

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Tuesday, 11th November, 2008

The House met at 2.30 p.m.

*[Mr. Deputy Speaker in the Chair]*

### PRAYERS

### QUESTIONS BY PRIVATE NOTICE

#### ARREST OF KENYAN FISHERMAN BY UGANDAN SECURITY FORCES

**Mr. Mbadi:** Mr. Deputy Speaker, Sir, I beg to ask the Minister of State for Provincial Administration and Internal Security the following Question by Private Notice.

(a) Could the Minister confirm that the Ugandan security forces have continuously been harassing Kenyan fishermen near Migingo Island, the latest being a few weeks ago, and state what immediate steps he has taken?

(b) Why do Kenyan security forces not have a base on the island, while Uganda has one?

(c) Could the Government also consider establishing a new Kenya Navy base in Lake Victoria to protect the country's territorial waters?

(d) What concrete steps is the Government taking to ensure that Kenyan fishermen are protected from arbitrary arrest and continuous harassment by the Ugandan security team around Migingo Island?

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode):**

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

(a) Yes, I am aware that Uganda's security forces have, on a number of occasions, arrested Kenyans in Lake Victoria. The latest incident being on 26th October, 2008, when 15 Kenyan fishermen were arrested and taken to Bugiri District of Uganda.

In response, the Government dispatched a high level delegation to Kampala led by the Minister for Fisheries Development who was accompanied by the PC, Nyanza, among other senior Government officials to discuss the matter among other issues of mutual benefit to the two sister states. It is hoped that a lasting solution will be found once the meeting is over.

(b) The Government is concerned about the presence of Ugandan security forces in Migingo Island and is handling the matter through diplomatic channels.

(c) Currently, the Government does not have plans to establish a navy base in Lake Victoria because all amicable mechanisms of solving the problem have not been exhausted.

(d) The Government has taken concrete steps to protect the Kenyan fishermen. Some of these steps include the following:-

1. Beach management committees have been set up. The committees regulate fishing activities in both Kenya and Uganda hence promoting peaceful co-existence.

2. Administration and security officials hold regular meetings with their counterparts from Uganda to thrash out emerging security issues.

3. Every year, officials from both countries hold joint border commissioners' meetings to sort out cross-border issues.

This year, the meeting was held at Mbale in Uganda on 2nd and 3rd April, 2008.

4. Plans are underway to survey and fix beacons along the common border between the two countries. This year, the Office of the President has allocated Kshs20 million for the exercise which will be carried out jointly with Ugandan authorities. A high powered delegation led by the Minister for Fisheries Development, accompanied by the PC, Nyanza, are discussing this security issue in Kampala.

**Mr. Mbadi:** Mr. Deputy Speaker, Sir, while I thank the Assistant Minister for giving a detailed and elaborate answer to this Question, Migingo Island is very visible whether it is in Kenya or Uganda. If Migingo Island is in Kenya how come, for all these years, we have had the presence of Ugandan forces on our land and yet the primary responsibility of the Government is to protect its soil? Why has the Kenyan Government allowed Ugandan forces to be present on Migingo Island for all these years and to harass our fishermen?

**Mr. Ojode:** Mr. Deputy Speaker, Sir, I have said that we are following the diplomatic channels and the Ugandan forces will not be at Migingo Island. We will finalise the meeting which will start this month. The Ministries in charge of internal security, in both Kenya and Uganda, will meet in Mombasa to chart the way forward. The hon. Member should not worry about the Ugandan forces because they will leave Migingo Island. I want to assure the hon. Member that the fishermen will never be harassed again.

**Eng. Gumbo:** Mr. Deputy Speaker, Sir, the Assistant Minister alludes to the fact that the establishment of the beach management units has improved security along the beaches. The truth of the matter is that, since the establishment of the Beach Management Units (BMUs), there is a lot more confusion at the beaches. Is the Assistant Minister aware that some of the BMU committees are actually behaving as a *quasi*-police unit, arresting people arbitrarily?

**Mr. Ojode:** Mr. Deputy Speaker, Sir, it can be true. Migingo Island alone has a population of about 400 people and that is a big number. Anything can happen when they are fishing. I am also aware that the Ugandan authorities had imposed some heavy fines on the fishermen on the Kenyan side. They asked them to pay about Kshs40,000 per year. All this will not happen once we sort out the issue with the Ugandan authorities this month in Mombasa. All those foreigners who are occupying islands in this country will not be accepted unless they follow the required channels. They must have travel documents in order to come to Kenya.

**Mr. Mbadi:** Mr. Deputy Speaker, Sir, on the Assistant Minister's own admission, the Ugandan security team has been imposing heavy fines on the Kenyan fishermen. Now that this matter will be resolved between the two countries, could the Assistant Minister give an undertaking that the Kenyan fishermen who have been charged Kshs50,000 per year, will be compensated by the Ugandan Government for this money which was taken illegally from them?

**Mr. Ojode:** Mr. Deputy Speaker, Sir, it will be very difficult and hard on our part to know who has paid what. We will compensate the fishermen by removing the Ugandan forces from that island.

EVICION OF KANGEMI DAM RESIDENTS  
FROM PLOTS LR.22767/LR.22768

**Dr. Khalwale:** Mr. Deputy Speaker, Sir, I beg to ask the Minister for Lands the following Question by Private Notice.

(a) Is the Minister aware that thousands of wananchi in Kangemi's Dam Village, Nairobi, are currently homeless after they were evicted by a private developer from Plot Nos.22767 and Lr.22768 (off Waiyaki Way)?

(b) Who is the legal owner of those parcels of land?

(c) What urgent steps is the Minister taking to solve the dispute considering that the squatters, the developer and the Veterinary Animal Research Department have all laid claim to the plots?

**The Assistant Minister for Lands** (Mr. Bifwoli): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am aware that the owners of Plots No. LR.22767 and LR.22768, off Waiyaki Way, evicted squatters who had encroached on their property.

(b) The parcels of land mentioned in "a" above are registered in the name of Aberdare Engineering Limited.

(c) Since the owners have registered titles to the plots, any dispute arising can be solved by a court of law.

**Dr. Khalwale:** Mr. Deputy Speaker, Sir, I wish to lay on the Table the following documents. The first one is a document by the affected families, a petition to the Minister for Lands, about the matter in question. The second one are two video tapes showing how the police went to this village and brutally evicted these people. Could the Assistant Minister tell this House how many sets of title deeds are there? The so-called Aberdare Engineering Limited has got two title deeds. There are 16 title deeds belonging to influential Kenyans, some of whom are serving Members of the Cabinet. Could he tell us the names of these other people?

*(Dr. Khalwale laid the documents  
on the Table)*

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, as I said, there are two plots with two title deeds. The title deeds for LR.22767 and LR.22768, measuring 0.5 hectares and 1.6 hectares respectively were allocated in 1996. These people encroached on this land after that. The owner of the land is called Aberdare Engineering Limited. If this land belongs to some Members of Cabinet, we do not have the names of the owners in our office. The names are found in the office of the Registrar of Companies.

**Mr. Abdirahman:** Mr. Deputy Speaker, Sir, the Government has a responsibility to protect both the well-endowed and the less privileged. The Question by Dr. Khalwale talks about thousands of people. It is a national problem. Could the Assistant Minister tell us what they intend to do because we have a squatter problem all over the country? What plans does the Ministry have to settle these people in alternative parcels of land that are not in dispute at all?

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, I agree that we have thousands of people without land. That does not mean that these people can go and settle or encroach on other people's personal property. As much as the Government will give us money to purchase land for them, they are not allowed to encroach on other people's land.

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, it is amazing how people change overnight. This hon. Assistant Minister has been saying that he is the "President of the poor", but the truth of the matter is that he is not! These people have been living on that land since 1990. I have a letter here by which this company applied to be allocated that land.

Mr. Deputy Speaker, Sir, could the Assistant Minister re-think about this issue because what he has told this House is totally misleading? Those people have occupied that land since 1990 while Aberdare Engineering Limited bought it in 1996. That is when they applied. If the Assistant Minister needs to see a letter to that effect, I will lay it on the Table for him to see.

*(Mr. C. Kilonzo laid the document  
on the Table)*

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, unless we are talking about two parcels of land which are in different places, the one I am referring to belonged to the Veterinary Animal Research Department and was carved out and given out in 1996. If there were people living there, then it was indicated that the land was registered in the name of the Veterinary Research Institute and not under the name of those other people.

**Dr. Khalwale:** Mr. Deputy Speaker, Sir, the Assistant Minister probably does not see the weight of this problem. It is not a laughing matter! These people were lifted from Molo during the clashes of 1990. They were brought by the PC and settled there for five years until Aberdare Engineering Limited applied to be allocated this land.

In their letter, which I have here, Aberdare Engineering Limited said they wanted to put up an industry. To date, that industry has not been put up. I have the latest returns from the Nairobi City Council showing that Aberdare Engineering Limited owe the Nairobi City Council Kshs2.1 million in unpaid land rates because they know they are non-existent. Instead, there are Ministers who are hiding behind this allocation. Could the Assistant Minister tell us what protection he will give to the DO, Westlands, who is being harassed by Ministers, including two weeks ago when an Assistant Minister went and picked two Administration Police officers to go and attack these villagers there?

I hereby lay on the Table the returns from the Nairobi City Council.

*(Dr. Khalwale laid the documents  
on the Table)*

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): On a point of order, Mr. Deputy Speaker, Sir. You have heard the hon. Member accuse Ministers of harassing the District Officer. Would I be in order to ask that he explains to us whether he is talking about former Ministers or current Ministers?

**The Assistant Minister for Roads** (Dr. Machage): On a point of order, Mr. Deputy Speaker, Sir. Several documents have been laid on the Table of this House. The arguments being advanced on the Floor of this House are subject to the acceptance that those documents are authentic. Would I be in order to request you to look at those documents and see whether they are authentic or not? They are being referred to!

**Mr. Deputy Speaker:** Hon. Assistant Minister, there are documents which have been laid on the Table. They are CDs. The authenticity of the CDs cannot be determined by the Chair now. In the same breath, he does not purport the documents to be official Government documents, other than the title deeds he is talking about. He laid a list of the people who are basically affected in this. So, we have no way of establishing whether there is truth in what is in here or not. We will, nevertheless, take it at face value, that there are people who are aggrieved and the hon. Member is representing their interests. I think that is in order.

Dr. Khalwale, you made a very serious allegation against the Assistant Minister! Are you prepared to substantiate the allegation or withdraw it?

**Dr. Khalwale:** Mr. Deputy Speaker, Sir, I do not want to look or sound malicious. The Assistant Minister just refused to take this Question seriously. If he had done that, he would honestly have found that we have plot Nos. 22767 and 22768, which are under the Aberdare Engineering Limited. He would have found that plot Nos. 21080 until number 18 belong to the

individuals that I am talking about. Do you really want me to humiliate you further than this? Do you?

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, I want the hon. Member to prove that I own a piece of land in the area in question, if he wants to humiliate me!

**Dr. Khalwale:** Mr. Deputy Speaker, Sir, the Assistant Minister does not seem to realise that by humiliating him, I meant in the collective sense with his colleagues in the Cabinet! One of the Ministers went and harassed the District Officer (DO), who is watching these proceedings at the moment! She gave him two Administration Police officers with guns to go and attack these people, the majority of whom are from the hon. Bifwoli's community in Western Province.

Hon. Bifwoli, I beg you that we interrupt this Question, so that you can go and do a search on the 18 title deeds and then come and lay them on the Table here, so that I do not look like I am being malicious. This will be for the sake of the 12 churches and the two primary schools that were demolished as shown on the video tape.

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, you have heard my brother admitting that he was not referring to me. However, he is insinuating that it is one of us. He is out of order! He should name the person he is referring to and stop going round in circles. He should name the person, so that I will be in a better position to answer the Question.

**Mr. Abdirahman:** On a point of order, Mr. Deputy Speaker, Sir. The Question does not belong to Dr. Khalwale. It belongs to the House. We have all the rights to be given sufficient information by the Assistant Minister, which he has failed to provide. Is he in order not to clarify to the House whether the allegations or the issues that have been raised, by Dr. Khalwale are true or not? He should give us sufficient information. He should not make it personal. Is he in order to make the issue a personal one?

**Mr. Deputy Speaker:** Order, hon. Abdirahman! Hon. Members, last week, there was a Communication from the Chair that each Question will be answered strictly in five minutes. If you choose to make speeches instead of asking questions, hon. Members, be prepared because you are eating into your own time. The Chair will only call for the next Question.

Dr. Khalwale, ask your last supplementary question! You have been giving speeches and not asking questions in the last two occasions. Please, ask a supplementary question.

**Dr. Khalwale:** Mr. Deputy Speaker, Sir, while I respect your ruling, I am begging that, because of the gravity of this matter, the Assistant Minister accompanies me, together with the Vice-President and Minister for Home Affairs, who had promised last week that he would accompany me, to Dam Village, so that they can see for themselves what is going on there. When at the Dam Village, they will be ashamed to see the kind of war the hon. Minister waged there when this matter came up in the House. Why can we not, for once, be serious and think about Kenyans and not worry about the number of plots we can have in this country? Could they, please, accompany me to the area?

**Mr. Bifwoli:** Mr. Deputy Speaker, Sir, to the best of my knowledge, I have sufficiently answered the Question by Dr. Khalwale as it appears on the Order Paper.

## ORAL ANSWERS TO QUESTIONS

*Question No.064*

TARMACKING OF KAPENGURIA  
-LAKE TURKANA ROAD

**Mr. Deputy Speaker:** Mr. Ethuro! He is not in the House? The Question is dropped!

*(Question dropped)*

*Question No.413*

WITHHOLDING OF UNCLAIMED FINANCIAL  
ASSETS BY FINANCIAL INSTITUTIONS

**Mr. Deputy Speaker:** Hon. M'Mithiaru, the hon. Minister has communicated that the Question be put on the Order Paper tomorrow, 12th November, 2008, in the afternoon.

**The Minister for Environment and Mineral Resources** (Mr. Michuki): Mr. Deputy Speaker, Sir---

**Mr. Deputy Speaker:** Order, hon. Minister! The Clerk's Department has a written communication from your Assistant Minister requesting that this Question be put on the Order Paper on 12th November in the afternoon. The communication is signed by your own Assistant Minister. In the circumstances, the ruling of the Chair is that the Question will be answered tomorrow in the afternoon.

*(Question deferred)*

*Question No.356*

PROVISION OF GARBAGE COLLECTION  
/WATER/SECURITY SERVICES  
BY PRIVATE FIRMS

**Mr. Kiilu** asked the Deputy Prime Minister and Minister for Local Government:-

(a) whether he is aware that many Kenyans residing in urban areas and major towns are subjected to double payments for garbage collection, water and security services rendered by private firms, services which are supposed to be rendered by local authorities; and,

(b) what measures the Ministry has instituted to ensure that the authorities render the services to protect the public from exploitation, considering that they pay service charge.

**The Assistant Minister, Office of Deputy Prime Minister and Ministry of Local Government** (Mr. Githae): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am not aware that Kenyans residing in urban centres and major towns are subjected to double payments for garbage collection, water and security services.

(b) The residents of urban areas no longer pay services charge. This was abolished and replaced with LATF disbursement to bridge the gap created by the removal of the services charge.

**Mr. Kiilu:** Mr. Deputy Speaker, Sir, I want to thank the Assistant Minister for that answer. I am wondering why the Assistant Minister is not aware of the obvious. It is obvious that, in this country, especially in urban centres, people pay for all these services. We pay for water, garbage collection and security services. Why is the Assistant Minister denying that wananchi residing in urban centres pay for these services?

**Mr. Githae:** Mr. Deputy Speaker, Sir, I am not denying that wananchi residing in posh areas pay for garbage collection and other related services. They pay, but to private companies.

Sometimes the residents' associations collect garbage and provide water. For example, I am aware that the Runda Residents Association collects garbage, provides water and street lights to the residents. However, the City Council of Nairobi does not charge the residents for garbage collection and water. So, there is no double payment.

Where this is done by the residents' associations, the City Council does not charge them. I am saying this because, since 2000, even in other areas under the jurisdiction of Nairobi City Council, it does not charge for garbage collection. The City Council used to levy a dustbin charge, which has been abolished.

**Mr. Gunda:** Mr. Deputy Speaker, Sir, if the garbage collection charge has been abolished, is the Assistant Minister telling us that even garbage collection has also ceased? This is because, in many towns, in Mombasa in particular, there is so much garbage by the roadside. Where are the town or city councils to collect this garbage?

**Mr. Githae:** Mr. Deputy Speaker, Sir, garbage collection has not been abolished. It is still being done. We are talking about the payment. The payments are made to the residents' associations.

However, coming to the particular case of Mombasa, what the hon. Member has said may have been true about three months ago. However, a new Town Clerk was posted to Mombasa by the name of Tubman Otieno. I was in Mombasa early this week and it is one of the cleanest cities in this country. He is doing a wonderful job. The tourists are very happy that the streets are clean. That is why they are coming in large numbers to the City of Mombasa. The only problem is at Kibarani, and I have instructed the Mombasa City Council to stop dumping garbage in the area.

**Mr. Midiwo:** Mr. Deputy Speaker, Sir, I want to ask the Assistant Minister to revisit this Question. I know that he is very creative. He once advised Kenyans to eat rats. I want to ask him to be creative about the issue of double collection of rates. The area of business licences is where Kenyans feel most fleeced, because they pay to the Government and then the councils have also a team of people fleecing them. Could the Assistant Minister kindly consider abolishing this double licensing and any other rates, which the councils are using to exploit local businessmen?

**Mr. Githae:** Mr. Deputy Speaker, Sir, in the first place, I have never advised anybody to eat rats. Probably those who go to Koinange Street may not have been aware of this.

There is no double payment anywhere. All I am saying is that where the residents' associations are charging for garbage and other rated services, the city councils and the local authorities do not do it. So, there is no double charge. That is the point I am making. The residents have organised themselves and are doing a commendable job. I commend them for the wonderful job.

**Mr. Mbadi:** On a point of order, Mr. Deputy Speaker, Sir. You heard the Assistant Minister say that those who go to Koinange Street have a problem of not knowing something. Is he in order to imply that going to Koinange Street is not acceptable?

**Mr. Deputy Speaker:** Mr. Kiilu, your last question!

**Mr. Kiilu:** Mr. Deputy Speaker, Sir, I would like to know from the Assistant Minister whether it does not amount to double payment when the residents pay rates and rents to the local authorities for the provision of services. He has admitted that these services are now being provided by unstructured and unregulated private firms. Is the Assistant Minister delegating his duties to private firms?

**Mr. Githae:** Mr. Deputy Speaker, Sir, it is true that even where the residents associations are collecting garbage and providing other rated services the residents are still paying for them. The money received for rates is used for things other than just garbage collection. Examples are maintenance of roads, street lighting and beautification of the cities. We must accept that, in the posh areas, where the rates are high, they are used to subsidize our other Kenyans who live in areas

where they do not pay rates. For example, in the slum areas. So, there is no double payment. The money received from rates is used for purposes other than garbage collection.

*Question No.414*

INDISCRIMINATE CUTTING OF TREES  
IN KITISH FOREST BY  
ILLINOIS RESEARCHER

**Mr. Letimalo** asked the Minister for Forestry and Wildlife:-

(a) whether he is aware that on 12th August, 2008, one Mr. Luka Borghesio, a researcher from the University of Illinois, USA, caused environmental damage to Kitish Forest of Mathews Ranges in Engilai Location, Wamba Division, by cutting trees indiscriminately;

(b) whether he could clarify whether the Government authorized the exercise and whether an environmental impact assessment was done prior to the exercise; and,

(c) whether he could also state the extent of the damage as well as the action the Government has taken to protect the said forest from further destruction.

**The Assistant Minister for Forestry and Wildlife** (Mr. Nanok): Mr. Deputy Speaker, Sir, I beg to reply.

(a) No, I am not aware that on 12th August 2008, one Mr. Luka Borghesio, a researcher from the University of Illinois, USA, caused environmental damage to Kitish Forest of Mathews Ranges in Engilai Location, Wamba Division, by cutting trees indiscriminately.

(b) I am aware that a scientific research is going on in Kitish Forest, and that the research is authorized by my Ministry with a view to determining the appropriate interventions in promotion of biodiversity in tropical forest management. The research initiative is a programme between the University of Illinois, the National Museum of Kenya, the Kenya Forest Service and the Kenya Forestry Research Institute.

Due to the very nature of the exercise, no environmental impact assessment was required because the selected spots of the forest will be subjected to research analysis over a long period of time. Besides, this research will contribute to forestry science in terms of species interactions, migration, tropical levels and resilience. All the cut vegetation is to remain in the forest.

(c) There are 20 circular plots, each with a radius of 36 metres, which are evenly distributed in the forest. A 12-metre radius area is cleared at the centre of each plot. All the plots are cleared, or disturbed, to allow monitoring of the new species and their interactions.

The plots will be monitored over a period of ten years when the forest is expected to have gone back to its normal state. The research is based on the premise that communities always disturb the forest, but the recovery trend is not known. Hence these research findings will lead to better protection and management of indigenous forest ecosystems in the country.

**Mr. Letimalo:** Mr. Deputy Speaker, Sir, I have visited Kitish Forest. I have also visited one of the ten sites that have been destroyed by the said researcher. The area that has been destroyed is equivalent to half an acre and not 12 metres, as the Assistant Minister has claimed. I have pictures with me which have been taken by the members of the community, which I would like to lay on the Table of the House to show the damage that has been caused in that forest.

*(Mr. Letimalo laid the pictures  
on the Table)*



However, the area community has protected and conserved Kitish Forest for decades, only for a *mzungu* to come and destroy it in one week. Does the Ministry value the contribution that has been made by the local community in the conservation of forests? If so, why did the Ministry not find it necessary to consult, or to inform, the community of the so-called research that the researcher is claimed to have been undertaking?

**Mr. Nanok:** Mr. Deputy Speaker, Sir, if you will recall the answer that I have just given, I have said that the size of the area where trees have been cut down for research is 20 circular plots, with a radius of 36 metres each. This makes a total of 720 metres. With the divisions in between, it is about 1,000 metres. This particular forest has a big radius of 300 square kilometres. We have just had these plots for scientific study that will help the conservation of the entire forest. It only represents 0.25 per cent of the total forest area. I know that, at the beginning, the community was not informed. That was a mistake on our part. We hope that, in future, we will make sure that communities living around forests will be well advised on any research engagement that the Government will put in place.

**Mr. Imanyara:** Mr. Deputy Speaker, Sir, given the fact that, that researcher comes from Illinois, a State whose retiring senator is also the incoming President of the United States of America (USA), could the Assistant Minister consider liaising with the Ministry of Foreign Affairs to consult the President-elect of the USA to assist in the reconstruction of that forest?

*(Applause)*

Looking at the damage that was caused, it is truly monumental. I believe that the President-elect of the USA, having a researcher from Illinois coming to Kenya, will be interested. So, could the Assistant Minister consider approaching the Ministry of Foreign Affairs to see whether they can make contact with the President-elect of the USA to see whether we can get some kind of compensation?

**Mr. Nanok:** Mr. Deputy Speaker, Sir, I would like to thank the hon. Member for proposing a suggestion, which we will look into.

**Dr. Kones:** Mr. Deputy Speaker, Sir, having looked at the photographs of the area under question, I am just wondering whether what is going on is really research. I have never seen a research exercise involving the clearance of a whole forest to replant new trees again. Now, my question is: Is that Mr. Luka Borghesio really a researcher?

**An hon. Member:** No! He is a logger!

**Dr. Kones:** A logger or a lawyer? Okay! Is he qualified to be a researcher, if he is endangering the environment? For that---

**Mr. Deputy Speaker:** You have asked your question! You want to know whether he is researcher or a logger. Now, allow the Assistant Minister to answer.

**Dr. Kones:** Yes! Is he a commercial logger?

**Mr. Deputy Speaker:** Mr. Assistant Minister, proceed and answer the question!

**Mr. Nanok:** Mr. Deputy Speaker, Sir, the person concerned is a researcher from the University of Illinois. As I said, the research initiative that is being undertaken is a collaboration between the University of Illinois, the National Museums of Kenya, the Kenya Forest Service and Kenya Forestry Research Institute. As we have specified in the Forests Act, 2005, in the long-term, the exercise is going to embed science that relates to environmental, social and economic aspects.

**Mr. Deputy Speaker:** Last question, Mr. Letimalo!

**Mr. Letimalo:** Mr. Deputy Speaker, Sir, if you see the destruction of those trees, one would doubt! That is because the trees were cut in beams, meaning that there were some ulterior

motives. In fact, they were meant for business. Secondly, how will the community benefit from its natural resources when that research is carried out? [**Mr. Letimalo**]

Is the research, in any way, going to help in the development of the community living in that area?

**Mr. Deputy Speaker:** Hon. Members, definitely, the research will have broad national benefits. Nonetheless, you may get a response from the Assistant Minister.

**Mr. Nanok:** Mr. Deputy Speaker, Sir, I thank you. Of course, all communities will benefit from the research. As I said, the area where the hon. Member says that trees have been cut down represents only 0.25 per cent of the total forest land. One of the things that---

**Mr. Letimalo:** On a point of order, Mr. Deputy Speaker, Sir. My question is genuine! That is because the Ministry is paid some money by the researcher. How does the community benefit? The community has been conserving that forest.

**Mr. Deputy Speaker:** Mr. Assistant Minister, apart from the broad national benefits, how does the community benefit from the payments that are made by the researcher? How does the community benefit from the direct payment made by the researcher?

**Mr. Nanok:** Mr. Deputy Speaker, Sir, I will urge the hon. Member to come to our office. We will discuss this matter in detail.

**Mr. Deputy Speaker:** Hon. Member, you can do that. I think you have a valid point.  
Next Question!

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, I have been asked by Mr. K. Kilonzo, who is on parliamentary business in Burundi, to ask this Question on his behalf.

**Mr. Deputy Speaker:** You may proceed.

*Question No.297*

CREATION OF 24-HOUR ECONOMY  
FOR NAIROBI

**Mr. C. Kilonzo**, on behalf of **Mr. K. Kilonzo**, asked the Minister for Nairobi Metropolitan Development:-

- (a) what plans the Ministry has to make Nairobi a 24-hour economy; and,
- (b) what other measures he is taking to make Nairobi more attractive for business.

**The Assistant Minister for Nairobi Metropolitan Development** (Ms. Ongoro): Mr. Deputy Speaker, Sir, I beg to reply.

- (a) The Ministry has the following plans to convert Nairobi into a 24-hour economy:-

First, the Ministry plans to improve the transport infrastructure within the Central Business District (CBD) by carrying out the following:-

The construction of various roads in Nairobi, including non-stop fly-overs, reduction of the number of traffic lights and the elimination of roundabouts and construction of non-motorised transport facilities.

On improvement of traffic flow, the Ministry will create park-and-ride areas, construct slip roads and missing links roads. We also intend to improve on both street lighting and security lighting to make Nairobi nights as bright as the day in order to encourage people to conduct business at night.

(b) Secondly, the Ministry is very keen on enhancing public-private partnerships through increased facilitation to encourage investors to come to Nairobi.

Thirdly, in our effort to turn Nairobi into a 24-economy, the Ministry intends to concentrate on the provision of adequate security on a 24-hour basis. Towards that end, we have done the following:-

The Ministry has held meetings with the security agencies, particularly the police and the Provincial Administration, on improved provision of 24-hour security.

Secondly, we have decided to enhance security by installing CCTV surveillance cameras on the streets within the Central Business District (CBD).

Thirdly, in our plans to improve security, we also intend to create the Metropolitan Police, which will enhance security within the city. We also intend to import, as a priority, safety equipment such as trucks and other fire-fighting equipment, which is already in the pipeline.

Lastly, on enhancement of security, we intend to increase provision of ambulances operating within the metropolitan area. Fourthly, the Ministry intends to ensure the provision of clean water to the CBD and outlying estates, and improve on the management of sewage and solid waste as well as other kinds of effluent.

Sanitation will also be improved through the provision of public toilets, which will be constructed at strategic places within the CBD.

**Mr. Deputy Speaker:** Madam Assistant Minister, why do you not table your answer? I can see that it is long. Table it! If you cannot do so, summarise it!

**The Assistant Minister for Nairobi Metropolitan Development (Ms. Ongoro):** Mr. Deputy Speaker, I intend to give a comprehensive answer that will satisfy the hon. Member.

**Mr. Deputy Speaker:** You cannot do it during Question Time! We have very limited time! Hon. Members would also want to ask supplementary questions.

**Ms. Ongoro:** It is okay, Mr. Deputy Speaker, Sir.

Lastly, the Ministry is in the process of preparing the Metropolitan Bill, which will be tabled in Parliament soon.

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, I appreciate the answer from the Assistant Minister. It is very detailed. Nevertheless, currently, as it is, you cannot do business in the CBD because of insecurity. So, before we talk about making Nairobi a 24-hour economy, what is the Ministry doing to ensure that we can do business within the CBD during daytime?

**Mrs. Ongoro:** Mr. Deputy Speaker, Sir, I have already stated that the Ministry has already installed CCTV surveillance cameras in order to enhance security. We are able to monitor all the activities taking place in all the major streets within Nairobi.

**Mr. Chepkitony:** Mr. Deputy Speaker, Sir, the Assistant Minister has mentioned elaborate measures which will make Nairobi a 24-hour economy. However, she has not given us a timeframe. When is the Assistant Minister going to do this?

**Mrs. Ongoro:** Mr. Deputy Speaker, Sir, I was in the process of giving my elaborate answer but can I now lay it on the Tablet for Members to study? The timeframe is contained in this answer.

**Mr. Deputy Speaker:** Madam Assistant Minister, you can give the time frame. How soon?

**Mrs. Ongoro:** Mr. Deputy Speaker, Sir, as I have said, the CCTV cameras have already been installed. By February next year, we will provide rapid bus transport. As I mentioned, we intend to introduce the Metropolitan Bill which, in itself, contains various clauses that touch on the various actions that will help us towards turning Nairobi into a 24-hour economy.

**Mr. Thuo:** Mr. Deputy Speaker, Sir, I do not think the Assistant Minister has tackled the issues of turning Nairobi into a 24-hour economy. It is all very well to create measures and to say we are going to have CCTV surveillance cameras. This means we shall now capture crime as it happens. Recently, an order was made for the Port of Mombasa to operate on a 24-hour basis and it started.

The Assistant Minister ought to go, a bite at a time, and give us an elaborate plan that says, "In this area, it was that. In this area, we will move on". What we have heard is a statement of intent. These things were said ten years ago; roads, electricity and security. What specifically are they doing? It has serious implications on the growth of this economy for the creation of

employment and for all those things we have aspired to.

**Mr. Deputy Speaker:** Any specifics you want to undertake now?

**Mrs. Ongoro:** Mr. Deputy Speaker, Sir, currently, we are undertaking construction of the following roads: Bunyala Road, Kapiti Road, Mariakani Road, Dar-es-Salaam Road, Muratina Street between Juja Road and General Waruinge Road and rehabilitation of 1st Avenue Eastleigh will be implemented this financial year. We are also undertaking construction along Argwings Kodhek Road, Peponi Road, Kipande Road, Pumwani, Ladhies, Jogoo and Enterprise roads.

Mr. Deputy Speaker, Sir, on improvement of traffic flow, we have already created one park-and-ride area along Airport Road. We are in the process of acquiring land along Thika Road even as the construction of the ten lanes takes place. This will also create another park-and-ride area. All these will be implemented within this financial year.

**Mr. Deputy Speaker:** Mr. C. Kilonzo, ask your last question!

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, this is the doctrine of my party. As you know, my party lost elections. Nevertheless, there are certain shopping malls in the private sector like Yaya Centre which close as early as 6.00 p.m. or 7.00 p.m. Are they in touch with the private sector? Do they understand what we mean when we are talking about turning Nairobi into a 24-hour economy?

**Mrs. Ongoro:** Mr. Deputy Speaker, Sir, we have held various consultative meetings with the private sector and they are actually our partners in the implementation of this strategy. Our intention is to turn Nairobi into a 24-hour economy. Most of the things we are implementing are actually suggestions that came from the private sector. As I said, there are those that will be implemented within this financial year. Apart from what I have indicated, we are already having a major project on street lighting which will enhance security. With enhanced security, we will not have to encourage people to conduct business at night. People will have it very practical.

**Mr. Deputy Speaker:** Next Question, Mr. J.M. Kamau!

*Question No.308*

MEASURES TO CURB HIPPO MENACE  
IN MATHURI VILLAGE

**Mr. Deputy Speaker:** Mr. J.M. Kamau not here? The Question is dropped!

*(Question dropped)*

*Question No.375*

DISCHARGE OF RAW SEWAGE INTO  
RIVERS IN NAIROBI

**Mr. C. Kilonzo** asked the Minister for Environment and Mineral Resources:-

- (a) whether he is aware that raw sewage in Dagoretti/Kawangware areas is flowing to Kilichwa Kubwa River, Nairobi River and eventually into Athi River;
- (b) what action he is taking to solve the problem of pollution of these rivers;
- (c) why the National Environment Management Authority (NEMA) has not taken action against offenders polluting these rivers; and,
- (d) what plans there are to improve the sewerage systems and treatment in

Nairobi City and Thika Town to stop pollution of the rivers, which are sources of livelihood in the rural areas.

**The Assistant Minister for Environment and Mineral Resources** (Mr. Kajembe): Mr. Deputy Speaker, Sir, I beg to reply.

(a) No, I am not aware that raw sewage in Dagoretti/Kawangware areas is now flowing into Kilichwa Kubwa River, Nairobi River and eventually Athi River. However, I am aware that this was the case before the implementation of Nairobi River Basin Rehabilitation Programme.

(b) The situation was arrested and the Ministry continues to implement an integrated programme of rehabilitating the Nairobi River Basin. This includes stoppage of all illegal effluent discharges into rivers within the Nairobi River Basin including Kilichwa Kubwa River and Athi River.

The Ministry has further brought together various lead Government departments and institutions to jointly undertake relevant actions geared towards prevention of pollution of rivers within the Nairobi River Basin.

(c) The National Environment Management Authority (NEMA) has taken action against the offenders polluting these rivers. For instance, NEMA has ordered and effected punitive measures against those involved in operating illegal discharges into rivers Kilichwa Kubwa and Nairobi, which empty their waters into Athi River. They include operators of slaughterhouses in Dagoretti, owners of informal settlements along the rivers, formal human settlements and industries which have been discharging effluent into the rivers.

(d) My Ministry has been working closely with various local authorities, including the Nairobi City Council (NCC), and Thika Municipal Council to improve their sewerage systems, including treatment to ensure high quality and clean rivers which are a source of livelihood downstream. This includes repairing, expanding and extending their sewerage systems, all of which are under the Nairobi River Basin Programme. This is a major component of the larger Nairobi Metropolitan City Masterplan.

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, you heard the Assistant Minister say very clearly that he is not aware. There is something called "management by walking around". If you go to Kilichwa Kubwa River today, you will see cases where manhole covers have been stolen and the sewage is flowing into rivers.

If you go to my own constituency and even neighbouring constituencies like Juja all the way to Makueni, you cannot drink water from Athi River. Is the Government really comfortable with this answer? Could he take time to visit Athi River and then come and give us a better answer?

**Mr. Kajembe:** Mr. Deputy Speaker, Sir, this is the best answer! What the hon. Member is asking about was happening in the past but we have now put---

**Dr. Khalwale:** On a point of order, Mr. Deputy Speaker, Sir. The hon. Member happens to come from Yatta, and, on behalf of his constituency, is saying that sewage is flowing into the river and the same is duplicated in Juja Constituency, yet the Assistant Minister is saying that the answer he has given us is the right one. Is he taking the Chair seriously? If he is, could the Chair rule that the Minister takes a walk, uses *mbwa* style and then comes and reports to this House?

**Mr. Kajembe:** Mr. Deputy Speaker, Sir, the National Environment Management Authority (NEMA) has done a lot of work which is commendable. When we talk of illegal discharges, into the rivers, NEMA has identified 330 of them. Most of those illegal discharges have been stopped. Since we are now undertaking this programme, I want to assure the hon. Member that, yes, we have really done a lot about stopping illegal discharges, which are the cause of all the problems. However, I do agree with the hon. Member that whatever has not been done we are going to do it.

**Mr. Thuo:** Mr. Deputy Speaker, Sir, while I applaud the good work that NEMA is doing, I think it is important that we look into the causes of these things, even as the Minister tells us that we have historical problems. In Juja Constituency, in Githurai, we have even allowed construction of houses that do not have facilities for discharge. There is no sewer line and there are no soakpits. What are they doing to ensure that councils that work in those areas do not approve facilities that will not have treatment works? As you solve the problems of the past, you should not continue creating problems for our people.

**Mr. Kajembe:** Mr. Deputy Speaker, Sir, that is exactly what the Ministry is doing. We have talked to our lead agencies, the local authorities. Today, nobody can put up a building without an environmental impact assessment. If one does that, it will be illegal and we will take action. Let me assure this House that, in the past regimes, people were building on sewer lines, road reserves and any other open spaces. That is no longer happening today, because of the Ministry of Environment and Mineral Resources.

You saw over the weekend, that we sent NEMA officers to Kibarani dumping site, where there is pollution of the ocean. I would like to advise the hon. Members that if they see anything wrong happening, they should report to the local authorities, and if they do not take action, we are there. Talk to the Ministry; we want to render services to the satisfaction of the people of Kenya.

**Mr. Thuo:** On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Assistant Minister to say that if you find that there is a problem you should report to the local authorities? That is like reporting to the thug who is beating you! We cannot report to the people who are causing the problem in the first place!

**Mr. Kajembe:** Mr. Deputy Speaker, Sir, I have said that some of those services, like sewerage, have to be rendered by the local authorities. But NEMA is doing everything to ensure that no problem arises. As you know, humans have a culture of wanting to destroy proper planning of our cities. So, in case you come across such a problem, let the Ministry know. You can even talk to me; I am around with you here!

**Dr. Nuh:** Mr. Deputy Speaker, Sir, the pollution of this river affects many Kenyans downstream. While I appreciate the answer that the Assistant Minister has given, his answer is contradictory. He has said that he is not aware of any pollution as of now, but he goes further and says that most of the culprits have been apprehended. That means that they polluted the river. So, which answer do we take? Is it the position that there is no sewage being disposed of into the river? Is that the position of the Ministry?

**Mr. Kajembe:** Mr. Deputy Speaker, Sir, that is a very good question. This Question was sent to us before we went for recess, and it has been deferred twice by this House. The hon. Member wanted to know the position then. When he asked this Question three months ago, the position was worse, but we have corrected it.

**Mr. Deputy Speaker:** Last question, Mr. C. Kilonzo!

**Mr. C. Kilonzo:** Mr. Deputy Speaker, Sir, I was in my constituency two weeks before the rains started and we held a *baraza* at the river. The people came and challenged me to take just sip of water from the river. What they told me was that if I took a sip of it, there would be a by-election in my constituency. This is not a joking matter, but the Ministry is taking it as a joke! The sewer treatment plant in Thika is only in the old part of the town and not in the new part. In the new part of the town, the sewage is being discharged directly into either Thika River or Athi River. In Nairobi, development has come, but we are still using the same old sewer lines, which have never been expanded. Indeed, the problem is with the local authorities. What is the Ministry doing to ensure that the local authority builds a new treatment plant and expands the sewer lines?

**Mr. Kajembe:** Mr. Deputy Speaker, Sir, local authorities in this country are known. We know the culture which has been going on. But we, at the Ministry of Environment and Mineral

Resources, are ready to correct whatever wrong has been going on. Let me tell my friend that I can see that he has something. I promise him that we will go to the site tomorrow. I am ready to visit the site and I will take appropriate action.

**Mr. Deputy Speaker:** Next Question, by Mr. Njuguna!

*Question No.476*

CRITERIA FOR ADMINISTRATION POLICE  
RECRUITMENT IN KIRINYAGA

**Mr. Deputy Speaker:** Is Mr. Njuguna not here? That Question is dropped!

*(Question dropped)*

*Question No.398*

CRITERIA FOR ADMISSION TO KMTC

**Mr. Wamalwa** asked the Minister for Medical Services:-

(a) what criteria is used to admit students to the Kenya Medical Training College;

(b) whether he could explain how the Government has spent money collected from unsuccessful applicants fees over the years; and,

(c) whether the Government could consider refunding the application fees to unsuccessful applicants.

**The Assistant Minister for Medical Services (Mr. Mungatana):** Mr. Deputy Speaker, Sir, I beg to reply.

(a) The minimum qualifications for admission to KMTC courses are as follows:-

Certificate courses - KSCE C minus;

Diploma courses - KSCE C (plain).

In addition, Mr. Deputy Speaker, Sir, different courses may require minimum grades in relevant subjects. The KMTC also has a district-based quota system in place for nursing and clinical medicine courses. Selection for other courses is done on merit, because the intakes are small.

With the approval of the Academic Board, the KMTC further implements affirmative action for colleges located in rural settings, where up to 70 per cent of the students may be admitted from the local communities.

(b) The money collected from all the applicants is used to meet the cost of processing applications such as hiring temporary human resources, acquisition of additional working materials, computerisation and postage. The charge of Kshs1,000 is modest for that purpose, when it is compared to Kshs2,000 or Kshs3,000 charged by other training institutions.

(c) It is not possible for the Government to refund the money that is collected from unsuccessful applicants because it is fully used to process applications, up to the dispatch of admission letters.

Thank you.

**Mr. Wamalwa:** Thank you, Mr. Deputy Speaker, Sir. I am totally dissatisfied with that answer. There are many Kenyans who have tried to get their children into Kenya Medical Training Colleges (KMTC), but in vain. Millions of shillings have been paid, but Kenyans have

been denied a chance. He indicated in his answer that the intakes are small. How small are those intakes? What was the intake last year and how many applicants were unsuccessful?

**Mr. Mungatana:** Mr. Deputy Speaker, Sir, those are several questions in one. But just for the information of the House, ordinarily, KMTC collects between Kshs15 million and Kshs18 million every year for the student intake. The amount of Kshs1,000 that is supposed to be paid by the students--- Not all the applicants who send their applications are able to pay that money. That is the reason. Some of the applicants come from very far-off areas.

Our requirement is that they must pay directly into the institutions' bank accounts. Some of those places do not have banks. So, 60 per cent of the applicants whom we process their applications and admit do not even pay the Kshs1,000. Already, the Kshs1,000 that we are charging is subsidised.

So, I was begging the understanding of this House that, in fact, the money that we collect is not even enough. Therefore, we cannot actually refund because, by the time we have processed those admissions, we have utilised all the money. To add more, unlike universities where their intake is from Form VI and others, our intake point is at KCSE level. We process about 40,000 applications. We have to hire new human resources and computers. It is a whole process and so, it is not possible for us to refund.

As for the numbers of those who have been admitted this year, that is public knowledge. We always print all the names of the successful applicants admitted to various courses. I believe we do not have to always carry the numbers. If you had wanted, I would have given you. It was not in the Question. But it is all over in the papers.

Thank you.

**Mr. Imanyara:** Thank you, Mr. Deputy Speaker, Sir. I appreciate that this Assistant Minister always gives answers honestly. Today, he has said that they have a policy of affirmative action where you give priority to applicants from a particular district. Now, given that we do not have MTCs in every district, and given the fact that there are many new districts that are being created and do not have MTCs, would your Ministry consider setting MTCs in all the new districts so that the policy of affirmative action can benefit all the districts equally?

**Mr. Mungatana:** Mr. Deputy Speaker, Sir, definitely, that is a good suggestion. But, just to mention, the policy of affirmative action was specifically designed to try and accommodate places in the rural areas where people were not "cutting the mark". What we did was to set up certificate training courses in Garissa, Lodwar and Kabarnet as bridging courses. We have not yet been able to extend to other areas as the hon. Member is requesting us to do but definitely, we will take that suggestion seriously. Obviously it is a long term planning thing. But, yes, I take the suggestion seriously.

**Mr. Nyambati:** Thank you, Mr. Deputy Speaker, Sir. I am really surprised to hear the Assistant Minister say that the money collected from applications from very poor Kenyans is Kshs18 million. He has also said that, that amount is subsidised. It is a shame that, as a country, we can subject those poor Kenyans in the rural areas. You can imagine how many hens or chicken they can sell to raise Kshs1,000 for the application. Could the Ministry assure this House that only those applicants who are successful will be charged the fee of Kshs1,000 and waive for the others who are not successful?

Thank you

**Mr. Mungatana:** Mr. Deputy Speaker, Sir, I thank the hon. Member for that question. But other training institutions like universities and other colleges would charge between Kshs2,000 and Kshs3,000 for purposes of processing applications. Already, our Ministry is subsidising that fee. I have already mentioned that 60 per cent of the applicants who join those colleges--- We actually process their applications free of charge. When the applications arrive at the sorting out centre, we



do not look at the fact that they have paid or not paid. So, no one is left out. If you look at the short-listing, no one is left out because they have not paid Kshs1,000. That is not to say that we do not want the money. But I can give an assurance to this House that it has not been happening. Obviously, when we have enough allocation for KMTTC from this House, maybe, in future, we will consider not charging anyone at all.

**Mr. Wamalwa:** Mr. Assistant Minister, you are aware that there are applicants who have applied severally, year in, year out, trying to get into KMTTC - very poor Kenyans. Yet, every year, they are required to pay the same fee. Could the Assistant Minister consider, in future, to refund monies to those who have been unsuccessful several times so that, once you have applied, you do not have to pay again the following year?

**Mr. Mungatana:** Mr. Deputy Speaker, Sir, I will consider that. Maybe, it is a good suggestion. We can put the names of those who have applied previously in our data.

Thank you.

**Mr. Deputy Speaker:** Hon. Members, Questions 354 and 421 by hon. Mbau and hon. Ruteere, respectively, will appear on the Order Paper tomorrow afternoon.

*Question No.354*

CLOSURE OF MARAGWA NCPB DEPOT

*(Question deferred)*

*Question No.421*

DRYING UP OF NGACIUMA RIVER

*(Question deferred)*

**POINTS OF ORDER**

DELAYED MINISTERIAL STATEMENT ON  
SECURITY OPERATION  
IN MANDERA DISTRICT

**Mr. Deputy Speaker:** Proceed, hon. Affey.

**Mr. Affey:** Thank you, Mr. Deputy Speaker, Sir. On 3rd November, 2008, I sought a Ministerial Statement from the Minister of State for Provincial Administration and Internal Security on the status of a security operation in Mandera District.

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Mr. Deputy Speaker, Sir---

**Mr. Deputy Speaker:** Hon. Assistant Minister, you are ready. But just before you issue your Ministerial Statement, hon. Letimalo has a Ministerial Statement to seek.

NON-VACCINATION OF LIVESTOCK AGAINST  
PPR IN SAMBURU EAST

**Mr. Letimalo:** Mr. Deputy Speaker, Sir, I rise on a point of order to seek a Ministerial Statement from the Minister for Livestock Development in respect of vaccination against PPR.

I would like the Minister to explain why the underlisted areas have not been visited by veterinary officers to vaccinate livestock:-

Kitamany, Swari, Remot, Nkaroni, Resim, Raraiti, Engilai, Lukwasi, Nairimirimo, Lorokonyonkie and Laeson? Those are eleven Sub-locations.

Could the Minister clarify whether due to insufficient personnel and transport, the above areas were not covered?

What steps is the Minister taking, therefore, to ensure that livestock in the afore-mentioned areas are vaccinated accordingly?

**Mr. Deputy Speaker:** Is the Minister for Livestock Development in? Mr. Michuki, could you give an undertaking on behalf of the Minister for Livestock Development? In view of the livestock diseases we have there, it is a matter that needs to be treated with a lot of urgency.

**The Minister for Environment and Mineral Resources** (Mr. Michuki): Thank you, Mr. Deputy Speaker, Sir. The message will, definitely, be passed on to the Minister for Livestock Development.

**Mr. Deputy Speaker:** Are you in a position to give a tentative date?

**The Minister for Environment and Mineral Resources** (Mr. Michuki): I presume next week?

**Mr. Deputy Speaker:** No, this should be in the course of this week because of the urgency of the matter itself! That is because of the disease called PPR.

**The Minister for Environment and Mineral Resources** (Mr. Michuki): Mr. Deputy Speaker, Sir, in the course of next week. He will be alerted to see whether he can respond on Thursday.

**Mr. Deputy Speaker:** Hon. Minister, is it possible for you to inform the relevant Minister that, in view of the urgency and the problems of livestock vaccinations right now, the House will expect him to issue a Ministerial Statement on Thursday this week in the afternoon?

**The Minister for Environment and Mineral Resources** (Mr. Michuki): Mr. Deputy Speaker, Sir, that will be done. But the hon. Member must realise that the issue of diseases is being taken very, very seriously by the Government. The money that was provided to buy medicine was given without his Question.

**Mr. Deputy Speaker:** Hon. Assistant Minister, Ministry of State for Provincial Administration and Internal Security, are you in a position to issue your Ministerial Statement or should we go to the next Order?

## MINISTERIAL STATEMENTS

### STATUS OF SECURITY OPERATION IN MANDERA DISTRICT

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Mr. Deputy Speaker, Sir, on 4th November, 2008, hon. Mohammed Affey, a nominated Member of Parliament, rose on a Point of Order to seek a Ministerial Statement from the Minister of State for Provincial Administration and Internal Security on the state of insecurity in Mandera District.

Mr. Deputy Speaker, Sir, the security operation in Mandera East and Mandera Central districts is founded on the illegal arms in the hands of civilians. The clashes between the Garre and Murule clans date back to the year 2005, when the two engaged in violent clashes, leaving several innocent people dead and scores injured.

Mr. Deputy Speaker, Sir, the clashes culminated into signing of the Garre and Murule

Peace Accord in 2005. Unfortunately, the terms stipulated in the accord were not fully honoured, resulting in the current misunderstanding.

Mr. Deputy Speaker, Sir, the current conflict between the said clans began in July, 2008, owing to the disagreement over the location and use of Alango Borehole, pasture and water. The Government has since moved in with due urgency to contain the situation by:-

1. Organising several fora for political and religious leaders to meet and resolve their differences.

2. Sending a team of senior officers from the Ministry Headquarters and several hon. Members from North Eastern Province, led by hon. M.Y. Haji, the Minister of State for Defence, and religious leaders - three times - to facilitate reconciliation between the warring clans.

3. We have also sent a team of surveyors with a view to ascertaining the boundaries of Mandera East and Mandera West districts.

4. We have also beefed up security machinery on the ground.

Mr. Deputy Speaker, Sir, it is unfortunate to note that, while peace negotiations were on track, the hostilities degenerated to armed conflict in which two security officers guarding the contested Alango Borehole were shot dead.

Mr. Deputy Speaker, Sir, it is worth noting that the hostilities continue, despite the Government efforts to promote peaceful co-existence, claiming a total of 21 lives, which include three security officers. The situation has deteriorated to the extent that both warring clans had internationalised the conflict by enlisting support of militias from neighbouring countries, which amounts to gross violation of the country's sovereignty and territorial integrity.

Mr. Deputy Speaker, Sir, it is against the four discussed backdrops that the Government had to make due and warranted intervention by mounting a security operation. The security operation started on 25th October, 2008, with the sole object of restoring law and order. The following are some of the successes of the said operation:-

A total of 174 foreign militias have so far been arrested, arraigned in court and sentenced to six months imprisonment each.

A total of 186 assault rifles, six bombs, 620 detonators and 1,885 rounds of ammunition and other assorted weapons have been recovered so far.

Four communication equipment have also been captured. Those include three Very High Frequency (VHF) radios and one satellite phone.

A total of six local chiefs have been arrested for organising and supporting foreign militias engaged in clan conflicts. Those chiefs were instrumental in providing food, water and information to the militias. The matter is in court as we speak now.

Mr. Deputy Speaker, Sir, on 31st October, 2008, leaders from all the affected clans met and resolved to assist the Government in ensuring that illegal road blocks were removed, displaced persons return to their homes and assist in surrender of illegal firearms. I want to repeat: Surrender illegal firearms and cease hostilities!

Mr. Deputy Speaker, Sir, pertaining to when the Government shall terminate the operation, after considered consultations with hon. Members from that area, and upon receiving favourable reports from the ground, the Government has decided to scale down the operation. But the security forces will still remain in the area until security normalises.

Mr. Deputy Speaker, Sir, allow me to give the latest incident which occurred in the district. On 10th November, 2008, at about 2400 hours or thereabout, militiamen believed to be members of the Islamic Courts Union (ICU) - Al-Shabab Militia - invaded Elwak Town through Elwak Bulla Hajo Somali and attacked the following places:-

Elwak Catholic Mission and kidnapped two sisters, namely: Geraudo Katarina, Passport Number 1193814B and Olivaro Marioteria whose Alien Certificate Number is 199888, both who

are Italian female adults aged 57 and 58 years, respectively.

They also attacked Elwak Guest House and Lala Salama Lodge where they stole the following: Three motor vehicles registration number GK A556J, which is a Land Rover 110 belonging to the Ministry of Roads and Public Works, GK A147L Pick-up belonging to the Ministry of Water and Irrigation, KAC 098U Toyota Land Cruiser belonging to Sheikh Ali High School. They maliciously damaged the side mirror of motor vehicle number KAW 676Z belonging to Mandera Town Council. They also robbed Richard Okoth Odinyo one laptop computer, a mobile phone, a wristwatch, passport, identity card and the payroll for judicial officers. There was an exchange of fire but no injury was reported. The area was thoroughly combed and one militiaman, by the name Abdikadir Mohamed Omar, a Somali male adult, aged 23 years, was arrested.

Investigations into the incident have been launched by the DCIO, Mandera, Inspector of Police, Mr. Obeto. The Government welcomes substantiated information on particular incidents including, but not restricted to, excessive use of force, gender based violence and assault for necessary disciplinary measures.

**Mr. Affey:** Mr. Deputy Speaker, Sir, indeed, this is a very sad issue. First of all, the Assistant Minister has admitted total Government failure to protect the citizens and secondly, to secure our borders; this conflict has been internationalised. I would like to ask him what the security forces have been doing when foreign militia are gaining access into the territory of Kenya and causing mayhem.

Secondly, I would like to find out from the Assistant Minister why he found it necessary to physically assault chiefs who are the representatives of the Government on the ground. They were beaten up. Two of them, as we speak, are admitted at Kenyatta National Hospital (KNH). Why have the forces found it fit to beat up innocent women and even rape them? As we speak, we have a young girl called Fakira Adan, who is 16 years old, at the Nairobi Women's Hospital. Why did they find it fit to beat teachers? As we speak, there is a teacher called Ali Kerrow in deep pain. If the issue was to protect the citizens, how come the security forces inflicted this kind of pain? The Kenya Human Rights Commission (KHRC) has gone to the ground and I want to lay a document on the Table for the Assistant Minister to know the report by the KHRC, which says that atrocities were committed in this operation.

*(Mr. Affey laid a document  
on the Table)*

Finally, I want the Assistant Minister to apologise to the residents of Mandera Central and Mandera East for the excesses of Government forces. I would like to ask him whether they will find it fit to establish an inquiry so that this matter can be resolved, because we did not send the forces there to rape our girls, beat up women, children, chiefs and elders. Even as we speak, he has confirmed that militia forces from Somalia have crossed into Kenya in the presence of our military. What was the Military doing when the nurses from Italy were abducted?

**Mr. Deputy Speaker:** Order, Mr. Affey! This is a Ministerial Statement, and with a Ministerial Statement, you seek clarification. You do not put in a litany of narration. You should allow the Assistant Minister an opportunity to clarify.

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode):** Mr. Deputy Speaker, Sir, it is quite unfortunate that my friend, Mr. Affey, is asking some of these questions. First of all, the Government is in full control. Had we not moved swiftly and fast enough, we would have had more casualties than we have experienced. Secondly, we have called for meetings with the northern Kenya hon. Members and Mr. Affey has never

attended any peace meeting with us.

*(Applause)*

**Mr. Affey:** On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to make this matter trivial? I have never been invited to a meeting by the Assistant Minister. If he has, he can table the letter here. I have never been invited! Besides, there was no authority from leaders from the northern Kenya to go and beat up women, rape girls or beat up chiefs. The authority was to go and maintain order. Maintaining order is not what the Assistant Minister has understood it to be. I have never been invited!

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Mr. Deputy Speaker, Sir, we are dealing with a grave matter here. This case is not something to laugh about. It involves loss of lives of people in northern Kenya. Over the weekend, we were in Garissa. We invited all hon. Members from the area, and all of them came except my friend, Mr. Affey. So, I am just saying that team work will bring peace. Any time where there is a security operation, there will be some casualties. But the chiefs who were arrested were arrested because they were aiding the militia groups from Somalia and Ethiopia. What do you expect me to do? What do you expect my officers to do? I have to arrest immediately! What else!

On the issue of beating up people, I have constituted a committee to investigate thoroughly and elaborately whether there was such a thing. However, let us not go by hearsay. My friend sits in Nairobi, people are fighting there and he is telling me to withdraw security, yet he has never set foot in Mandera. That is wrong!

*(Laughter)*

**Mr. Kapondi:** Mr. Deputy Speaker, Sir, it is very unfortunate that we are laughing over a very serious matter. What I would like the Assistant Minister to state clearly is: This matter came up in 2005. There was a peace accord involving the two clans and this year, there was a flare-up. From that time up to this year, what serious security infrastructure was put on the ground by the Government to check, for instance, the external militia from Ethiopia and Somalia? Secondly, what was the intelligence of this country doing? Where was it? If the chiefs were aiding foreign militia, they should have been arrested much earlier! Why wait until the operation began and then go for the chiefs?

*(Applause)*

**Mr. Deputy Speaker:** Dr. Nuh, we will have the final seeking of clarification from you and then go to the next Order. Dr. Nuh, what clarification are you seeking?

**Dr. Nuh:** Mr. Deputy Speaker, Sir, I think the trend the Ministry is taking in this country is very dangerous; it always happens that when many lives are lost in these arid zones, which are conflict spots, the Ministry wants to take vengeance and harass innocent Kenyans. If I can add to what Mr. Kapondi has said, there was a peace accord and we know what brought the flare-up this year was a very trivial matter, namely allocation.

A borehole was sunk where each constituency was claiming; Mandera East said that the borehole belonged to them and Mandera West said that it was within their boundary. Having been an hon. Member in the negotiating team for that region, we had asked the Ministry to send surveyors and a team to give an assurance to the public that, that borehole was either in Mandera East or Mandera West. It took them four months to experience what Mandera East, Mandera

Central and Mandera West residents are experiencing today. This is a failure of the Ministry. Had they told the residents of Mandera East and Mandera West where that borehole belonged, we would not have lost so many lives; our chiefs would not have been beaten up or girls raped. For the Assistant Minister---

**Mr. Deputy Speaker:** Order, Dr. Nuh! It is a Ministerial Statement; it is not an opportunity for you to make a speech or a very long statement. All you need to do is seek further clarification based on the substance of the Statement of the Assistant Minister. Can you do that very expeditiously so that the Assistant Minister can respond?

**Dr. Nuh:** Mr. Deputy Speaker, Sir, my clarification is, why did the Ministry take so long before telling the residents of Mandera East and Mandera West where the borehole belonged. Just that simple question about the problem!

**Ms. Odhiambo:** Mr. Deputy Speaker, Sir, I was actually standing on a point of order because the Assistant Minister seems to suggest that the rape of women and beating of chiefs is collateral damage. Could he clarify since when it was Government policy to rape women and beat up chiefs?

**The Assistant Minister, the Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Mr. Deputy Speaker, Sir, I will start by responding to what Dr. Nuh asked. There was a peace accord which was signed between the two clans. One of them did not honour it. What are we doing as a Government? We are putting them together so that they can agree and live peacefully amongst themselves.

With regard to the other issue raised by Mr. Kapondi, I would like to say that any time there is a problem within an area, there must be a cause. So, you have to go to the root cause of the problem so that we have a lasting solution to problems facing those clans.

Mr. Deputy Speaker, Sir, as a Government, we have also agreed that we are going to drill a borehole so that the issue of boreholes should not bring any conflict at all. The security personnel will still be within the site. Why? Because our international borders are porous. We must maintain the security forces but we have agreed that they will not actually be operating among the clans but their presence will be felt. Why? In order for us to avoid the militia coming across from Somalia and Ethiopia.

Mr. Deputy Speaker, Sir, the other issue is that of the beating of the so-called innocent people. I have constituted a committee to investigate, elaborate and give us a report on who was beaten, fought and injured by the militia so that if indeed it is true that people were beaten from their homes, the law is there and we will take them to court.

**Ms. A. Abdalla:** On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Assistant Minister to tell us that he is setting up a committee to investigate whether people were beaten when an agency of the Government; the Kenya National Commission on Human Rights (KNCHR), has the report showing the *Imams* and the number of people who are lying in hospital after being beaten and the 15 women who were raped? Why does he want to take us round in circles by forming committees?

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Mr. Deputy Speaker, Sir, that is why I am constituting a committee to investigate all these allegations.

**Mr. Deputy Speaker:** Next Order!

*Second Reading*

THE FINANCE BILL

**The Minister for Environment and Mineral Resources** (Mr. Michuki): Mr. Deputy Speaker, Sir, on behalf of the Ministry of Finance, I beg to move that The Finance Bill be now read a Second Time.

Mr. Deputy Speaker, Sir, first, allow me to thank the hon. Members for the support they have continued to extend to the proposals announced during the last Budget. My Ministry fully appreciates this support which we believe demonstrates the importance this august House attaches to the Budget as an instrument for promoting development of our nation.

The Budget for the year 2008 was formulated against the backdrop of a growing economy which made it possible to make good progress in many of the social indicators, for instance, the free primary school education programme which we started to implement in 2003 and increased enrolment at this level by nearly 1.4 million children. These are children who would have missed the opportunity to attend school and the chance of improving their lives.

*[Mr. Deputy Speaker left the Chair]*

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

Mr. Temporary Deputy Speaker, Sir, in addition, the free secondary education programme was commenced this year. This made it possible for the beneficiaries of free primary education to acquire a secondary school education. Other important milestones with social services supervision include the Rural Electrification Programme (REP) which is lighting up the rural areas and expanding opportunities for small-scale businesses and investments. Further, we are implementing various clean water supply programmes, especially to rural households and in particular, our people in the Arid and Semi-Arid Lands (ASALs) as well as the rehabilitation of our roads in all parts of the country.

We, nonetheless, do recognise the fact that despite the progress made that far, relatively high incidences of poverty, disparity in regional development and unemployment, especially among the youth, remain serious problems. It was, therefore, clear to the Government that to achieve a lasting reduction in poverty, more effort was required of us to accelerate the growth of our economy to 10 per cent per annum and sustain it at that level thereafter, in line with our shared Vision 2030.

Mr. Temporary Deputy Speaker, Sir, this Budget is intended to address these challenges within the framework of Vision 2030. In particular and guided by the first Medium-Term Plan for Vision 2030, the 2008 Budget focuses on amongst others:-

One, restoring the economy to a higher broad-based long-term growth by among others, maintaining macro-economic stability, scaling up investments in infrastructure and deepening structural reforms to improve productivity in our economy.

Two, encouraging investments in activities that will expand economic opportunities and create jobs for our youth.

Three, implementing targeted interventions to reduce poverty and inequality.

Four, investing more in health and education to further deepen human capital development.

The tax measures proposed in the Finance Bill, 2008 are, therefore, designed to achieve sound economic goals, which we have set ourselves as a nation. To that end, this Finance Bill contains various proposals relating to Excise Duty, Value Added Tax (VAT), Income Tax and Miscellaneous Fees and Charges, which are intended to restore higher economic growth, expand economic opportunities and ensure equity in our society. Hon. Members will have time to debate them. Therefore, I will highlight only a few.

Mr. Temporary Deputy Speaker, Sir, our national carrier, Kenya Airways, and other local airlines, have continued to face stiff competition within the region and internationally. In line with the best international practice, and in recognition of the increased cost of travel, I propose to zero-rate international air travel to make our national carrier competitive. Previously, international air travel has been exempted, but our airline was not able to claim input tax, as is the practice elsewhere.

In order to promote our youths in their endeavour to participate in economic development, I propose to zero-rate VAT on motorcycles with engine capacities of up to 250cc. That mode of transport, in addition to making it possible for our *boda boda* operators to graduate to faster and more comfortable means of travel, has the potential for creating wealth and employment opportunities for many of our youths in the rural areas, particularly in western Kenya, where the *boda boda* means of transport is very popular.

**An hon. Member:** You are a good man!

**The Minister for Environment and Mineral Resources** (Mr. Michuki): Mr. Temporary Deputy Speaker, Sir, to further consolidate the growth of our construction industry, and to accelerate the ongoing infrastructure development, I proposed to reduce Import Duty on cement from 40 per cent to 25 per cent, to make that product affordable to the users.

Our telecommunication and information technology sub-sector has expanded significantly over the last five years, creating enormous economic and employment opportunities to Kenyans. In particular, and in order to further encourage investment in modern telecommunications so as to reduce costs and improve efficiency in the telecommunication network, I propose to remove Import Duty on telecommunication equipment altogether.

The prices of food have increased over time. In the previous two Budgets, I zero-rated VAT on wheat flour, maize flour and milk, among other measures, to reduce the cost of living. I propose to further zero-rate VAT on bread and rice. The suppliers of those products are expected to appreciate the hardship being faced by Kenyans and pass the benefits of these measures to the consumers through reduction of prices of those basic commodities.

Mr. Temporary Deputy Speaker, Sir, Kenyan artists and sportsmen have continued to put this country on the world map. Through their good performance, those young men and women are, sometimes, required to pay tax on their earnings in the countries where they have derived the income. They are also required to declare in Kenya and pay tax on their income earned abroad, which amounts to double taxation.

To correct that tax anomaly, I propose to allow the tax paid abroad to be off-set against tax payable in Kenya, provided that the person furnishes the evidence of payment of such tax in other countries. That measure is aimed at boosting the morale of those patriotic Kenyans and other aspiring sportsmen and women.

Mr. Temporary Deputy Speaker, Sir, in order to encourage people to clear their tax arrears, we sometimes accumulate more than the principle tax. I proposed to restrict interest and penalties accrued to not more than 100 per cent of the principle tax due. That is similar to the in duplum rule in the banking sector, which was introduced in the recent past through what you may call "The Donde Bill", that was amended and approved by this House.

The Insurance Act restricts the amount of money that an insurance company can invest in shares, debentures or loans, or in any one company, to 5 per cent. For those long and general insurance businesses, the insurance companies have argued that shares floated on the Nairobi Stock Exchange are secure and provide good returns on their investments. In order to address the concerns raised by the insurance sector, I propose to increase the level of investments by insurance companies in the shares of corporate bonds of financial institutions from 5 per cent to 10 per cent. I am sure that the insurance companies will take advantage of the forthcoming privation



programmes.

Mr. Temporary Deputy Speaker, Sir, the annuity market is not competitive due to lack of information that would enable members of determined benefit schemes to identify a good annuity provider when they retire. To address that problem, I propose to introduce a requirement on annuity providers to publish on a quarterly basis, information on annuity products and the rates thereof, in a manner to be prescribed by the Commissioner. That measure will go a long way towards helping retirees in choosing any annuity providers with better terms.

The recent collapse of a number of stockbroking firms, largely on account of mis-governance, has adversely affected the confidence in the capital market of Kenya. In order to rein in those wayward stock brokers and improve corporate governance in those institutions, there is need to introduce greater professionalism and accountability for fiduciary obligations imposed on directors and senior management.

In this regard, I propose to bar any person who controls directly or indirectly, 25 per cent issued share capital, among other things, from holding a management position in that company. I further propose to introduce a 25 per cent maximum shareholding by any one person in those companies.

Mr. Temporary Deputy Speaker, Sir, in order to further ensure that stock brokers do not mismanage investors' funds and get away with it, I propose to empower the Capital Markets Authority (CMA) to trace and freeze the assets owned by owners of those companies upon reasonable suspicion of involvement in fraudulent activities. I also propose to recognise stockbroking agents in the capital markets, and increase responsibility on their actions in stockbroking companies they act for.

Investors have been put into great suffering as a result of delayed refunds, particularly with regard to the recent Safaricom Initial Public Offer (IPO). In order to ensure that investors get their refunds at the right time, I propose to amend the Capital Markets Authority Act to clearly define the period within which investors should be able to receive their refunds, in the event there is an oversubscription of the Initial Public Offer (IPO). I also propose to make a provision for interest to be earned by investors in the event their refunds are delayed beyond specified periods.

*(Applause)*

Mr. Temporary Deputy Speaker, Sir, I also intend to propose one or two amendments at the Committee Stage on some tax proposals which this House and the general public have strongly and expressly abused since this Budget was read in June, 2008. That is to say that the proposal to amend the relevant law in order to impose taxes on the allowances payable to Members of Parliament and the holders of Constitutional offices will be removed from the Bill by the amendment. We shall have resumed the pre-June announcement of the Budget position within the law.

Mr. Temporary Deputy Speaker, Sir, as I conclude, it is important to emphasise that, as a nation, we have done very well in terms of moving towards financial autonomy. Indeed, as hon. Members are aware, we now finance about 95 per cent of our Budget from domestically generated resources. This could not have been possible without the support of all Kenyans, especially those compliant in tax payment. The Government is highly indebted to these taxpayers. We wish to assure them that these resources will be spent prudently and in accordance with the approved development programmes.

Finally, Mr. Temporary Deputy Speaker, Sir, I would like to underscore that the business confidence has largely been restored and the economy is now on a rebound with a focused growth of 4 to 5 per cent in the year 2008 following the formation of the Grand Coalition Government and

the subsequent return of peace. This demonstrates how important unity of purpose is to the building of a nation. Hon. Members, we should, therefore, continue to encourage Kenyans to remain united as one people. That way, we are assured of reaching the promised land.

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

*(Applause)*

**The Minister of State for Provincial Administration and Internal Security** (Prof. Saitoti): Mr. Temporary Deputy Speaker, Sir, I am happy to second the Finance Bill which has been moved by the Minister for Environment and Mineral Resources.

Mr. Temporary Deputy Speaker, Sir, the Finance Bill is an extremely important regulation in the sense that it is the one that anchors, legally, measures that the Minister for Finance makes at the presentation of the Budget. It is important that this Bill be presented to this House, as has been done, before the 31st of December.

The taxation levied by the Kenya Revenue Authority (KRA) is only up to the 31st December, 2008. If this Bill is not passed and becomes a law, then come January, the KRA or the Government would not have legal authority to raise revenue. Without revenue, the Government would not provide the services which it is supposed to provide to the people of this country.

Mr. Temporary Deputy Speaker, Sir, it is true to say that given the events of the prevailing situation, as a result of the post-election violence, the Finance Bill was formulated against a very difficult and hostile economic environment. This is because at that particular time, one could see clearly that the economy was not going to grow. One could never be sure whether there was not going to be capital flight or whether the productive sectors, like agriculture, were going to recover as soon as possible.

Again, other events took place thereafter. Indeed, one of the most serious one has been the financial crisis in America that spread to Europe and South East Asia.

Mr. Temporary Deputy Speaker, Sir, it is a tribute to the financial authorities, especially the Ministry of Finance and Central Bank of Kenya (CBK) that even after the prices of oil rose to unprecedented levels, the financial crisis in the world came up and claimed the collapse of a number of very strong financial institutions and banks in the world. To a certain extent, we have been insulated.

I think it is true to say that to the extent that the financial crisis in the world was affecting the banks, which are bound by a number of factors, primarily the over-lending, especially on the mortgage front, and using the instrument that they call the derivatively?. Fortunately our banks are not too exposed to the international financial system. Our banks have not lent to other banks outside the country, like in the United States of America (USA). If anything, we have borrowed. Therefore, had we lent resources to those banks in the USA, their collapse would have affected our banks. Fortunately, we are in a much better situation.

Mr. Temporary Deputy Speaker, Sir, the other thing, which is important, is that revenue will continue to grow but not so much as would have been the case, because of the international environment. I believe that revenue will continue to be raised, because the Kenya Revenue Authority (KRA) has demonstrated that it has been able to develop its own capacity to raise revenues.

More importantly, it is the willingness of the Kenyans now to pay their taxes. It is a well-known fact internationally that the key thing in raising revenue is not to over-tax people. If you over-tax people, then they end up looking for other ways to evade the taxes. But when you tax people at a level which they consider to be fair, then they voluntarily pay their taxes.

Given the fact that there has been gradual adjustment from time to time to make sure that

there is adjustment within the prevailing conditions, our taxation rates are not that high in comparison to the world taxation levels. That is what has made it easy for Kenyans to meet their obligations. That does not mean that there are no errors, but, generally, Kenyans have come to realise the rationale behind paying taxes. More importantly, they understand that the taxes enable the Government to provide services in all areas.

Mr. Temporary Deputy Speaker, Sir, I want to commend the Minister, especially on the suggestion on how to address the challenges that have emerged in the Capital Markets Authority (CMA) and the Nairobi Stock Exchange (NSE). It is true that we have seen a number of brokerage firms collapsing when they are not able to pay the investors their money. That has created anguish among investors.

The Minister has stated that he does intend to move some amendments at the Committee of the Whole House stage to ensure that there will be discipline in the trading in stocks at NSE. That is fairly commendable, because a number of people have actually lost their own investments as a result of the collapse of a number of brokerage firms. I have been wondering what the Government was going to do. The good news is what the acting Minister for Finance has stated.

I hope that we will pass those amendments because investors must be protected. If there is no confidence in the stock exchange, the investors, both local and foreign, will not invest. Perhaps, that fear explains why the value of the shares in NSE has been eroded. I would not want to attribute that erosion, or the decline of the value of the stocks to the lack of confidence.

Let us take into account that due to the liberalised kind of economy and the level of returns from shares, a number of foreign investors had invested in our stock exchange. That in itself was extremely good, but at the same time, when the financial crisis set in, in foreign countries, especially in Europe, the USA and the Asian countries, the only way those investors could meet their obligations locally was for them to dispose of their shares so as to be able to raise resources. More importantly, there was global fear that even in industrial economies, shares were declining in value; they did so to the extent that even for very strong banks like Barclays Bank and the LLOYD Bank, the shares went down. Therefore, there have been a global worry about shares. The key thing is for us to ensure that those "cow boy" owners of the stock brokerage firms are reigned in. We want to thank the Minister for the proposals on that particular matter.

Mr. Temporary Deputy Speaker, Sir, let me end by saying that there are very important measures contained in this Finance Bill. They relate to the zero-rating, as far as Kenya is concerned, in relation to international travel. I think there has been unfair situation in the treatment of Kenya Airways, which is the local carrier, because other airlines have received that kind of benefit, which we are now going to confer upon Kenya Airways. That is going to help us a great deal. It is also important to recognise an extremely good move in terms of zero-rating of the motor cycles. Today, motor cycles have become a very popular mode of transport in the rural areas and small towns. It is cheaper and very convenient. This is in recognition that the common man needs to be assisted by the Government.

In the construction industry, there is the lowering of the duty on cement. This is important because there is an expansion of the construction industry; one only needs to look at the type of construction taking place in this country.

I also want to thank the Minister for his recognition of our own athletes; they have been able to earn us a great deal of honour. They have performed extremely well internationally. They have been able to sell this country a great deal. Before Mr. Obama became the President of the USA, athletes were the one group that was selling Kenya out there. If our gallant athletes are paid money abroad, it is extremely unfair that they should be taxed here in Kenya. So, the removal of their double taxation will go a long way in encouraging our own athletes to perform better, sell the Kenyan name more and gain resources for themselves. That is extremely important.

With those few remarks, I beg to second.

*(Question proposed)*

**Dr. Khalwale:** Thank you, Mr. Temporary Deputy Speaker, Sir. I would like to rise so as to have an opportunity to not only support this Motion, but also thank the Minister, especially for the tone of his Motion which he has just moved, especially in view of where we have just come from in terms of experiences in this House when such a Motion was presented to us.

Mr. Temporary Deputy Speaker, Sir, as I support the Minister, I would like, at this point, to decry the projection that our economy is going to grow at a mere 4 to 5 per cent. That is because, under normal circumstances, we were looking forward to our economy growing at a rate of 8 per cent, 9 per cent and 10 per cent. But thanks to the politicians of Kenyans; the tribal chiefs, the warlords of the Republic of Kenya who visited violence on this country to the extent that our economy came to a standstill for a period of six months. Some of those politicians are today wallowing in big positions, with total disregard to the role they played in killing our economy for six months. There we are.

It is a pity that in a country of 38 million people, when you talk to the banking sector, we are told that we have got a mere 3.8 million account holders. If only 3.8 million Kenyans can hold accounts in our banks in a country of 38 million people, it means, only 10 per cent of the population of Kenya is participating at a very crucial level of doing business with the banking sector.

I would like to applaud the Minister for the comments he made about the Government's commitment and endeavour to make sure that there is rural electrification across the country. That, to the people of this country, is a very welcome move and Mr. Minister, we will continue to support you on that noble course. As we debate this Bill, we are debating it in an environment whereby we remember that the World Bank, IMF and, America in particular, came to us and told us ten to 20 years ago that the magic of success in economy is a free market economy.

I would like to remind the Minister that the issue of a free market economy where you let the prices of goods, especially foodstuffs, to be determined by market forces, is a very dangerous phenomenon. It has taken the meltdown on the Wall Street and the bail-out by the American Government of the same mess.

They have now admitted that the issue of free market economy is nonsense. I am particularly trying to persuade you, Mr. Minister, that you must move and introduce price controls on strategic items such as food and petrol because "America the great" has admitted: "Yes, a free market economy is not possible in this world of very many greedy people."

Mr. Temporary Deputy Speaker, Sir, now that the vote has been cast in the USA, I want now to call upon the cousin of hon. Raila Oginga Odinga, our own brother, His Excellency President-elect, Obama to remind the whole world and also apologise to the whole world that the policies they pursued as a great nation of the world, were wrong. The issue of free market has caused us the kind of suffering that we are seeing.

I am surprised that the former Vice-President who is now the Minister of State for Provincial Administration and Internal Security is saying that the mess in America is not going to affect us because of the levels of banking. You cannot be too sure, Mr. Minister. That is because the world now is a global economy. Imagine the amount of funds that are usually brought from USA by Kenyans who work there; the amount of money that is brought into this economy by people who work in Britain and other western countries. Obviously, those amounts of funds will come down and it is likely to affect our economy.

Mr. Temporary Deputy Speaker, Sir, I would like to compliment this Minister on the issue

of zero-rating of VAT not only on international air travel, but also on motorcycle business. I remember when I was a freshman in this House and raised a Question about *boda boda*, there was a particular cheeky Member of Parliament who said that *boda boda* is only a business for Luos and Luhyas of this country. I am glad that the Republic of Kenya has finally discovered that the little boy who invented *boda boda* by moving from Busia Kenya to Busia Uganda and therefore, brought *boda boda* to this world, deserves to be commended. If anything, that person deserves a recognition at the international level for the kind of innovation that he had.

Mr. Temporary Deputy Speaker, Sir, I want to say something about the issue of *boda boda* and motorcycles. Mr. Minister, you must try and think about this thing through. What I have found on the ground in Busia, Bungoma, Kakamega and Kisumu - which is the main town- is that now, the *boda boda* boys have been kicked out of business. Those *boda bodas* you see on the roads no longer belong to the boys. They belong to "rich people" who are now employing our boys. When our boys were riding a bicycle, they could go home with Kshs300 a day. Now, they have to toil the whole day to go and take to the owner of the motor bike an agreed amount. If he fails to reach that target at the end of day, sometimes, the *boda boda* boy goes home with nothing.

I am, therefore, proposing that you think it through and consider this possibility. That we must insist on two things. One, the Government should play affirmative action, go out of the way and support people in acquiring those motorbikes. Having acquired them, the Government should make it illegal for anybody to ride a *boda boda* motorbike, unless he holds a logbook for that motorbike. That is the only way we are going to fight poverty and unemployment from amongst our youth. Otherwise, you are going to find our youth, once again, attacking the owners of the *boda bodas* who have employed them. That is because they feel overworked and poorly paid.

Mr. Temporary Deputy Speaker, Sir, the issue of zero-rating duty on cereals is welcome. As I have just said, that touches on the price of foodstuffs. Maybe, the Acting Minister of Finance is not aware that some of the cereals that we are zero-rating are handled through the Kenya Ports Authority (KPA) in Mombasa. There is a monopoly at the KPA in handling bulk grains. That monopoly is such that, even if you play that kind of affirmative action, the joker who enjoys that monopoly has a free hand in deciding how much money bread will cost. That is because they are single handlers and the grains overstay in the Port. So, what that monopoly handler does is that he simply passes over the added cost to the consumer and yet, we could contain that by liberalising that particular aspect and making sure that there is no monopoly.

Mr. Temporary Deputy Speaker, Sir, I trust that the acting Minister for Finance, who has demonstrated over the last six years that he fears no powers in this Republic, will not fear some of the powerful Ministers in your Government who are involved in protecting the proprietors of that company that does the monopoly of bulk grain handling. If you need evidence to help you to have a stiffer backbone so as to face those Ministers of yours, allow us to move a Motion of Adjournment one of these afternoons in this House and talk about the on-goings at the KPA in respect of the bulk grain handling. You will be amazed how you we shall be persuaded, that afternoon, not to move that Motion because some of these Ministers are very persuasive wherever they come from!

**The Temporary Deputy Speaker** (Mr. Imanyara): Indeed, it is you and not the Minister to move the Motion. Ministers do not move Motions for Adjournment.

**Dr. Khalwale:** Thank you, Mr. Temporary Deputy Speaker, Sir. I was simply trying to provoke the Minister, so that he gets annoyed. You know very well that---

**The Minister for Environment and Mineral Resources** (Mr. Michuki): I am calm (inaudible)---

**Dr. Khalwale:** Mr. Temporary Deputy Speaker, Sir, did you hear the Minister say that, that does not annoy him at all? Why? That is because he knows what I am talking about! He knows that those Ministers are there, messing Kenyans who eat bread! Mr. Minister, if you are really aware

and you are not ruffled by these things, then do you really care about the poor Kenyans? Do you really care about the over ten million Kenyans who voted for us to come to this House? Nearly half of them voted for the President and the other half for the Prime Minister and we cannot feel for them. You must be ruffled and make sure that, that monopoly at KPA is killed!

Mr. Temporary Deputy Speaker, Sir, because there are very many people who want to talk, I will not talk very much on this issue. That is because I can see my age-mate is there and my immediate age-mate is there. I will allow them to speak. But, with all due respect, I thank you, Mr. Minister, and be assured of our support as the Grand Opposition.

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

**The Assistant Minister for Medical Services (Mr. Mungatana):** Bwana Naibu Spika wa Muda, ningependa kuchukua nafasi hii kukushukuru kwa kunipa nafasi pia mimi nichangie Mswada huu, kuhusu sheria ya kutoza ushuru.

Bwana Naibu Spika wa Muda, kwanza ningependa kumpongeza Waziri ambaye anashikilia Wizara ya Fedha kwa sasa. Mapendekezo ya Mswada huu ni ya maana sana, haswa tukiwafikiria ndugu na dada zetu ambao ni wananchi wa Kenya wa kawaida. Ningependa kuanza kwa kuzungumza kwa ujumla, na kulaumu kidogo. Bajeti iliposomwa mwezi wa sita, wananchi wengi walitarajia kwamba senti ambazo tumepitisha kwa Wizara kadha wa kadha zitawafikia mashinani na kazi itanza kufanyika. Watu waliamini kwamba tulipitisha Bajeti iliyotokana na ushuru uliolipwa na wananchi. Lakini mwishoni mwa wiki iliyopita, tumefika nyumbani na kuzungumza na wananchi katika vikao. Najua kuwa Wabunge wenzangu wengine wamekaa katika vikao vya District Roads Committees (DRCs).

Bwana Naibu Spika wa Muda, watu wameambiwa katika magazeti, maredio na katika matelevisheni kwamba kila eneo la ubunge limepewa Kshs17 milioni kusimamia barabara mwaka huu. Tuliporudi mashinani, na sote tukienda huko, wananchi wetu wanatuuliza katika mikutano hii: "Senti hizi, mbona mvua inanyesha, barabara hii imeharibika na haijatengenezwa? Kwa nini barabara hii haijatengenezwa? Kwa nini barabara hii haijarekebishwa? Sisi tumeambiwa kuwa Wabunge wamepewa Kshs17 milioni katika kila eneo la ubunge kusimamia mambo ya urekebishaji wa barabara katika maeneo ya ubunge?"

Bwana Naibu Spika wa Muda, katika kupitisha Mswada huu, tunamuomba Waziri wa Muda wa Fedha, tafadhali, tukipitisha Bajeti yetu na watu wa Kenya Revenue Authority (KRA) wanatangaza katika maredio kuwa tumepitisha senti hizo, tafadhali wahakikishe kuwa senti hizo ziko katika maeneo yetu ya ubunge kwa wakati unaofaa! Haina maana sisi kupitisha hapa, halafu tukifika kule, tunaambiwa kuwa hatufanyi kazi! Kwa mfano, mpaka sasa, katika eneo langu la Ubunge la Garsen, tumepata Kshs5 milioni pekee yake kati ya Kshs17 milioni. Barabara ambazo tumeweza kutengeneza hadi sasa ni mbili tu na wananchi wanasikia katika redio kwamba pesa hizi zimetoka!

Bwana Naibu Spika wa Muda, tungependa kumuomba Waziri ahakikishe kwamba tukiwa tumepitisha mipangilio hii na sheria hii, pesa hizi zifike mashinani haraka iwezekanavyo!

Bwana Naibu Spika wa Muda, jambo la pili ambalo tungependa kusema leo ni kwamba tunamshukuru Waziri wa Muda wa Fedha kwa mipangilio yake ya kuhakikisha kwamba kuna *zero-rating* ya *Value Added Tax* (VAT) kwa mkate na mchele. Lakini sisi tunawajua wafanya biashara wetu. Tunapitisha sheria hizi hapa, Waziri anakuja na Hoja hii vizuri na tunaipitisha, lakini hawapeleki faida hiyo kwa wananchi wa kawaida. Tungependa Waziri wa Muda wa Fedha alifikirie vizuri jambo hili. Ni mambo gani ambayo tungepitisha hapa Bungeni ili tukiwa tumekata ushuru kwa wale wanaoleta vyombo, ushuru huo au faida hiyo iwafikie wananchi? Ndio tunasema, kama Bunge, nikimuunga mkono mwenzangu Dr. Khalwale, ni lazima tuanze kufikiria namna kusimamia senti ambazo wananchi wanalipa kwa vyombo ambavyo wananunua. Hiyo ni lazima kwa sababu tutapitisha kuondoa ushuru kwa mikate leo, lakini kesho, tatalipa senti zile zile!

Anayefaidika ni mfanya biashara na sio mwananchi wa kawaida. Kwa hivyo, Waziri, lazima tufikirie zaidi jambo hili.

Bwana Naibu Spika wa Muda, ukiangalia wasafiri wa ndege ambao wanatumia Kenya Airways--- Kila siku, tunapopata wawekezaji wengine ambao wanaingia katika biashara hiyo, unakuta nauli unayolipa kwenda Mombasa, Lamu au Malindi inashuka chini mara moja! Siku ambayo hao wengine wamefilisika au wamepata taabu yoyote, unaona bei inapanda tena. Tunakubali kuwa tuna *zero rate* usafiri wa kimataifa na tutaiunga mkono Kenya Airways. Lakini swali ni: Bei hizi za nauli za ndege zitashuka leo ama ni kitu tu tunawafanyia wao ili kuwaongezea faida?

Tungependa Waziri alifikirie jambo hili, kwamba tukipitisha mambo hapa, inafaa mwananchi wa kawaida pia naye apate faida hiyo. Itakuwa ni jambo la kuhuzunisha sana kwamba sisi tunapitisha mambo hapa tukifikiria tunasaidia wananchi, kumbe anayefaidika ni kampuni, mwekaji rasilimali peke yake. Kwa hivyo, ni lazima Waziri jambo hili tufifikirie kwa urefu zaidi. Ni nini tutafanya ili tukipitisha jambo hapa Bungeni, mwananchi wa kawaida alipate? Kwa hivyo, tunaunga mkono jambo hilo, lakini je, mwananchi wa kawaida, faida hii ataipata lini?

Bw. Naibu Spika wa Muda, vivyo hivyo Waziri alipotutangazia leo kuwa atashusha ushuru wa Import Duty kutoka asilimia 40 hadi asilimia 25 kwa simiti, watu wengi tunafanya kazi; sisi kama Wabunge tunajenga mashule na hospitali kupitia CDF. Je, Waziri atafanya namna gani faida hii itoke kwa wafanyibiashara peke yake, na iwafikie wananchi? Tungependa sana tulijibu swali hili kwa kirefu sana.

Tunamshukuru Waziri na tunaunga mkono mipangilio ambayo iko katika Hoja hii kwa sababu kati ya mambo ambayo amependekeza kubadilisha kupitia kwa sheria hii ni Insurance Act. Kuna swala ambalo limetatiza wananchi siku nyingi sana. Watu wanaenda kortini baada ya kumia katika ajali za barabarani au kazini na wanapewa fidia. Fidia ikilipwa, wakati wa korti kutoa zile pesa, unakuta kampuni za bima zinabaki na hizo pesa kwa muda mrefu. Wazo hili, ambalo limewekwa sasa la kubadilisha sheria ili kwamba kama hawatalipa pesa zilizoamuriwa na korti kwa muda wa siku 90, lazima walipe *penalties* ni zuri sana. Tungependelea hii ifanyike haraka iwezekanavyo kwa sababu ni wananchi wengi sana ambao wanadhulumiwa na makampuni ya bima hapa Kenya. Tungependa mambo yaanze kubadilika katika sekta ya uwekaji bima nchini Kenya.

Tunafurahi sana ya kwamba sasa katika sheria ya kusimamia mipango ya barabarani, Traffic Act, Waziri anasema kwamba gari zote sasa ambazo zitakuwa zikiletwa nchini, lazima kabla ya kuachiliwa na Idara ya Forodha ziwe zimepewa vibali, zile ambazo zitatumika hapa nchini. Si zile za kwenda nje! Jambo la magari kwa wananchi wa kawaida wanaonunua magari ya *second hand* kutoka nchi za nje, limewasumbua. Sheria hii ambayo tunaibadilisha siku ya leo ni ya kuhakikisha kuwa gari linatoka likiwa na *number plate*, ili liweze kufanya kazi mara moja badala ya kumsumbua wananchi. Hili ni jambo zuri na la kufaa kwa wananchi wa kawaida. Tunajua kuwa hawana senti za kuchukua gari mpya kutoka kwa makampuni, na badala ya kusumbuliwa, inafaa warahisishiwe mambo. Kwa njia hii mwananchi wa kawaida anafaidika sana.

Bw. Naibu Spika wa Muda, mambo haya ambayo tunataka kuyazungumza siku ya leo ni mazuri. Tunamwomba Waziri kuona kuwa tukiyapitisha hapa yanamfikia mwananchi wa kawaida; sisi tukifanya kazi yetu hapa, inafaa mwananchi wa kawaida naye anafaidike, na isiwe tu ni wale wafanyikazi na wawekezaji mali peke yake ndio wanaofaidika.

Kwa hayo machache, nashukuru na ninaunga mkono Hoja hii.

**The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government** (Mr. Githae): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity. I rise to support the Finance Bill. First of all, I would like to commend the Minister; since he was transferred to that Ministry, I think he has done a good job. I would also like to take

this opportunity to thank the body which is in charge of tax collection, the KRA, for the good job it is doing under the leadership of the Commissioner-General and all the other commissioners.

I am saying this because the Commissioner-General and his staff have saved this country. When we had the chaos that resulted from the elections in January and February, I was a very worried man. I was worried that revenue collection would go down and, therefore, all the Government programmes that we had even promised our people when they were electing us would not be fulfilled. But I am happy to see that this did not dent the revenue collection so much. I would, therefore, like to take this opportunity, on behalf of all Kenyans, to thank the Commissioner-General for a job well done.

But as we thank him, there are some things that we also need to do. One of the things that I find odd in this country is the number of registrations required. We have a different Income Tax number, a different PAYE number, different VAT number, a different Excise Duty number, a different Customs Duty number and a different PIN number. Why can we not just have one number which you can use to transact your business with, whether you are dealing with Income Tax, PAYE, VAT, Excise Duty, Customs Duty or other revenues? This is what happens in other countries. In fact, other countries have even gone further than this; an example is Botswana. Your birth certificate number is the number which is your ID, Income Tax number, PAYE number, VAT number, Excise Duty number, Custom Duty number and even your PIN number. I think if we were to do this, the KRA would collect even much more revenue, because they would be able to relate one person to another. At the moment, all these numbers are used by different departments and this makes things difficult.

We must also commend the KRA because we have been able to finance free education in primary and secondary schools. As I said, I was worried that we would not afford the free education that President Kibaki had promised when he was campaigning because of the chaos that occurred later. I was a very worried man. I thought that the Government would not be able to fulfil that. But I am glad that we now have free secondary school education in addition to free primary education, which was started in 2003.

Mr. Temporary Deputy Speaker, Sir, as we talk about tax exemptions, these benefits must be handed over to the mwananchi. There is a law which I do not know whether traders understand it because they do not pass on these benefits to the local mwananchi. A loaf of bread now costs over Kshs45. How many people can afford it? Now that the Minister has zero-rated tax on wheat and other substances, we hope these benefits will be passed over to mwananchi so that they can continue eating bread. We also need to be a little bit innovative. Before wheat came, we had millet and sorghum and people could even make bread from them. Why can we also not start making bread from millet and sorghum? That will be cheap and affordable to all.

Mr. Temporary Deputy Speaker, Sir, I am also glad that the road construction is going on. I am in the Office of the Deputy Prime Minister and Ministry of Local Government and we travel a lot locally. Wherever I visit any part of the country, you will find that most of the times there is a road being done there. Let me commend the Minister for allocating money to one road in my constituency; Kagio-Baricho-Kerugoya and Kagio-Baricho-Kibirigwi Road. That road had been abandoned more than 30 years ago but at least now we have been given some money to proceed with its construction. So, I am glad.

Mr. Temporary Deputy Speaker, Sir, also some money has been allocated to the Rural Electricity Development Authority (REDA). The Ministry of Energy and REDA are doing a good job but again, we have a problem. Transformers are being stolen and vandalised. It is the order of the day. When we find them installing transformers and advise them against installing them in risky places. When we ask them to install those transformers at secure places, they tell us that they cannot do so because they are following drawings. So, we wonder who is this who makes these



drawings and cannot design them such that the transformers are placed in secure places. As we speak, we have now moved from vandalising transformers to vandalising telephone wires. All the telephone wires have disappeared. Rail and bridge guards are now being stolen. This is dangerous. We are endangering the lives of our people. Even rail slippers are being stolen. One of these days, we are going to have a very bad accident on our railway system because of this. Women in the rural areas cannot put their *sufurias* and drums outside overnight in order to draw rainwater. When they leave them there overnight and come in the morning, they are gone and we understand they are taken to scrap metal dealers.

I am told there are some hotels where if you finish eating your food, you have to return the plates and spoons. People are even stealing spoons and plates. We need to do something about the scrap metal industry. I think some unscrupulous people have entered this profession because we had it all this time and these things were not happening. It is so sad that we are actually going backwards after the Government has done so much.

Mr. Temporary Deputy Speaker, Sir, I must also commend the Minister for zero-rating tax on motor cycles and bicycles but we need to go a further step. I think we need to start putting up our own assembly plants for motor cycles. Everywhere you go, you find it is the new mode of transport. We need to say that the assemblers should be the ones who should be given this zero-rating tax on motor cycles so that we can encourage the assembly of motor cycles and bicycles.

Sometimes I do not know what is wrong with us Africans. Surely, can we not even manufacture a bicycle in this country? There is no industry which can come up with a bicycle manufacturing plant. Do we have to import bicycles from China? At least, we can start with assembly and then go on to manufacture them but I think the Ministry must take certain specific decisions that will encourage the manufacture of bicycles. If we do not do that, then we are doing a disservice to our people and yet we are saying that we want to create jobs for our youth.

Mr. Temporary Deputy Speaker, Sir, we must also do something about our local authorities. Local authorities are not employment bureaus. Their main purpose is to give service to mwananchi. The Government is supporting local authorities with funds from the Local Authority Transfer Fund (LATF) and, therefore, we must now tell them that they must provide services to the residents. They must be transparent and accountable. They should allow wananchi to verify the services that they give.

Mr. Temporary Deputy Speaker, Sir, coming to tax on airtime, a mobile phone is not a luxury any more. Since telephone wires have been stolen, we do not have land lines and so everybody is using mobile phones. I would request the Minister to reduce tax on airtime even further because majority of the people depend on them. Students and poor common mwananchi are the ones who use them, which means we should also do something about this. The Ministry should also do something about one company which is only benefiting the rich. If you buy airtime worth Kshs1,000, you are charged Kshs3. A poor mwananchi who can only afford Kshs20 is charged Kshs8. Surely, this is not fair. This is discrimination against the poor. The tariffs should be the same for the poor and the rich. We should not have one tariff for the poor and one for the rich.

Mr. Temporary Deputy Speaker, Sir, although the Minister has zero-rated tax on some foodstuffs, these benefits are not going to the mwananchi. Food prices are high and completely out of reach of the poor. The English say that a hungry man is an angry man. If we have a class of people who cannot have three meals in a day and do not even know what they are going to eat in the evening, then we are sitting on a time bomb. Those hungry masses are going to rise against those people who have food on their table. We must do something about this.

Some time back, food prices went up because we chased away some poor fellows in the clash-torn areas. Those were the people who were producing that food. They were the people who were hiring the wheat farms and the maize farms. When they were chased away, there was

nobody to hire those farms. Therefore, the prices of those commodities went up. I hope that now that the rains have come, and a few Internally Displaced Persons (IDPs) have gone back to their places, production of those commodities will increase. That will lead to the reduction of the prices of foodstuffs.

Mr. Temporary Deputy Speaker, Sir, the Ministry must also take specific action to encourage people to open bank accounts. Imagine, out of a population of about 38 million Kenyans, only 3.5 per cent operate bank accounts. We should make it compulsory for everybody to have a bank account in order to encourage savings. That will encourage some of them to take loans from the banks. If you do not have a bank account, you cannot get a loan from any bank. So, again, that is discrimination against the poor. They do not have money. So, they cannot open bank accounts. Therefore, we must pass a specific law to say that it is the obligation of a bank to open an account. One should not be asked for a deposit, referee or a recommendation by other person who has a bank account. Opening of bank accounts should be automatic. That way, we shall encourage saving.

Mr. Temporary Deputy Speaker, Sir, some two years ago, this House passed a law barring retirees from accessing their money until they reach the age of 55 years. Every time we go out there, we are told that we must reverse that law. People want their money when they retire. What is the point of somebody keeping your money until you are 55 years old, when you cannot pay school fees for your children or afford food on the table? Today, retirement is a death sentence. Nobody lives for more than three years after retirement. That is because they cannot access their funds. The situation is even worse for retirees of certain local authorities, which do not remit members' contributions to the Pension Fund. So, when such employees retire, it is actually a death sentence. We are sentencing people to die. We want people to enjoy once they retire, and not to die so early. So, we need to do something to enable people to access their money.

I am also glad that the Minister has assisted Kenya Airways. Kenya Airways is our national airline, and we must support it. It is very difficult for a *mzungu* to use any other airline apart from British Airways. But what do Africans do? They also want to travel with British Airways. They do not want to travel using Kenya Airways. That is our airline. We must support it. If the *mzungu* can only use their airline, why can we not use our airline? There should be a special law to provide that Kenya Airways should be the airline of choice for Kenyans, unless the national carrier does not offer service on that sector. That way, we should be able to succeed.

We have a United States of America (USA) President-elect who has his roots in this country. We must take advantage of that development and make Kogelo a tourist attraction, so that all the Americans can go there and see where the father of their President comes from. We must take that advantage. It is also good to inform our people appropriately.

When I was in Kisumu the other day, I was told that since the USA President-elect traces his roots to Kogelo, Kenyans no longer require a visa or passport to go to the USA. We must tell our people that, that is not the true position. They still require a visa and a passport.

My main message has been that we should not discriminate against the poor. We are zero-rating tax on manufactured goods, but we have forgotten to encourage bull-fighting. We must also give it a zero-rating of some sort, so that we can encourage the sport to become a tourist attraction.

I could go on, but I can see that other hon. Members want to contribute.

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

**Mr. Ogingo:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Finance Bill, 2008. I rise to support the Bill, but I want to say that this is a unique time for Kenya, now that we have a Coalition Government. Every Government, given a chance, can implement its policies. In Kenya, we have made several promises, some of

which are to increase employment, ensure equity and increase the rate of development in this country. We regret the events of the earlier part of this year.

First of all, I want to start by congratulating the Minister for bringing the Finance Bill, 2008, in a manner that allows it to move through its motions. Our Budget stands at Kshs760 billion. What the Finance Bill, 2008, seeks to do is to finance that Budget. However, before I get to the financing part of it, I find it regrettable that, out of the Kshs760 billion, this country needs to prioritise infrastructure development. There is big talk about Obama and Kogelo, and the increased tourist attraction in that area. However, the road in that area cannot allow people to reach Kogelo. Of course, I am glad the Government is in the process of expanding the airport. But one would need to take a drive to appreciate the situation.

Against that background, and against the need for this country to prioritise its infrastructure development, I have sampled the allocations that have been given to roads, water and energy. Those three Ministries take about 14 per cent of our Budget. I have tried to contrast those allocations with the Votes of the Ministry of Finance, the Ministry of State for Defence, and the Ministry of State for Provincial Administration and Internal Security. Those three Ministries combined, take about 15 per cent of Budget. The Ministry of Agriculture, which is the mainstay of this country's economy, takes about 1.7 per cent.

It matters where we get our money, but it matters more where we take our money. It is time this House made it a rule that our Development Vote be allocated a certain percentage of our Budget, preferably not less than 20 per cent of our Budget. Going through the financing of this Budget, as contained in the Finance Bill, 2008, I see that our local revenue will give us about 61 per cent of the total revenue. Out of this, about 28 per cent will come from Income Tax, about 20 per cent will come from Value Added Tax (VAT), about ten per cent will come from taxes on other goods and services.

However, what is striking here is that this Budget is financed 30 per cent by borrowing. Twenty per cent of the borrowing is from the domestic market. I have had discussions with the Treasury. The domestic debt is twice as expensive as external debt.

Looking at expenditure, we realise that about 22 per cent goes into debt servicing of our revenue. The need to finance our Budget creates the need to expand our taxation. I want to make a suggestion that this should be looked at in a roundabout way. It would be more strategic to maintain a level of taxation and re-examine our expenditure. Anybody will tell you that the Kenyan taxation level is not ranking very low internationally.

Mr. Temporary Deputy Speaker, Sir, looking at the total Budget, the Minister, in his speech said, about Kshs209 billion will go into Recurrent Expenditure. We also have the capital expenditure in our Budget. However, a lot of what we call capital expenditure is not capital expenditure. I want to take this opportunity to make a suggestion that, instead of making a recurrent allocation for the purchases of vehicle, we make it a rule because every vehicle could have a lifespan of about five years, we should then replace the stock of Government vehicle by 20 per cent. If we go that direction of looking at our expenditures, we will have reduced the need to expand our taxes.

Mr. Temporary Deputy Speaker, Sir, I know we are doing most of the taxes with the aim of easing the pressure on the common man. Today, the biggest problem we have in Kenya is the high cost of living. This has been brought about by several factors including the high cost of fuel. We continue to blame the high cost of fuel but locally, the high cost of transport as a result of poor roads is a contributing factor. If we are to address these issues, then we need an integrated approach.

Mr. Temporary Deputy Speaker, Sir, we talk of zero-rating tax on motor cycles. It will serve very little purpose if we enable our youths acquire motor cycles but we do not provide the

roads on which they are going to ride them. In the end, we are going to give the youth false hope. He will invest his money in the motor cycle, then after a while he will not be able to cope with maintenance cost. It is out of these failed policies that we have bitter youths out there. It would be better if we prioritize infrastructure and then we empower our youth to get these motor cycles.

Mr. Temporary Deputy Speaker, Sir, having said that, I want to move to expenditure side of the Budget. One of the troubling area is the public debt. This area consumes a lot of resources of this country. The sooner we opened up this areas, the better for this country. Today, Kenyans are paying debts. Every Kenyan born is born with a debt of about Kshs25,000 on his head. I am paying these debts but unfortunately, I have no idea what they were used for. I think in the name of transparency and accountability, this is the time we need to open up our public debt register with clear indications of where the money came from and where it went. As we continue to pay, we pay knowing what goods or service we are paying for.

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

**Mr. Wambugu:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me a chance to contribute to this Bill. I want to congratulate the Minister for bringing this Bill to the House for discussion.

Mr. Temporary Deputy Speaker, Sir, as I support the Bill, there are a few issues I would like to comment on. I congratulate the Minister for the recent move he took when the whole country was in problem because of the high prices of fuel. He intervened and brought the taxes down. We are now enjoying reduced prices of diesel which is going for Kshs86 per litre.

Mr. Temporary Deputy Speaker, Sir, I believe that the Finance Bill has been brought to this House so that we can be able to finance the Budget that was presented before this House earlier this year. However, there are a few issues that have not been taken care of for a long time. Even though the Commissioner-General of Income Tax has done a lot, through collection of Pay As You Earn (PAYE) and other taxes, the issue of VAT still remains. Very many traders still try to evade paying VAT, especially those operating within Industrial Area.

Mr. Temporary Deputy Speaker, Sir, we believe this is happening because some of the officials at the Ministry are still in the old system of corruption. They are the ones supporting some of those people not to pay their taxes. We would want to see that issue handled in a better way. You could go to Industrial Area to buy something but you are told straight to your face that if you are looking for a receipt, you cannot get it because of VAT. This forces you to go to another place.

Mr. Temporary Deputy Speaker, Sir, the other issue which has not been taken care of is payment of fines. I know that any time before you are asked to pay a fine, you are taken to court. However, the process of going through the court system is a bit tedious in this country. The Minister should try to see if he could introduce instant fines, especially for traffic offences.

If a driver is stopped by traffic officers because of over-speeding, there is no need of interrupting his journey. For example, if you are travelling from Nyeri and your trip is disrupted by traffic officers, then you are taken to Thika for two days just to go and pay a fine of Kshs2,000. It is better you are told that in case you are found over-speeding you will be charged an average of Kshs100 per kilometre or Kshs200. This would make work easier and even decongest our courts. We also have fines that are imposed at the weighbridges when your vehicle is found to be overloaded. There is congestion when people are trying to negotiate. That is a critical thing in that area. It is good if people are told that if you exceed your weighbridge limit, then you pay a fine of about Kshs500.

The same should apply in most courts that handle drunken cases. People who are caught at night because of drunkenness; there is no need of waiting until you get to court the following morning when you are already sober. It is good to have a court that runs 24-hours. When a person is found drunk, let him be fined at that time, rather than waiting until the next morning. In that way,

the Government can raise more money.

The Minister came up with the issue of removing taxes from communication equipment. That will help poor people acquire communication equipment like mobile phones. We would also like the Minister to look into the issue of phone charges that we are experiencing, because we might be having the equipment but we are unable to make phone calls.

Regarding the issue of retirement benefits that was mentioned by somebody in this House, recently we had an issue of the National Social Security Fund (NSSF) channelling our funds into the wrong areas like companies that are going down. It is sad when we hear that we are not allowed to withdraw our money from the NSSF before we attain the age of 55 years. That money is also misused by other people to invest in companies that are going down. The zero-rating of tax on motor cycles is very welcome.

There is something in the Bill which I think I should talk about. The minimum capital for banks, which is an amendment, is being raised from a minimum of Kshs250 million to Kshs1 billion by 2010. This is another way of getting our people to where they were a few years ago. That is restraining our young entrepreneurs from the universities from entering into the finance market. I feel that, that is a move by foreign banks in this country to sabotage the growth of our economy. That part of the Bill should be looked into; that clause should be removed.

With those few remarks, I beg to support.

**Mr. Waititu:** Mr. Temporary Deputy Speaker, Sir, I rise to support this Bill. I wish to point out some issues that I feel should be attended to by the Ministry. There are proposals on private-public partnership policy that, if speeded up, are going to increase investment by private entrepreneurs. In Nairobi, there are roads that should be built immediately, so that the eastern part of Nairobi can be opened up. For example, Outer Ring Road is a very important road in eastern Nairobi. If we had the policy of public-private partnership, some private investors could have invested in roads like this one. Therefore, I wish the Ministry speeded up the policy of public-private partnership, which will go a long way in encouraging people to invest. Mr.

Temporary Deputy Speaker, Sir, the Minister should also look into land policies, which are supposed to encourage some local authorities to increase their revenue. In Nairobi, we have so many estates and pieces of land, but land rates are never paid, because people are still waiting for title deeds. In the parts of eastern Nairobi, most of the owners of pieces of land have to go through a long process in the Ministry of Lands and the City Council of Nairobi to acquire title deeds. Before they get the title deeds, they do not pay anything to the Government.

I believe that the policy of land rates should be changed, so that anybody who has land in Nairobi and has built on it can pay something to the local authority; the local authorities will then grow financially strong and avoid getting funding from the central Government. That way, the Ministry of Finance will also get some income.

There is also a problem in our local industries. The Ministry of Finance should protect our local industries by increasing some taxes, so that they can benefit. Industries like textiles are now suffering due to foreign imports. I believe that if we increase tax on imported clothes, our local industries will benefit. There are also some imports that could be avoided. For example, regarding supplies to the Government, there should be a condition that those people who supply goods to Government agencies should get their local supplies from the local market. Right now, anybody who gets a tender goes to purchase the items to supply out of the country. I believe that the Ministry can do something, so that the procurement policies in our country can restrict the source of supplies to the Government and Government agencies, so that people can acquire products locally.

Mr. Temporary Deputy Speaker, Sir, recently, we had a big problem in the petroleum industry due to high prices. The Minister intervened, and he is now in control. We should avoid

that in future, and the Minister should put a mechanism in place to make sure that in future that situation does not recur. Many people suffered when the prices were high.

With those few remarks, I wish to support the Bill.

**The Assistant Minister for Education** (Prof. Olweny): Mr. Temporary Deputy Speaker, Sir, I wish to support the Finance Bill. It has been indicated that the economic growth of our country is not going as we expected. That is unfortunate, but it is the circumstances that we had earlier in the year that has led us into that mess. That means that the people who led us into that should see that they have really messed up this country. It was a problem that arose due to elections that were mismanaged.

It is unfortunate that the people who mismanaged elections in this country are going to court to say that they should not be disbanded. They know very well that the Electoral Commission of Kenya (ECK) are the ones who created the problems that we got involved in, and they are going to slow down our economic growth. That is very unfortunate. But anyway, given the situation, we now have to come up with incentives that would improve our economic growth rate.

It is very encouraging to note that the motorcycle taxi operators have given us an example that, if you give them an incentive through removal of taxation, you can get economic growth. I have seen so many motorcycle taxis bought by the youth in my village and many other villages within my constituency and they have created employment. There are individuals who have quite a number of taxis, other than the youths themselves buying them. Those who have bought those taxis have created employment for the youth who could not afford the taxis. They have hired those youths to ride the taxis and carry passengers, take a little money to the owner of the taxi in the evening and get some of that money. That is employment creation. It is an incentive. I commend the Minister for Finance for that move. That is the way forward to improve our economic growth.

Mr. Temporary Deputy Speaker, Sir, the agricultural sector is a major contributor to our economy. It is the mainstay of the economy of this country. But it has gone down with time. It has gone down substantially. If you look at sub-sectors like the cotton industry, together with the textile industry that is associated with it, it has collapsed. The textile industry has also collapsed, although we have a few industries in the eastern parts of Nairobi. But that is imported fabric which is used to make clothes. If we could give incentives to the cotton sub-sector, we would get back our millers like the textile mills that we had in Thika. They would operate much better. The Kisumu Cotton Mills would also come back into operation. Something needs to be done about the agricultural sector. Prices of fertilisers and other farm inputs have sky-rocketed. They are not within the reach of the farmers. Farmers cannot afford fertilisers. How can the agricultural sector perform well, if the farmers cannot buy fertilisers? It is not imaginable that we can have a performing agricultural sector, if farmers cannot afford farm inputs.

I am happy that the Minister for Finance has removed taxation on fuel. It was horrible. The kind of crisis that we had on petroleum products was just unbelievable. But the Minister has helped the country by ordering the removal of some of the taxes. That is, of course, an incentives to the various sectors of this economy. That is because almost every sector rely on fuel. I congratulate the Minister. He did a good job for our economy.

Let me come back to the issue of fertilisers. Are we convinced that we cannot manufacture fertilisers in this country? I think we can do it. If we leave out those ones that are manufactured in organic compound, we can manufacture organic fertiliser from the by-products of the agricultural sector. We have by products from the coffee industry, saw mills and the sugar industry. All those could be used to manufacture organic fertiliser. Those by products are ours. They belong to us and we do not need to go and buy them from somewhere. We could manufacture organic fertilisers from those by-products and then sell them cheaply to our farmers. That is an incentive for the purpose of our economic growth.

The sugar industry in this country--- I have been in this Parliament for five years. This is my sixth year. I have always requested the Minister for Finance to zero-rate VAT on sugar. Sugar is food just like other foodstuffs on which VAT is zero-rated. Why must we charge VAT on sugar? It is the VAT on sugar that makes our local sugar more expensive. It also makes it more lucrative to import sugar from outside. So, VAT is one of those factors that make our sugar more expensive in the market. Why has the Minister for Finance refused to zero-rate VAT on sugar? Sugar is food. On other foods, we have VAT zero-rated. Why is sugar the only one which has been left out? Sugar is consumed by everybody; the young ones, adults, old aged--- Animals suck milk from their mothers when they are young. So, sugar is for everybody, including animals. So, it is a universal food. I am requesting the Minister for Finance to zero-rate VAT on sugar. It will be an incentive to the sugar industry. We will produce cheaper sugar. You have heard the Minister for Agriculture shouting at sugar barons who are importing sugar. One of the reasons why those people are importing sugar and being a threat to our sugar industry is VAT.

Other things that the Minister needs to look into with regard to the sugar industry are some of the by-products from the sugar industry. Molasses is being used to produce tea leaves. In fact, in my constituency, there is an agro-chemical company which produces spirits from molasses. Also, the molasses complex factory in Kisumu - Spectre International - is also producing spirits from molasses. But there is that Excise Duty which discourages them from exporting that product. It is understandable to tax the one that they are selling locally. But exporting spirits derived from molasses is really a problem to those factories because there is a lot of taxation on it. The question is: If they are exporting, why can we not have the country where it is being imported charge heavy taxation? Why do we have to impose heavy taxation on our produce being exported and yet, those two factories have created employment? The Agro Chemical Company, in my constituency employs more than 2,000 people in that small factory. The molasses factory employs over 3,000 people. We are discouraging them by imposing heavy taxation.

Mr. Temporary Deputy Speaker, Sir, there is no economy that can grow without good infrastructure. Look at the railway system! Something needs to be done and done very fast! Recently, our President said that the four-axle vehicles should be removed from our roads. In fact, Kenya is the only country in East Africa where four-axle vehicles destroy our roads! Let us rehabilitate the railway system so that heavy loads are transported by the railway system. That is what is done in other countries. How shall we grow if we cannot transport our goods? The roads are really dilapidated because of the heavy trucks. That has made the cost of maintaining vehicles very high. Even the amount of money the Government spends on maintaining those roads is too high! The contractors who have been put on those roads to maintain them are actually swindling the Government of its money!

So, Mr. Temporary Deputy Speaker, Sir, we need to do something about our infrastructure for the purpose of economic growth. In fact, hon. Ogingo talked about the maintenance of those motorcycles which our youth have bought. The people who have bought them have employed many youths. They are using them as taxis. But the roads on which they are riding those motorcycles are terrible. When it rains on those murrum roads, it is terrible! Yesterday, I was in my constituency and a number of them were being pushed. Can you imagine pushing a motorcycle that is stuck in mud? Those are things that we see! It is difficult!

**The Minister for Environment and Mineral Resources** (Mr. Michuki): It is awkward!

**The Assistant Minister for Education** (Prof. Olweny): It is awkward, Mr. Minister! So, we need to do something about our roads! While the Minister for Finance is trying to give incentives, the Ministry of Roads and Public Works is not giving us adequate incentives by doing something about our roads for the purpose of economic growth.

Mr. Temporary Deputy Speaker, Sir, to put up buildings, we need land. To put up

industries and factories, we need land, particularly in the urban centres! The price of land in urban centres is terrible! It is discouraging the investors. You have to spend so many millions to get one-eighth of an acre of land in town to put up a small building. What if you want to put up a factory? Can you imagine the amount of money an investor has to part with to buy land? In fact, in other countries, investors are given land for free, so that they can put up whatever factories they want to put up on that land. So, I think our Government needs to do something about the price of land. It is too artificial! After all, that land belongs to God. Why should you price it that expensively? You just get land free from God and you make it that expensive by millions!

Lastly, Mr. Temporary Deputy Speaker, Sir, let our professionals and experts who are taking care of our economy watch out for the economic crisis. I think that thing is spreading like bush fire; the problem that we are seeing in the USA, Europe, China and it is going to Japan. It is a bug that is spreading like bush fire! So, Mr. Minister, tell your people to watch out for that, so that it does not catch up with us. It may catch up with us.

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

**The Assistant Minister for Industrialization** (Mr. Muriithi): Thank you, Mr. Temporary Deputy Speaker, Sir. I will be very brief, indeed. I rise to support this Bill.

Mr. Temporary Deputy Speaker, Sir, I want to just spend a moment or so, to also talk about the things that are going right. That is because in this country, far too often, I think we spend a lot of time looking at the issues that have not gone on well. We do not spend enough time looking at issues that have gone well and communicating them to this country.

Mr. Temporary Deputy Speaker, Sir, the Minister indicated to the House that, in fact, business confidence is doing well. I just want to point out to the House that, for example, in the first quarter of this financial year, investments that came through are somewhere in the order of Kshs39 billion. That is just three months of the first quarter of the financial year!

Mr. Temporary Deputy Speaker, Sir, I raise this issue because the Investment Act that the House passed two or three years ago provides a fantastic and excellent incentive to business people in this country. If you are investing Kshs1 million or more, and you identify yourself to the Investment Authority, you will get an investment certificate which allows you 100 per cent investment allowance!

Mr. Temporary Deputy Speaker, Sir, I think it is for us, as hon. Members, to ensure that everybody in this country knows of that incentive, so that people who are investing feel encouraged. Just to put it into perspective, Kshs1 million may sound like a big investment and, perhaps, it is. But in reality, it is, perhaps--- A matatu vehicle on the roads today that will ferry 30 people will, certainly, cost you Kshs3 million or Kshs4 million. So, I think it is incumbent upon us, as the leadership in this country, to be able to explain that incentive to every person in Kenya, so that they can take advantage of it.

Mr. Temporary Deputy Speaker, Sir, the investment certificate also allows you to start your business and for 12 months, you can be working as you process the licences that you need to process. Therefore, it is something that we need to tell everybody.

Mr. Temporary Deputy Speaker, Sir, I want to congratulate the Minister for launching the regulations that govern the existence of credit bureaus. One of the challenges in the financial sectors is lending, cost-effectively, to small business. The other challenge is to give personal credit in an efficient and cost-effective manner. The operation of credit bureaus, by using historical credit information, make it very easy for the financial sector to automate the processes of lending.

Therefore, Mr. Temporary Deputy Speaker, Sir, I want to congratulate the Minister. I do hope that in the near future, we can incorporate more data. At the moment, the bureaus will be working with data from the financial sector. But there are many operations in the economy that are, in fact, consumed on credit. Take utilities, for example. Everybody consumes electricity power,



water and telephone services on credit. Therefore, globally, the best practice is to ensure that this information is also included in the operations of credit bureaus. I hope that, in the not so distant future, the Minister will find it fit and possible to include the use of other consumer credit data such as is available in utilities.

Mr. Temporary Deputy Speaker, Sir, many speakers who have spoken before me have talked about the Nairobi Stock Exchange (NSE) and the effects of the global crisis in the financial market. I also want to highlight an incentive that exists in our current laws; but there is one that is not being used very well.

Mr. Temporary Deputy Speaker, Sir, if you wish to list an enterprise on the stock exchange, all you need is Kshs20 million. Again, it may sound like a lot of money but, to use my matatu example, that certainly is about worth four or five matatus and then you are on the stock exchange. If you look at other stock exchanges in this continent--- if you look at the Johannesburg Stock Exchange, for example, many enterprises like bars and restaurant chains are listed.

If you were to list your enterprise on the stock exchange, the law says that the Minister will only charge you Income Tax at 20 per cent to motivate you, or make it worth your while to go and raise capital from the stock exchange. Therefore, again, I believe that it is upon us, as hon. Members and the leadership in this country, to explain these incentives to everybody, so that they can take advantage of them and business can thrive in this country.

I want to speak about the opportunities that exist for our small businesses. As you know, we are moving fairly rapidly towards a common market in the East Africa region. This is 120 million people! This December, COMESA is starting its Customs Union - I am about to finish so that my colleagues can also contribute. But in order for businesses to take advantage of this, they will need to step up their content, so that they can obtain a certificate of origin that certifies that they have 35 per cent local content. Very few companies step up content for this purpose, and I would encourage Kenyan businesses to step up content because 400 million people is a sizeable market, indeed.

With those very many remarks, I beg to support.

**Mr. Mbadi:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this very important Bill. I rise to support the Finance Bill.

I must first start by also joining my colleagues in congratulating the Minister because of his zeal. He takes his work with a lot of interest and concern. Many proposals that are made in this particular Bill show the kind of proactive approach there is in running this economy. I want to mention that if we really want to develop as a country, it is high time we took radical steps to reform this economy.

First, I know we know why we have the kind of Government we have at the moment; we have a Government of 42 Ministries. However, this Government is too huge to develop the country and the economy. A Government that spends a lot of revenue on recurrent expenditure cannot dream of realising what is spelt out in Vision 2030.

I want to suggest that the Government of Kenya has to just get its priorities right. Without developing the infrastructure of this economy, we are not headed in the right direction. We need to, at one point, decide that if it is the transport sector, the roads or the railways that will spur economic growth in this country, then we have to decide to put more resources in the sector, so that we can realise faster economic growth.

I welcome the Rural Electrification Programme (REP); it has started, all right. But if you look at the recent figures that we were given, a constituency gets on average Kshs16 million in a year for rural electrification, yet in a constituency like mine, only one project takes Kshs13.8 million. So, in a year, you are only going to implement one project. In five, God willing, you might only implement five, and in expansive constituencies, you are not going to realise much. Therefore,

there is need to re-think things and get more resources to our development portion of the Budget.

I also want to talk about a recent phenomenon in form of the declining [**Mr. Mbadi**] strength of the Kenya Shilling. This is a matter that the Ministry and the Central Bank of Kenya need to take very seriously, because the weakening of Kenya Shilling will make our exports cheap. But Kenya, at the end of the day, is a net importer; so, as a country, we lose more when the Kenya Shilling is weaker as opposed to the gains that we realise from exports.

Mr. Temporary Deputy Speaker, Sir, a lot has been said about the free market economy but we realise that even the countries that pushed privatization to Kenya are going the opposite direction. The key agenda of President-elect Obama was to nationalise and control the financial market but they told us that we should free it. Certainly, we will pay the consequences of a totally freed market economy. I agree with the hon. Members who contributed earlier that there is need for us to rethink it all over again and see how the Government can intervene so that we have a functioning economy, especially with regard to the cost of energy in this country. We cannot develop if the cost of energy is continuously rising. I know something has been done but it is still not enough. For us to be competitive and attract investments, we really need to work on the cost of energy in this country.

Mr. Temporary Deputy Speaker, Sir, I wanted to mention something about the enforcement of regulations and the legal framework by the Government. You realise that there are certain laws in this country that are not adhered to, especially by parastatals. I do not want to pre-empt the work of the Public Investments Committee (PIC), of which I am member, but I just want to mention something about the National Social Security Fund (NSSF). The law is very clear that they are supposed to obey the Retirement Benefits Authority Act but they have not. They are flouting it with impunity. They do not care and yet this is an institution that handles a lot of money. So, the Ministry needs to look at a way of regulating the financial sector in totality.

Mr. Temporary Deputy Speaker, Sir, I also want to mention something about the brokerage firms and the Capital Markets Authority (CMA). Much as the Ministry is proposing a lot of changes and reforms, the CMA is not even using to the full the legal provisions that they have and the machinery that is at their disposal at the moment. Sometimes you find conflict of interests and I want to mention the case of Discount Securities Limited.

Mr. Temporary Deputy Speaker, Sir, the CMA has appointed managers to manage it but they are the same ones who were, the other day, auditing NSSF and could not highlight the shady dealings between Discount Securities Limited and NSSF. They have now been appointed to manage Discount Securities Limited. If you look at it, you will see a lot of carelessness. The CMA is not doing its work. The Ministry must rein in some of these institutions even the ones which are given powers to regulate our financial systems. This has a lot to do with enforcing the laws that are there.

Mr. Temporary Deputy Speaker, Sir, I also wanted to talk about Kenya Airways. Kenya Airways is a commercial organization that is running for profit. We can zero-rate tax on international air travel but do the business practices that are carried out by the Kenya Airways follow prudent management?

## ADJOURNMENT

**The Temporary Deputy Speaker** (Mr. Imanyara): Order, Mr. Mbadi! You have eight minutes left. You will continue tomorrow.

It is now time for the interruption of business. The House, is, therefore, adjourned until tomorrow, Wednesday, 12th November, 2008, at 9.00 a.m.

The House rose at 6.30 p.m.