism in the country. We should promote such firmness in dealing with our affairs. Although that issue has passed, it has contributed to the reduction of tourism. There are few arrivals. I would have been happy if the Budget had mentioned the Kenya Tourism Board (KTB). The KTB was formed a few years back with the intention of making it functional and to promote tourism in Kenya. There were no funds provided for the promotion of tourism by the KTB. I think the KTB needs to be revitalised. They should employ qualified staff who can go out and promote tourism in the country.

Mr. Deputy Speaker, Sir, an incident was also mentioned about the public enterprises which are not bringing any money to the State. Most of our public enterprises, because of competition from imported manufactured goods, have been performing poorly. They have been performing poorly not only because of the imported cheap goods, but because of the diversion of imported goods in transit. So, I would recommend that the Government writes off the loans of these enterprises so that they can balance their books. Most of them are heavily indebted to the Treasury and the loans they have should be written off or converted into equity.

Mr. Deputy Speaker, Sir, on provision of credit facilities to farmers, it was stated that the Agricultural Finance Corporation (AFC) was going to be revitalised. There was no mention of how much money will be needed for this purpose. It would have been good if the Minister made a direct provision or mentioned exactly how much money the Treasury or the Government is going to give to AFC for this purpose.

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

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity. I rise to support the Budget Speech. It is very clear that one of the causes of poverty in this country has been the dissolution of very many privately-owned banks - the so-called indigenous banks. I was surprised when an hon. Member blamed the NARC Government for the collapse of the indigenous banks. This happened a long time ago and it had nothing to do with the NARC Government. In fact, if that hon. Member wants, I can give him the reason behind the collapse of the so-called indigenous banks.

Mr. Deputy Speaker, Sir, the Rural Urban Credit Finance Limited Bank and the Continental Bank collapsed because parastatals received telephone calls from State House instructing them to withdraw all the deposits they had placed in these banks. These banks were given seven days to refund the deposits with the consequent results that they were not able to do this and that was the reason why

the so-called indigenous banks collapsed. They did not collapse because they were not making profits or because of poor management. I think that is good information for that hon. Member.

Mr. Deputy Speaker, Sir, if we have to create 500,000 jobs per year, we need to have an enabling environment for the private sector to do so. This is because these 500,000 jobs are not going to come from the Government; they are going to come from the private sector. Therefore, we must encourage the private investors to invest more so that we can create more jobs. Unless we reduce the cost of power in Kenya, which incidentally is the highest in Africa, there is no way our industries can compete against others in Africa. It is not possible. The cost of electricity in Kenya is almost ten times that of South Africa or Egypt. So, unless the cost of power is reduced, it is not possible for us to create these 500,000 jobs per year. Surprisingly, we have the so-called Independent Power Producers Agreement where the Kenya Power and Lighting Company (KPLC) agreed to pay the independent power producers more than what it charges its customers. That is not the business of KPLC. That is tantamount to looting of Kenyan public resources. How can you accept to pay more than what you can charge your consumers? It does not make any sense. It is actually ridiculous, to say the least.

Mr. Deputy Speaker, Sir, so, if we have to create the 500,000 jobs per year, we must reduce the cost of electricity and telephone services. It is so expensive to make an international call in this country. The scenario is changing courtesy of Telkom now, but the predecessor, Kenya Posts and Telecommunications Corporation was so inefficient that making telephone calls became so expensive in this country. We must also reduce the cost of water. Even more important, water must be made available at all times.

I think we must copy the French speaking countries where they have two pipes of water in each household. One pipe supplies clean water which is charged at economic rates and the other one supplies water for just irrigation and washing. If we do this, we will be able to create the 2.5 million jobs in five years. We will be able to irrigate our land and also have market farming which is very profitably done in other countries.

Mr. Deputy Speaker, Sir, we also need to work on our agriculture. It is surprising that the only sub-sector here that seems to be performing is the tea industry. The coffee industry was destroyed and I can even tell you the reason for its destruction. One day, one D.T. arap Moi, was told that the managing director of Kenya Planters and Co-operative Union (KPCU) was earning more money than him. He therefore sacked that managing director and that is the reason why the coffee industry was destroyed. This is really ridiculous, that a whole industry can be destroyed just to settle personal scores between the former President and the former Managing Director of KPCU, Mr. Kinyua. The same thing was attempted in the tea industry, but fortunately Mr. Cyrus Irungu, the former managing director of the Kenya Tea Development Authority (KTDA) resisted those moves. That is the reason why it is only the tea sector which is performing today.

Mr Deputy Speaker, Sir, the sugar industry is even worse. A lot of sugar was imported supposedly on transit to Uganda, Sudan and other countries, but unfortunately, it ended up in this country. This was uncustomed sugar and obviously our industries in Nyanza and Western provinces could not compete against uncustomed sugar. So, we need as a matter of urgency, to ban all imported sugar from this country if our sugar industries are able to be self-sustaining. The same case applies to rice. We have a lot of unsold rice in Mwea Irrigation Scheme and it has been impossible to sell this rice because of the uncustomed rice that is being imported by the so-called rice barons. I think we need to ban all rice importations. We have sufficient rice in this country.

Mr. Deputy Speaker, Sir, coming to the banks, I commend what the hon. Minister for Finance did, but I think the main reason why banks are unable to reduce interest rates is because of the high cash ratio. The other alternative - and it could be a good compromise - is for the Central Bank of Kenya (CBK) to start paying interest on money deposited with them as cash ratio. At the moment, they are getting nil. If the CBK were to charge commercial banks interest at the same rate as Treasury

Bills, the lending rates in this country would go down immediately by as much as six per cent. So, I think that is one area that needs to be looked into.

We know, as a matter of fact, and we have been told by our development partners, that there are many Kenyans who have stashed away a lot of cash money in foreign countries such as the Cayman Islands, Monaco, Switzerland *et cetera*. We are told that at the moment over Kshs240 billion are in foreign countries. We know the people who have done this. They are not more than 100. Hon. Salat, is not among them.

Mr. Deputy Speaker, Sir, my plea is to those who have stashed away Kshs240 billion to bring it back into this country because we need it. If the money was brought back into this country, the Government would not need to borrow from the private sector. Please, bring back that money and invest it in this country. I can see three or four people who are smiling. I am sure they are going to do that as soon as possible.

Hon. Members: With incentives!

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Yes, we shall accept it. On the issue of rural electrification, it is so sad when you find electricity being provided to people who cannot afford to pay for the electricity charges.

You will see some grass thatched---

Mr. Deputy Speaker: Order, Mr. Githae!

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Mr. Deputy Speaker, Sir, with those few remarks, I support.

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, I stand to support the presentation by the Minister for Finance. I wish to thank him for being able to start the process of meeting the important manifesto pledges such as teachers' salaries; civil servants' salaries; police officers' salaries and our roads; and for providing free education; *et cetera*. I thank him for a good beginning.

Mr. Deputy Speaker, Sir, I was unhappy that the Arid and Semi-Arid Lands (ASALs) got a mere Kshs755 million. I come from a semi-arid area and I had hoped that more money would be made available so that my constituency could benefit. There are very many problems being faced by the police such as poor housing and equipment and the insecurity in the country. I hope, one of these days, the Minister for Finance will be able to allocate more than Kshs500 million to cater for the police force. But it is a good attempt. The same ordeal applies to our prisons where there is poor housing and facilities. I was unhappy because the Minister for Finance was not able to allocate enough money for rural electrification. It would have been a good idea to allocate more money for this sector.

Mr. Deputy Speaker, Sir, I would have wanted to see a larger emphasis being placed on cotton growing. The area I come from is semi-arid. When I was growing up, we used to grow cotton. That was the cash crop then. I wish the Minister for Finance could put more money into that sector, particularly given the importance of the African Growth and Opportunity Act (AGOA) and the Export Processing Zones (EPZ) so that we can exploit the United States market. I would have liked to see more direct support going to the development of livestock. I know the Minister is working under extremely difficult conditions. In the very near future, we will be looking for more openings in secondary schools, so that the children who will be completing standard eight this year can get a chance of being assisted, even if not fully, but a little bit.

In many areas, especially where I come from again, for us to make a real impact, VAT ought to have come down much lower in order to encourage consumption. The more the consumption, the more the VAT he would have raised and that would have helped him a great deal.

QUORUM

Mr. Salat: On a point of order, Mr. Deputy Speaker, Sir. We do not have a quorum in the

House.

Mr. Deputy Speaker: Yes, we are short of quorum by seven hon. Members. Therefore, I order that the Division Bell be rung.

(The Division Bell was rung)

Mr. Deputy Speaker: Order, hon. Members! We have a quorum now. You may proceed, Mr. J. Nyagah!

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, I had said why I was happy and unhappy with the Budget, and what I would have liked to see. I would have liked to see support being given to local beer manufacturers, and not only Kenya Breweries Ltd (KBL). We need to have a system which, through the Ministry of Health and other people, would encourage the growth of another beer industry. At the moment, too much emphasis is being given to the KBL. We need to support the manufacture of other beers, so that we can increase our range of tax collection. I would have liked to see a reduction in land taxes. I have given a piece of land to a church and the cost is too high. I would have liked to see land transactions becoming cheaper. I would have liked to see two lines in the Vote for National Security Intelligence Service. For four years, there has only been one line and I would have liked to see two lines.

Mr. Deputy Speaker, Sir, having said that, let me mention a few things in the field of banking, because I spent the early part of my life working in the banking industry. I think the non-performing loans agency is an excellent idea. As long as banks have huge non-performing debts, it will be impossible to reduce interest rates. Therefore, the initiative taken by the Minister is a very good one. The only problem I have is that it is only covering Government owned banks. That is less than 50 per cent of the total bad debts. That will not solve the problem. I hope that the World Bank, the International Monetary Fund (IMF) and others will assist us to solve the problem of non-performing debts, which amount to Kshs120 billion. The burden of the non-performing loans is so big that assisting only two Government owned banks will not solve the problem. We need to find a way of solving the entire problem that covers even privately owned banks. There is no way the problem can be addressed by the private sector. The private sector, in the Western world, would be able to overcome that sort of situation. But the small size of our private sector cannot handle that problem. So, I pray and hope that the IMF and the World Bank will assist us to deal with that. But that is a very good initiative and it will help.

Mr. Speaker, Sir, we know why the indigenous banks collapsed. We know the problems that we had with them, but we also know their history. There are banks which collapsed because of the reasons described by the hon. Member of Parliament for Ndia, and there are others which collapsed due to mismanagement. So, as we license banks, we should encourage them to go to small towns. All of them should not be concentrated in Nairobi. That is because if they are concentrated in Nairobi and other big towns like Embu and Kisumu, they will not solve the problems of the people of Mbeere, who have no access to a bank. They have to travel long distances to access banking services. We should reduce the capital base and also encourage indigenous banks to go out there where the *mwananchi* can access them.

I want to encourage the Minister for Finance to speed up the process of bringing to this House the Micro-Finance Bill, so that, we can support it and banks can be established in every corner of Kenya. That is the only way the *mwananchi* will get proper banking services. I am also concerned about the small banks which are concentrated in big towns. If we are not careful, the Central Bank of Kenya (CBK) could force them to lend small loans until they become irrelevant and insignificant. I want to request the Minister to look for a way of ensuring that small banks are given some breaks, so that, they can assist the local people.

Mr. Deputy Speaker, Sir, I want to talk about the entire financial sector. The Minister's address to the banking sector is welcome, but the financial sector is much bigger than the banking sector. It is much bigger than the Pension Department, insurance companies and capital markets. As the Minister moves to refine those areas, it will be possible for him to achieve the goals that he has set.

What he has started in the banking sector is a good beginning. But I would like to see him paying more attention to the pension schemes. When you look at the banking sector on its own, it is not enough. The big money is in the pension schemes, insurance companies and the capital markets. The totality of that is what we need to bring under control, so that the benefits of what he is trying to do can be achieved. I support the Minister in his initiatives.

I hope the IMF and the World Bank will support the moves the Minister has taken. I hope he will be able to argue his case and say: "These are popular moves with Kenyans." That is because I have a feeling that the IMF might not be happy with some of the Minister's moves. So, he needs to argue his case very strongly, and we pray that the IMF will support him. The IMF and the World Bank think that certain things should not be done. There are things that the IMF and the World Bank do not encourage. They will say that we are controlling the markets and we have gone back to the old days. So, I hope, given the goodwill that we enjoy from those institutions, that they will support what the Minister is trying to do.

Mr. Deputy Speaker, Sir, I was happy the Minister talked about the exchange rates being left to the market forces, but I hope within a managed band. It is the responsibility of the Government not to let exchange rates go too wild. If exchange rates are left to go wild as determined by the market forces, the coffee farmers, horticultural exporters and the tourism sector could suffer. I am sure the Minister will find a way, within a reasonable band and within the market forces, to manage exchange rates. That is what other countries do. There is a reasonable band which the CBK and the Treasury agree upon, so that exchange rates are not totally open to the market forces. If the situation is left totally open, the farmers, whom we depend on, would have a problem. That would also have an effect on interest rates.

Mr. Speaker, Sir, I want to talk about the mobile phones. I hope the Minister will do what the Communications Minister for Tanzania did. He refused to go to 10 per cent higher on taxation as agreed and instead, lowered it to 7 per cent. Mobile phones have become the mode of communication, even to the ordinary Kenyan. It is no longer an elite thing. I hope the Minister for Finance will do what the Tanzanian Minister did even after the agreement. He did that so that there can be bigger sales and they can collect more money. I do see problems and I have my doubts as to whether a third operator will make the US\$52 million US Dollars. What I was saying initially is that even getting US\$40 - US\$50 million for Safaricom and Kencell was a problem. Therefore, a third operator will not be able to sell 200,000 lines. I doubt if what the Minister has budgeted for is realistic. I pray and hope that it will work, but I foresee a problem in the mobile phone industry. Finally I want to talk about the Budget deficit. I hope that the donors will not take the Minister round in circles the way they took us in KANU. They have been cheating us every time. I hope they will support the Minister for Finance because he needs all the support that he can get.

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

Mr. Kipchumba: Thank you Mr. Deputy Speaker Sir. I wish to give my comments on the Budget. First, I wish to sympathise with the old man.

Mr. Deputy Speaker: Are you a Minister in the shadow cabinet?

Mr. Kipchumba: Yes, I am the shadow Minister for Energy.

Mr. Deputy Speaker: Congratulations! Proceed.

Mr. Kipchumba: First, I would like to sympathise with the former President of this country for having been a very serious driver but with a very hopeless conductor, who was busy collecting money and instead of handing it over, he was putting it in his pocket. The only thing I respect about

politicians is their ability to be gymnastic, and here I agree with hon. Ngilu, that those who left KANU at the 11th hour should be cleansed before they are given promotions and other jobs to do.

(Applause)

Mr. Kipchumba: This Budget, to me, was not diagnostic than curative in the sense that the Minister of course knew what was wrong with this country. It is basic knowledge, we know what is wrong in this country and some of the measures in my view were not short-term. This Government is populist, we all agree, and any populist government will always target social long-term benefits. Here, you realise that there is a lot of money that has gone into education. A while ago, I heard the Minister for Energy and the Minister for Finance clearly say that oil exporters will now have to pay in cash, the equivalent of the tax instead of using the normal customs bond, creating total confusion in the oil industry. I hope the Minister will realise the mistake and rectify it immediately because as we talk, there is total confusion in the oil industry. You cannot carry Kshs. 1 Billion to deposit as equivalent tax in terms of exports when you can use a customs bond which is a very effective instrument. It has been working for the last 40 years, and it works all over the world. I do understand that my fellow opposition Members do not understand how NARC will create the 500,000 jobs. I think I do understand. All they will do is very easy; sack 500,000 people and employ another 500,000. That is a very easy way of doing it. Sack all the supplies managers and employ new ones. Sack old employees and employ new ones. It is a very easy thing to do and I think that the public will not complain that NARC did not employ 500,000 people. They agree very easily, but of course there will be 500,000 women and men to go home to rest.

Mr. Deputy Speaker, Sir, I did not see much support going to the energy sector. When I went home, people were saying that fuel prices had gone up. In actual fact, it is only that the price of fuel oil went down with a mere 85 cents. Fuel oil is not used by ordinary Kenyans and my friend here Prof. Anyang-Nyog'o was talking of assisting the poor. You do not assist the poor by lowering taxes on fuel oil. Fuel oil is used by industries. Of course, the net effect of the 85 cents that will go to the poor man is really negligible. The taxes that were reduced were, in my view, very negligible. VAT reduction, from 18 per cent to 16 per cent, is a drop in the ocean; it is really nothing to us. We would have expected the VAT rate to come down to about 13 per cent or 12 per cent.

Mr. Deputy Speaker, Sir, I support Mr. J. Nyagah when he says that the Minister should not have increased the taxes on telecommunications. If you travel all over the world, you will realise that Kenya is one of the most expensive countries in terms of telecommunications and telephone expenses. Here we are adding a burden by increasing it from 5 per cent to 10 per cent. I think it should have been reduced by 1 per cent to encourage many Kenyans, like kiosk owners who have no other means of communicating, or watchmen who are now very happy that there is at least a gadget that they can use to communicate with, to continue using them. However, when you increase it to 10 per cent, you are taking us back to the old days where many of us used the services of Telkom Kenya. In those days, the telephone would work only for two days when they were collecting their money. For the remaining 28 days the telephone would not work. I hope we do not go back to those days. I hope the Minister will look into that issue seriously. I would have expected a reduction in the tax rate on the telephone gadgets.

On irrigation, you will realise that no provision was made for irrigation. I think this Government would like to continue supporting Kenyans by giving them relief food. The best way to ensure that people support you, for the next five years, is to be giving them food every year so that they know that the NARC Government is responsive to their needs. If you really want to assist Kenyans the best way is not to give them fish, but to show them how to fish. The Government should have put in a lot of money into irrigation so that Kenyans can be self-sustaining in terms of food production.

If you look at the cereals sector, as some of the Members have said, there was just a mention, but no tangible support to the cereals sector. We would have expected any taxes on seeds and fertilizers to be zero-rated. That would have been the most immediate way to assist the farmer. We all realise that a lot of money was allocated towards free primary education. Of course, that money may not be enough. From January to June, we voted an extra Kshs4.4 billion which was enough to give a student one extra pen and one extra textbook. Increasing this amount to Kshs9 billion will now give a student two exercise books, two textbooks and two rubbers. I do not think we are doing anything and yet we are talking of free primary education.

I think the situation of the teachers will even get worse given that there is already a shortage. As I said, a populist government will always fund long-term social activity. If we really wanted the economy to grow immediately, my view would be to look at the micro-sector and agriculture.

On industries, there was a lot of support given to the manufacturing sector. The benefits that will accrue from the manufacturing sector will be very little. The jobs that will be created may not even be more than 20,000.

Mr. Deputy Speaker, Sir, the infrastructure in this country is in total shambles. The Minister for Roads, Public Works and Housing has been touring the country and opening roads that were built by the KANU regime. He has done nothing more than that. I think that will not help us. I know very well that some money has been voted. There is an increment to the road sector, but I hope the Minister will ensure that the roads are built across the board and not just in areas that voted for NARC. I would urge the Ministers concerned to be travelling by road so that they can see the general decline in the roads that we have in this country. As we speak now, some of the roads that some of us use, like the road from Nakuru to Eldoret, are in total chaos such that we now prefer to use alternative means. I hope that, in future, the Minister will stop flying, go by road and see the roads and appreciate that the roads are no longer there.

The Rural Electrification Programme was given an extra Kshs500 million. I hope that the money will be shared equally to all the constituencies in this country. If that does not happen, then the money may find its way probably to only one region of this country.

If we really wanted to assist the ordinary mwananchi, we would have reduced the price of petroleum products. As we speak, when His Excellency, the President was the Leader of the Official Opposition, he used to say that there is no sector where Kenyans are robbed like in the petroleum sector where Kenyans pay 45 per cent of the cost goes to taxation. You will realise that the Kshs30 that you pay for your petrol goes directly to the Government. I would have expected that diesel, which is actually used in agriculture and at the same time---

Mr. Deputy Speaker: Your time is up!

Mr. Kipchumba: With those few remarks, I beg to support.

The Assistant Minister for Home Affairs (Dr. Machage): Asante sana, Bw. Naibu, Spika. Ningependa kuiunga Hoja hii iliyopendekezwa hapa na Waziri wa Fedha siku kadhaa zilizopita. Ajabu ni kwamba Wabunge wenzangu wa Upinzani hawaielwi kabisa labda kwa sababu ya elimu duni. Walisikia kwamba kodi ya VAT ilipunguzwa kwa asilimia mbili lakini wanataka Waziri wa Fedha aseme kuwa amepunguza bei ya sabuni, mafuta na Kimbo. Hawawezi kufanya hata hesabu wakaona kwamba gharama ya maisha itapunguka. Mmoja alisema anamwonea huruma sana Rais aliyekuwepo wakati ule---

*(Mr. Wanjala crossed the Floor
without bowing to the Chair)*

Mr. Deputy Speaker: Order, Mr. Wanjala! I saw you! Go back there! You are an old Member of this House and you ought to know that!

(Mr. Wanjala bowed to the Chair)

Continue Dr. Machage!

The Assistant Minister for Home Affairs (Dr. Machage): Asante sana, Bw. Naibu Spika. Mmoja wa wale walioongea dakika zilizopita alisema anamwonea huruma sana aliyekuwa Rais wa nchi hii kwa sababu aliendesha gari na kuzipokea hela lakini hakujua kwamba yeye ndiye atakuwa kondakta pia. Sasa alizitumia pesa hizo bila kumjali mwananchi wa Kenya. Kweli, anastahili kuonewa huruma kwa sababu wananchi wanahitaji hizo hela.

Ninamshukuru sana Waziri anayehusika kwa kugeuza picha ya fedha ambazo tunatumia sasa kwa sababu wengi waliokuwa katika Serikali hiyo ya zamani walikuwa wameweka hizo hela kwenye vitanda na magodoro na sasa wamekwama nazo. Lazima wazipeleke zote katika benki. Kwa hivyo, sasa uchumi wetu utaweza kupona kidogo kwa sababu hizo hela zote zitarudi. Ninampongeza sana Waziri kwa hilo jambo lakini anafaa afanye hima kidogo ili aziondoe hizo hela kwa sababu hatutaki kuziona. Ningependa kumkumbusha Waziri anayehusika kwamba hizi fedha ambazo zimetengwa wakfu kwa sehemu za Kenya ambazo ni ngumu kimaisha yafaa zitawanywe vizuri kwa sehemu zote kwa sababu watu wengi wanafikiria kwamba ni kaskazini mwa Kenya tu ambapo tunaita "arid areas". Hata upande wa ziwa pia kuna sehemu ambazo maisha ni magumu kabisa na hakuna mvua. Kwa hivyo, hizo pesa zinafaa zifike huko pia.

Bw. Naibu Spika, elimu ya bure ilitangazwa na Serikali na tunashukuru kwamba pesa zimeongezwa. Hata kama ni kwa usaidizi wa kitabu kimoja ama raba mbili, Serikali ya KANU haikuweza kutoa hivyo. Mwananchi anafurahi kabisa. Tuna hakika kuwa uchumi ukiwa mzuri tutaongeza. Kwa kukusanya ushuru kwa njia inayofaa na kutumia pesa zilizopo vizuri, mwananchi atafaidika kwa elimu na zahanati. Kwa hivyo, ningependa kutoa shukrani kwamba hela zitatengwa kwa minajili ya UKIMWI na ugonjwa wa malaria. Ningependa kuomba kwamba Waziri alinde hizi pesa kwa sababu kuna semina nyingi sana. Badala ya kutumia hizi pesa kununua madawa, watu wanazitumia kupanga semina ambazo ni za hila na kutumia pesa vibaya kama ilivyokuwa zamani.

Wizara yangu ya Mambo ya Ndani imefurahishwa sana na pesa za kujenga upya majengo katika magereza yetu. Majengo hayo yataimarisha hali ya maisha ya wafungwa wetu. Ilikuwa jambo la aibu kuona wafungwa wakilala chini bila godoro na blanketi.

Bw. Naibu Spika, nina hakika Wizara yangu itahakikisha kwamba pesa hizi zimetumika vizuri kuinua maisha ya wananchi katika magereza.

Bw. Naibu Spika, kuhusu kilimo, Waziri alisahau sehemu ninayoiwakilisha hapa Bungeni. Uchumi wetu haitegemei kilimo cha kahawa sana. Sisi hutegemea uvuvi, mahindi, maharagwe, mtama na nafaka zingine. Bw. Waziri hakutenga pesa za kuendeleza kilimo chetu. Tunalima tumbako ambayo tunajua kwamba ni zao ambalo laweza kudhuru afya ya watu wetu. Tunataka kugeuza kilimo chetu. Ninaomba Wizara ya Kilimo na Ustawi wa Mifugo, katika matumizi yake ya pesa, itusaidie kukuza zao lingine ambalo litawafaa wananchi wetu.

Bw. Naibu Spika, namshukuru Waziri sana kwa kuweza kutenga pesa za kutosha kwa minajili ya kujenga barabara na njia nyingine za mawasiliano hapa nchini. Ningependa kumwomba Waziri asisahau Wilaya ya Kuria wakati wa kujenga barabara na reli. Hii ni kwa sababu tangu mkoloni alipojenga reli hapa nchini, hatujawahi kuwa na ongezeko la kilomita hata moja ya reli. Hii ni aibu kubwa kwamba, baada ya miaka 40 ya Uhuru, hatujawahi kuongeza kilomita hata moja ya reli. Kwa hivyo, ni lazima jambo hili tuliweke maanani kwa wakati huu ambao tunajaribu kufufua uchumi wetu.

Bw. Naibu Spika, jambo la ujenzi wa nyumba ni muhimu kwa wananchi wetu ili waweze kuishi vizuri. Bw. Waziri amelizingatia jambo hili kwa makini katika makadirio ya matumizi ya pesa za Serikali. Ninamshukuru sana Waziri wa Fedha. Hata hivyo, kuna makandarasi wazembe ambao hutumia pesa vibaya. Ni lazima tuwachukulie hatua na tuwanyime kandarasi za ujenzi.

Bw. Naibu Spika, Waziri wa Fedha anafaa kuangalia sana benki zetu. Ametoa masharti ambayo yanaweza kuwalinda wananchi kutokana na unyonyaji na uporaji wa benki hapa nchini. Hata baada ya kusomwa kwa Bajeti, hakuna benki hata moja ambayo imepunguza kiwango chake cha mikopo. Hatujui msimamo wao ni upi. Tunataka benki zote kutangaza viwango vyao vya mikopo kwa wateja wao ili wananchi wajishugulishe zaidi na ujenzi wa taifa.

Bw. Naibu Wa Spika, tumelifurahia sana jambo la umeme. Wilaya ya Kuria haina umeme. Juzi niliwaambia kwamba wananchi wetu huona mwangaza unaoangaza kutoka nchi ya Tanzania. Hii ni aibu kubwa. Ni lazima mambo hayo yaangaliwe ili tupunguziwe aibu ya kukosa umeme. Tunataka umeme katika Wilaya ya Kuria na sehemu zote zilizosahauliwa na Serikali ya KANU.

Bw. Naibu Spika, kwa hayo machache, ninaunga mkono Hoja hii.

Mr. Onyancha: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity. I wish to state that I would like to support this Motion on the grounds that the script that the Minister read was well thought-out. We are only looking forward to how it will be implemented and how it will be seen to work by Kenyans.

Mr. Deputy Speaker, Sir, that we have had poor state of infrastructure in this country is a fact, and that we have had poor commodity prices especially for the agricultural sector is also true. We also have had low domestic credit and it has affected the growth of our economy. Growth of a mere 1.1 per cent GDP for last year is a shame for this country.

Mr. Deputy Speaker, Sir, I wish to laud the measures that have been taken by the Minister for Finance; that is, the improvement of good governance in the management of agricultural co-operative societies, especially in the coffee sector, the good intentions that he has on the revival of the Agricultural Finance Corporation (AFC) and the Kenya Co-operative Creameries (KCC) and the rehabilitation of irrigation schemes; of course, not to mention the operationalization of the National Environmental Management Authority (NEMA). This will address environmental issues which are so critical for the economy of this country.

On industry, the Minister has stated that by the year 2004, there will be a comprehensive industrial masterplan to implement phase one of Kenya's industrial transformation strategy. We hope that this will not be just mere talk. We have been talking or hearing much about Kenya becoming industrialised by the year 2020. We hope that this will be a reality and we wish the Minister well in this undertaking.

I also wish to commend the Minister for the changes that he has made in the three major taxes; that is, the Customs, the VAT and the Income Tax. These taxes are investor-based. Perhaps, we should ask the Minister to insist that where tax reductions are granted to producers so as to reduce their costs, those same producers should pass that benefit to the consumers. Producers who may not do that should be punished so that we could improve overall on our industry.

On tourism, Mr. Deputy Speaker, Sir, the establishment of an Anti-Terrorism Police Unit and equipping it better to booster security is essential for the growth of tourism. However, a hungry police force is an angry police force. The Minister should have allocated more money for the salaries of the police force.

I am glad to note that the Minister is preparing a Sessional Paper to address the micro and small-scale enterprises which will ensure that the *Jua Kali* artisans receive not only financial credit, but also affordable credit. So, the Minister's intentions in that regard should be commended. The Central Bank of Kenya also should move in quickly to form a non-performing loans agency as proposed by the Minister. This will help to clean up the banks' balance sheets with regard to what we know as non-performing loans.

The increase of 5 per cent tax on the cost of airtime, Mr. Deputy Speaker, Sir, is regrettable. Kenyans want to communicate and we are moving very fast in terms of communication. That increase on airtime, I think, is something that should not have come into place.

I wish to commend the allocation of money for the infrastructure especially our road network and, at the same time, money set aside for education. This will help to improve the free education programme which is now in place.

Mr. Deputy Speaker, Sir, the reduction of the cost of electricity is a step in the right direction.

On the banking sector, I wish to commend the Minister for taking measures to control interest rates and recognising both the shareholders' and the depositors' interests. Of course, we should not criticise anything for the sake of it. I wish to point out that if the Minister puts these measures into place and ensures that they work, then Kenya's economy will improve.

With those few remarks, I beg to support.

The Assistant Minister for Co-operative Development (Mr. Kenneth): Thank you, Mr. Deputy Speaker, Sir. First of all, I would like to thank the Minister for Finance for the preamble which he carried on his Budget. He said that we needed to break away from the past and I think, in his Speech, he was able to break away from the past. But it is a pity that most hon. Members on the Opposite Benches, who thought it was a populist Budget, are not here to listen. But looking at various issues that the Minister looked into, it was quite clear that he was putting up a foundation on which the Kenyan economy could be resuscitated.

Mr. Deputy Speaker, Sir, I fully support the Minister for stating that we will have a Privatisation Bill. I think, for a long time, privatisation in this country has been criticised because it is shrouded in mystery. I know what pains one goes through when one is working for a company which is about to be privatised. I, therefore, support his intention to introduce a Privatisation Bill that will ensure that there is a clear manifestation of sale or disposal of parastatals and Government enterprises.

Mr. Deputy Speaker, Sir, I also wish to support the Minister on the Coffee Act which he talked about and the need for us to have agro-based processing industries in this country. It has been very awkward that we produce the best coffee in the world and it has to go out and come back as instant coffee in this country. In the same regard, I want to support the Minister for saying that his Ministry will look into ways in which farmers, who had borrowed money from the Co-operative Bank of Kenya, will be assisted with write-offs. It is important that individual coffee farmers actually benefit from those write-offs. So, the write-off should not only be at the Co-operative Bank of Kenya, but should go all the way to the societies and to the individual farmers so as to encourage them to look after the coffee plant itself so that we could have more coffee. I also wish to support the Minister on the waiver on agricultural equipment.

Mr. Deputy Speaker, Sir, I think one of the very good things the Budget did bring forward was the intended take-over of the KCC. I think the KCC should belong to the farmers as it was before. I particularly think that when the Government finalizes the transaction, the KCC should go to the actual farmers to enable them deliver their milk which so far has gone to waste. I think it was a very good decision.

The Minister did talk about the Industrial Masterplan which I fully support. I think we should look at making our Industrial Area a much bigger park than it is today so that we not only work between 8.00 a.m. and 5.00 p.m., but that we should also provide security and lighting at night so that it could also provide employment at night.

I think, as a country, we need to take advantage of the Common Market for Eastern and Southern Africa (COMESA) region. We need to encourage our manufacturers to not only to manufacture during the day, but also at night, so that our output can be doubled and, in the process, we can create jobs. I also think that the Minister did put various measures to encourage tourism. Those measures should also encourage local tourism. I feel that, if the local people are encouraged, we can be able to take advantage of the tourism features that we have in this country.

Mr. Deputy Speaker, Sir, one area where I wish to support the Minister fully is on the cash

ratio. For a long time, the interest rates in the banks have gone up because of the high percentage of cash ratio in the banks. When the cash ratio was 20 per cent, the banks were putting that cash ratio at free interests. I, therefore, think that if we reduce the cash ratio, banks will have more money to lend to people and the interest rates will go down. I thank the Minister for giving the powers of regulating banks to the Central Bank of Kenya. The Central Bank of Kenya is competent and, as a lender of the last resort, should be the body that is able to license, regulate and take action against any bank that does not conform to the Banking Act.

Mr. Deputy Speaker, Sir, on the agency that the Minister intends to start on loans, I would like to say that, as a country, the loan portfolio ought to be reduced. It is time we all thought of those loans as they were. We have previously heard of political loans and, probably, as the Minister starts with the loans agency, some of those political loans should be paid back to allow low entrepreneurs to be able to borrow and do some business.

Mr. Deputy Speaker, Sir, the Minister allocated funds for rural electrification and I think that is a very good start. In the previous year, the money that was allocated was very dismal. I want to encourage the Ministry to look for more funds to allocate to rural electrification because, in turn, it helps by generating income. If most of the users who want to have electricity have it, I am sure we shall be able to raise taxes by way of Value Added Tax (VAT), and other taxes associated with electricity.

Mr. Deputy Speaker, Sir, in conclusion, we need to look at the Budget from a bi-partisan approach. We should look at the Budget and say: "We want to have a fresh start." We want to look at a Budget that we can all conform to, and which will not only change the lives of all Kenyans, but one that we, as Parliamentarians, agree on. I have heard a lot of people talk about roads today; that they are in a very poor state. It requires no reminder that the Budget we have been following is one that was done a year ago. Therefore, I would encourage hon. Members on both sides to look at a Budget that will be beneficial, not only to both sides, but to the country at large. Simply saying that the NARC Government has been there for six months and has done nothing; one needs to understand that we were working on a Budget done by another Government. I, therefore, appeal to Members from both sides of the House to look at a Budget that will start real reconstruction of our great country, Kenya.

Thank you, Mr. Speaker Deputy, Sir. I wish to support the Minister.

*(Mr. Kimathi went to speak
from the Dispatch Box)*

Mr. Deputy Speaker: Mr. Kimathi, as you know, the Dispatch Box is reserved for the Front Bench of the Opposition side, but I will let you speak from there for now! In future, you should make your contribution from your seating position.

Mr. Kimathi: Thank you, Mr. Deputy Speaker, Sir. After all, I am a new hon. Member in this House and I appreciate your guidance. I am still learning.

I would like to support the Minister for Finance for the good Budget he presented in this House. It was a mwanachi Budget in the sense that the prices of most commodities, such as sugar and *unga*, were not increased. While I commend the proposals outlined in the Budget, which was read in this honourable House by the Minister for Finance, I would like to point out that we in the Opposition should not oppose the NARC Government for the sake of it.

(Applause)

Likewise, I would like to ask my brothers from both sides of the House not to be populists. It

is shameful for an hon. Member to rise up in this House and say something which does not make sense in order to be popular. We should be objective in our contributions. Even if you become unpopular but you know that what you are saying is a fact, you should point it out.

There is no country in this world whose economy can grow without its security network being given the first priority. There are some Kenyans, and hon. Members in this House, who fear being attacked by thugs when they walk around, go to their houses, work places or sit in a restaurant enjoying their drink, even though they have never been attacked by criminals. Our economy cannot be revived if there is no security in this country. There is no investor who will invest his money in a country where his factory or business premises will be attacked by criminals.

The Minister for Finance allocated only Kshs300 million to the police. That money is not enough to equip even four or five police divisions, each with three or four police stations. I would like the good hon. Minister for Finance to look into ways and means of improving the welfare of the police officers. I would also like the Minister of State, Office of the President, in charge of internal security, to harmonise the salaries of the police force. We do not want to see some police units being given more privileges than others.

Mr. Deputy Speaker, Sir, I would like to propose that all police units should be under the Commissioner of Police. I would also like to see a situation where the Commissioner of Police enjoys security of tenure so that he does not work under pressure from any politician or big group. He should also not be influenced by certain individuals to arrest innocent people.

[Mr. Deputy Speaker left the Chair]

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

The transport system in the police force is very poor. You will find a division, like Central Police Division, having only one Land Rover or lorry. The police should be equipped and paid well. It is shameful that when a police officer dies in the line of duty he gets a 21-gun salute when his widow sleeps hungry and his children are chased away from school for lack of school fees the following day. All hon. Members in this House, including Nominated hon. Members, have daughters and sons who are employed in the police force. These officers are suffering. Some of the police officers, after deductions, earn Kshs2,000 per month. How can you survive on this amount of money? The uniformed police officers should not be charged rent when they live in Government houses. All the policemen, if you are not aware, pay rent for the Government houses they live in and yet they work day and night. This is shameful. The Officers Commanding Police Divisions (OCPDs) and the Officers Commanding Police Stations (OCSs) should be accommodated within their stations so that they can serve the people well.

On the agricultural sector, it is shameful that instead of us being economical, we are being extravagant just because we want to accommodate liberalisation. The Government should control the price of sugar, which is a very important commodity in this country. We should not allow the Kimathis, Kamaus and Onyangos to import sugar into this country. The millers should be given a monopoly to import the 200,000 tonnes of sugar to cover the production deficit. This will ensure that Kamau, Onyango, Johnson or anybody does not import sugar into this country. Sugar should be imported into this country by the millers. If a certain sugar factory is big, it should be allowed to import a certain amount of sugar into our country. It is only through such transparent measures that we can curb corruption in this country. Why should five or ten people be allowed to import 200,000 tonnes of sugar into this country? The NARC Government has promised transparency.

In the past many years, we have seen paupers who have never been to school becoming

multi-millionaires overnight in this country. We must bring that to an end. Our President has promised that everybody will have to sweat for his money. Let everybody sweat for the one shilling he or she gets. An hon. Member has said here that the Kshs100-note has started to gain value under the NARC leadership unlike in the KANU regime when a few people had billions of shillings when others had no single coin in their pockets.

Last but not the least, it is shameful for the Government not to buy maize and all the other crops which our farmers grow. We would like the Minister for Agriculture and Livestock Development to request this august House to allocate him enough money to buy all the cereals from our farmers. It is shameful that we export all our maize to other countries and then import the commodity at a higher price. If we put more emphasis on the security of this country and farming, we will discourage people from leaving the rural areas to look for employment in urban centres. I would like this House to allocate more money to the farmers. I believe that 90 per cent of hon. Members of this House grew up and went to school in the rural areas.

Mr. Temporary Deputy Speaker, Sir, the Minister for Water Resources Management and Development should tell us what happened to the water which was meant to serve Ukambani region. This water flows by the force of gravity from Mount Kilimanjaro, but it was diverted by a certain individual, who was influential in the KANU Government at one time. That water has not reached the people it was meant to serve. It is shameful when such water is diverted for commercial use when it is supposed to serve people in Eastern Province, who still travel 90 kilometres to fetch water. We must be seen to be transparent.

We believe that the NARC Government is still young and it should pull up its socks and prove its worth. This Government has shown good signs of reviving the economy. If we push very hard this Government, which is six months old, we will also be pushed very hard in our constituencies, and yet we are only six months old. I am sure the NARC Government will serve all of us well. I would like to commend it for not victimising anybody. This is a friendly and accommodative Government.

Thank you, Mr. Temporary Deputy Speaker, Sir.

Mr. Mahamud: Thank you, Mr. Temporary Deputy Speaker, Sir, let me join my colleagues in congratulating the Minister for Finance for giving us a very good Budget. The aim of this year's Budget was generally for economic recovery and also to create wealth, employment, poverty reduction and above all, create an enabling environment for the private sector.

Mr. Temporary Deputy Speaker, Sir. These are very ambitious objectives and I believe some of the strategies that the Minister used to achieve them are many. This includes the stringent measures on financial and taxation policies; to avoid waste, theft and misappropriation. There are many other measures, but this one was unique as it was an increase in budgetary allocation to both social and economic sectors of the country. I am saying this because one has to inject money into economic sectors such as infrastructure, energy and agriculture, so that these sectors are able to absorb the other social sectors like education and health. Therefore, no sector was left out and, because of this, you realise a lot of money was injected into the construction of roads.

Mr. Temporary Deputy Speaker, Sir, I believe that road infrastructure is the mother of development. This is because, when you put up a road, all other development problems solve themselves.

The question of a certain Minister saying that the criteria for having a tarmac road is to have so many thousands of vehicles using that road, cannot work. How can vehicles pass through a road that is not there? The purpose of opening up an area is to have good roads to enable farmers take their goods to the market.

Mr. Temporary Deputy Speaker, Sir, I would also like to thank the Minister for including sectors like energy, which deals with rural electrification. As we are aware, this is an area that has been left out for many years. Rural electrification, is therefore, appropriate and the Kshs500 million, that has

been provided, may not be adequate. If we would like to create wealth and give employment to our youth, then we need to pump a lot of money into this sector, so that *Jua Kali* and other related sectors can benefit from electricity.

I would also like to commend the Minister for remembering the ASAL areas, although, they have been forgotten for along time.

Mr. Temporary Deputy Speaker, you will agree with me because you come from those areas.

An hon. Member: The Chair does not come from any specific area!

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

Mr. Mahamud: Mr. Temporary Deputy Speaker, Sir, when I was interrupted, I was saying that in the past, the Government has been very discriminative in the development of the agricultural and livestock sectors in ASAL areas. It appears that the National Rainbow Coalition (NARC) Government has now recognised the potential of these areas, and has injected some money into them, but that is still not enough. These policies emanated from the colonial regime. I learnt in History that in 1905 somebody called Sir Charles Elliot said that there was no need of putting money in northern Kenya - you know that northern Kenya is basically an ASAL area - because the region could not give the necessary economic returns. That policy continued until 12th June, 2003. Since that day, when the Minister presented the Budget Speech in this House, that policy may have slightly changed.

This country has many policies which are upside down. For instance, most of the population of this country lives on only 20 per cent of the country's land mass; the remaining 80 per cent is under-utilised. You realise that certain subsectors have been over-emphasised. The Government has given them a lot of prominence. For instance, we know that the tea and coffee sectors earn this country a lot of money, but why does the Government not invest some money in the livestock sector as well? This sector has been completely forgotten whereas the coffee sector alone has more than five parastatals overseeing its operations. The tea sector has four parastatals to oversee its activities. Apart from the dairy and pig subsectors, most of livestock industry is completely discriminated against. There is even a parastatal to promote the pig industry. How many people in Kenya eat mutton?

Therefore, more state corporations should be created to promote the beef industry. Further, beef-producing areas should be provided with proper infrastructure. Above all, we would like ASAL areas to be opened up, so that our livestock can have a market both in Kenya and outside Kenya. I say so because there are so many outdated laws which stop us from bringing our livestock to Nairobi or taking them to other markets such as Mombasa. At the same time, we cannot export our livestock and livestock products because of diseases such as CPP, which are said to be endemic in our areas. When are we going to have access to the external market? I would like the Minister for Finance, in conjunction with the Ministry of Agriculture, to change our policies, so that we can focus more on livestock development instead of relying on traditional crops like tea, coffee and others.

Mr. Temporary Deputy Speaker, Sir, we have many other natural resources. For instance, we have plenty of sunshine, which can be used to produce solar energy, as well as wind. We have a variety of wildlife; there are different species of trees, birds and many other natural resources. Above all, we have plenty of minerals and other types of underground wealth. I would, therefore, like the Minister for Environment, Natural Resources and Wildlife to take note of that.

With those few remarks, I support the Motion.

The Minister for Lands and Settlement (Mr. Kimunya): Mr. Temporary Deputy Speaker, Sir, I thank you for giving me the opportunity to contribute to this Motion. First of all, I would like to congratulate the Minister for Finance for giving Kenyans hope and re-affirming that their optimism in the new Government was not unfounded.

Given the anti-corruption efforts that the Government is currently putting in place, I am personally hopeful that we are on our way to economic recovery that, for a long time, we have been longing for. It will not be surprising if we realise some savings and report some Budget surpluses in the

not too distant future. It is very difficult to add anything to the Budget as read. So, I would like to call on all Kenyans, including all of us in this House, to take advantage of the prevailing new environment and support the Government's efforts by paying taxes on time.

Some time back, many people, including myself, used to say that they could not pay taxes because there was no service delivery. I believe that in the last six months, Kenyans have witnessed service delivery by the new Government. The tax levels are now lower since Value Added Tax has been reduced. So, I believe that it is now time we complied with taxation measures in order to support the efforts being made by the Government to bring the economy back to the path of recovery. A lot of noise has been made regarding taxation of the salaries of Members of Parliament. So, I would like to ask Kenyans not to look at MPs as the reference point. Let everybody pay tax on time. I am sure that, eventually, all of us will succeed.

The Budget lays some emphasis on the fight against corruption. The biggest input in the fight against corruption is obviously the voice of the masses. An example of the success we have had in our land repossession programme and creation of the awareness of who has grabbed what is the voice of the people; it is the people who constantly tell us that this or that piece of land has been grabbed. These "whistle-blowers", you will recall, are now protected by the Anti-Corruption Act. So, I really encourage the wider public out there. Now that they are protected by the law, they should give us information on all the predators that we seek to eliminate from our system. If these predators, who have brought down the country's economy and killed the will of the people to be productive, can be arrested, we shall succeed.

Mr. Temporary Deputy Speaker, Sir, the Minister pointed to where we have come from, and I think it is important that, as Kenyans, we start looking into ways of guarding ourselves against sliding back to the dark days. Every Kenyan is now happy, and so is the entire world, that we have seen the light. But it is so easy to fall back if we all become complacent and do not remember where we came from.

The Budget has created opportunities for the Kenyans and I am so happy that the privatisation programme has been given some time to mature so that Kenyans, wherever they are, will be able to generate some income, that they can use to invest in our corporations. We have seen them brought down and I hope that, in the next two to three years, we will have enough to invest in these new corporations.

I am happy that we are getting there and I wish to request that we re-commit ourselves to restoring the glory of this nation.

Mr. Temporary Deputy Speaker, Sir, on tourism, I sympathise with the suffering that is going on there. I sympathise with the farmers in Kipipiri and Kinangop. I sympathise with the fact that they cannot sell their cabbages to hotels in Mombasa and Nairobi. I sympathise with our business community and I wish to echo the Minister's call to our friends, in the UK and the USA, to re-assess and withdraw the travel advisories they have given. I believe the people of the UK and the USA would like to come and share with us our hospitality and our sunshine and help us, as we work on our economic recovery. It is the economic benefits that are brought through the cultural exchanges that will link us to the world. This is what will help us to fight terrorism and all its associated problems.

I am also happy to see the support we are receiving from across both sides of the divide. I hope we will work in this same spirit, as we achieve, for the Kenyan people, what we promised and what they have been denied, as we bring back governance to replace populism and economic management to replace plunder of the economy.

I would wish to continue but suffice it to say that, it was a great Budget. I hope, with our support, we will achieve the aim for the wider Kenyan people.

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

(Ms. Mbarire moved to the Dispatch Box)

Ms. Mbarire: Mr. Temporary Deputy Speaker, Sir, let me start by congratulating the Minister who gave a very thorough Speech that, for the first time, seeks to seriously look at ways of ensuring that we have economic recovery which will create wealth and employment in this country.

Mr. Temporary Deputy Speaker, Sir, may I begin by saying that I think this Speech was very important because one of the key themes or agenda of the NARC campaign was the creation of 500,000 jobs per year for the young people. I, therefore, think that this Budget really went a long way in ensuring that we create an enabling environment for the creation of these 500,000 jobs. May I say that in an effort to create an enabling environment, and giving incentives to investors---

The Temporary Deputy Speaker (Mr. Poghisio): Order! Order, Ms. Mbarire, you could have spoken from where you were. The Dispatch Box is for the Front Bench.

An hon. Member: But this is the Committee of Ways and Means!

The Temporary Deputy Speaker (Mr. Poghisio): No, it is not!

An hon. Member: What is it, Mr. Temporary Deputy Speaker, Sir?

The Temporary Deputy Speaker (Mr. Poghisio): Order!

(Applause)

The Dispatch Box is there for---

Ms. Mbarire: It is my first time, Mr. Temporary Deputy Speaker, Sir. Let me just---

The Temporary Deputy Speaker (Mr. Poghisio): Order! Order! Ms. Mbarire, actually you will be heard wherever you are.

(Ms. Mbarire left the Dispatch Box)

Ms. Mbarire: Mr. Temporary Deputy Speaker, Sir, I wish to continue. In order for us to create an enabling environment, we should have incentives for investors to come to Kenya. We need to improve the governance of our public affairs so that we are able to welcome or even to attract investors to come here. I would like to look at the effects of the Budget on these two categories of people: I wish to look at the effect of the Budget on women and the young people.

First, the waivers that have been given to investors when importing capital equipment to Kenya is very welcome. This way, we shall have investors coming into the country and creating jobs. But, I think, we need to go a little further and ensure that these investors do not just come to make profit and take it back to their countries, but they can use the profit made to improve the welfare of Kenyans. It is, therefore, important that we take note of the fact that most of the multinational companies do not pay their employees well. Therefore, we hope that we shall not just allow them to invest, but we will also expect them to pay good wages to the workers so that they can live a meaningful life.

Mr. Temporary Deputy Speaker, Sir, I also give credit to the Government, especially for prioritizing and increasing expenditure on education and health. This free and compulsory primary education will go a long way in sealing the various gaps that we have seen in the past, especially the gender gap, when it comes to school enrolment rates where, in the past, parents preferred to take the boy-child to school and not the girl-child. This is because they felt that it was not a good investment. But with the free and compulsory primary education, we will see more girl-children going to school, and being able to enjoy the privileges of free primary education, just like the men.

May I also give credit to the Minister for Finance for increasing the allocation to the Ministry of Water Resources Management and Development, because this way we will be sure that women will be able to access water in their homes, and they will be able to meet the pledges which the NARC

Government gave during the campaigns; to ensure that there is water for all domestic users back home, who are the women. That the women will be able to save the time they use when searching for water; sometimes which is not clean water and, therefore, not healthy for drinking.

Mr. Temporary Deputy Speaker, Sir, I also wish to give credit to the Minister for Finance for increasing the amount of allocation to the Ministry of Health, which will also go a long way in benefiting the community, and also ensuring that there are drugs and equipment in all hospitals, and a dispensary nearby for everyone to access. This will not only benefit the entire community, but after establishing that scheme, it will help many poor Kenyans who cannot otherwise afford treatment.

Mr. Temporary Deputy Speaker, Sir, may I also take this opportunity to say that, that amount of money that has been given to take care of the HIV/AIDS scourge, which was about Kshs1.5 billion, is going to be very useful because we know that many young people are dying today. The most productive sector of this society is actually dying because of this scourge and, therefore, money meant to deal with the problem will be useful. However, I wish to see that money really being used for the purpose that it was meant. We need to see very strong empowered community-based activities aimed at raising awareness on HIV/AIDS. We also want to see home care-based programmes for the HIV/AIDS victims who, most of the time, are actually taken care of by the women. So, we want to see home care-based programmes that will aim at providing cheap anti-retroviral drugs for the HIV/AIDS victims back home. We also want to see a strong campaign across the country through the Constituency AIDS Control Committees (CACCs) that can be able to curb this scourge.

Mr. Temporary Deputy Speaker, Sir, may I also add that it is important that we do not just use all the money on administrative and personnel costs by the National AIDS Control Council (NACC). I think we need to make sure that, at least, out of that money, 70 per cent to 75 per cent of the money that has been provided is actually used at the grassroots programmes and not used on administrative or personnel matters. We want to see more money being channelled to projects instead of funds being used to maintain NACC.

Mr. Temporary Deputy Speaker, Sir, may I also note that the reduction of the VAT rates from 18 per cent to 16 per cent is also going to be very useful in allowing consumers to have more money. This is going to increase savings for the poor cash-starved men and women. This reduction will also help more women and men to be able to buy more things for themselves. This, of course, will ensure there is better food nutrition for the families. I wish, at this point, in time to say that we would have wished to see waivers going towards women's reproductive rights. I want to raise an issue that I know many people do not think about.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Poghisio): Order, you hon. Members who are here in the front! We need to hear this hon. Lady.

Ms. Mbarire: Thank you, Mr. Temporary Deputy Speaker, Sir. I wish to raise an issue that many people do not think is a big issue but it is a very big issue for the women. I understand why the price of jewellery was raised and I have no problem with that because that, to some extent, is a luxury. You can choose to do or not do with jewellery. However, I would have wanted to see a waiver on sanitary towels. Currently, sanitary towels are termed as luxury items. That is not an item a woman can choose to use or not to use. She has to use it. So, we hope that in the next Budget, the Minister for Finance is going to take cognisance of this very important factor affecting women and give them tax waivers on sanitary towels.

Mr. Temporary Deputy Speaker, Sir, I also want to give credit to the initiative that is now being set up in form of micro-credit facilities.

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

The Temporary Deputy Speaker (Mr. Poghio): Order, hon. Members! Her time is not yet up.

Proceed, hon. Mbarire!

Ms. Mbarire: Mr. Temporary Deputy Speaker, Sir, I wish to give credit to the Minister for his plan to establish micro-credit lending facilities. I am aware that, that was in the National Rainbow Coalition (NARC) Manifesto, and we look forward to their establishment. We should ensure that credit is more accessible to young people and the women who, in the past, have not enjoyed credit facilities for lack of collateral. If we have to create 500,000 jobs for the young people in this country, we must enable them to start up their own businesses. So, the establishment of the micro-credit lending facilities is most welcome. We hope that we shall include all the stakeholders to be able to do so.

Finally, may I say that we look forward to a more consultative way of preparing the national Budget from next year. We hope that, in future, more people will be involved in Budget preparation. In particular, I would like to see more young people being called up by the Treasury for consultative meetings. We have many young economists who have great ideas that, probably, would help in the growth of our economy. I look forward to seeing that happening in future.

With those few remarks, I beg to support.

Mr. Karaba: Thank you, Mr. Temporary Deputy Speaker, Sir, for allowing me to say something about the Budget, which I fully support. We are very much impressed by the Minister for Finance for having presented a well-researched national Budget. To me, the Budget was one of its kind from the ones presented in previous Parliaments. I congratulate the Minister for the hard work which was demonstrated here last Thursday.

Let me comment on the way the Budget treated the infrastructure, particularly in the rural areas. It is important to note that we will improve our road networks and more so, the rural access roads. I am sure that will stimulate economic development, particularly in the development of coffee and tea in the area where I come from. I come from Kirinyaga District, which is known for producing high quality tea and coffee. But the main problem has been to deliver the produce to the factories on time. During the rainy seasons, vehicles do not even reach the interior of tea-growing areas. So, if we improve the rural access roads by murraming or tarmacking some of them, farmers will be able to deliver their tea to the tea-buying centres on time. Farmers have lost a lot of money through delayed delivery of the tea leaves.

The other thing which impressed me much was that the co-operative waiver was also discussed in this House. That has led to the debt reduction for the farmers. Most farmers in the coffee-growing areas are owed a lot of money by the co-operative societies through unscrupulous management which has been there for a long time. If the Co-operative Bank of Kenya will be relieved of that burden, the benefits will be passed over to the farmers and they will make some profits out of their coffee farming. I also concur with the Minister as he discusses the issue of co-operative societies further.

The other important issue which the Minister talked about relates to financial institutions. We noted that the capital required to set up banks has been reduced. That will encourage the establishment of more indigenous banks and more people will start up their own banks. I am sure that, that will improve our economy because there will be more liquidity in the country. This will also support agriculture and lead to the mushrooming of very many industries in the country and hence, improve economic development. As a result, our standards of living will be on the upward rise.

Mr. Temporary Deputy Speaker, Sir, the Ministry of Education, Science and Technology has

been given a great boost in this Budget. As a former teacher, I support this move very strongly because I see a lot of sense in the development of education. Most of our schools in the country are of low quality. Many people cannot afford to pay school fees. I am sure that most parents will be very happy with the Government's undertaking to provide free education. When we have free primary school education, parents will be able to save that money and perhaps use it to pay for secondary school education. It is my view that many parents will also feel that secondary school education has been subsidised by the Government. This is a very great relief to the parents in this country.

On the question of beer, the Minister talked about the primary products of molasses and anything illicit. It was noted that, for the first time, the Government will raise the prices of industrial products which are used to brew this illicit drink by other products which are not consumed by human beings. As far as I am concerned, this is something that we have been waiting for. If this will take effect, I am sure many people in the rural areas will be very happy to see a sober society trying to undertake a lot of economic development in the country.

With those remarks, I support the Budget Speech.

Mr. Sungu: Thank you, Mr. Temporary Deputy Speaker, Sir. I think the Minister should be congratulated for producing such a good Budget because it tackled many of the issues affecting this country, particularly the issue of corruption. Corruption has nearly brought this country to its knees. We have many cases of pending bills from non-existent projects. The Government has spent lots of money for as late as last year, November. This money can never be accounted for. Poor people are being taxed heavily and they pay this money to a few individuals who use it for enriching themselves. This is the unfairest thing of all.

The Minister tackled many issues but one issue I do not agree with is the question of domestic brews, when it comes to alcohol. *Chang'aa* is killing a lot of our people. A lot of people are getting drunk, on a daily basis, because it is cheap. Let us take the example of Uganda where *chang'aa* has been made very viable by making it a commercially-produced product that can be used to improve the economic growth of that country. This kind of thing would have the effect of discouraging drunkenness in the rural areas because right now *chang'aa* is very cheap. It is produced from raw materials from the sugar industry which could further be processed by the industry to make it beneficial to the farmers, if that raw material is used. That is basically molasses.

We export some of the raw materials to Uganda and they make *Waragi* a commodity which when we come from Uganda, we buy it duty-free. This kind of thing is unforgivable. We, as a country, should be looking at a way of expanding our economy in such a way that it takes care of all sectors and not just imports. We still use these---

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Poghisio): Order! Mr. Sungu, you will have a balance of eight minutes which you will utilise the next time.

Hon. Members, it is now time to interrupt the business of the House. This House, therefore, stands adjourned until tomorrow, Wednesday, 18th June, at 9.00 a.m.

The House rose at 6.30 p.m

