

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 18th June, 2008

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

PRAYERS

### PAPERS LAID

The following Papers were laid on the Table:-

Annual Report and Accounts of the Kenya Wine Agencies Limited and Yatta Vineyards Limited for the year ended 30th June 2007 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the Deputy Prime  
Minister and Minister for Trade)*

Annual Report and Accounts of the Agricultural Development Corporation for the year ended 31st March, 2007 and the Certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of Land Limited (a subsidiary of Agricultural Development Corporation) for the year ended 31st March, 2007 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the  
Minister for Agriculture)*

Annual Report and Accounts of the Kenya Ferry Services Limited for the year ended 30th June, 2007 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the  
Minister for Transport)*

Annual Report and Accounts of the Kenya Safari Lodges and Hotels Limited for the year ended 30th June, 2006 and the Certificate thereon by the Controller and Auditor-General.

Annual Report and Accounts of Sunset Hotel Limited for the year ended 30th June, 2007 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance)*

*(Dr. Oburu) on behalf of the  
Minister for Tourism)*

Annual Report and Accounts of the Capital Markets Authority for the year ended 30th June, 2007 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the  
Minister for Finance)*

Annual Report and Accounts of South Nyanza Sugar Company Limited for the year ended 30th June, 2006 and the Certificate thereon by the Controller and Auditor-General.

*(By the Asssistant Minister for Finance  
(Dr. Oburu) on behalf of the  
Minister for Agriculture)*

Annual Report and Accounts of Gilgil Telecoms Industries Limited for the year ended 30th June, 2006 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the Minister  
for Information and Communications)*

Annual Report and Accounts of the Kenya National Examinations Council for the year ended 30th June, 2007 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the  
Minister for Education)*

Annual Report and Accounts of the Kenya Broadcasting Corporation for the year ended 30th June, 2006 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the Minister  
for Information and Communications)*

Annual Report and Accounts of the Kenya Plant Health Inspectorate Service for the year ended 30th June, 2005 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the  
Minister for Agriculture)*

Annual Reports and Accounts of the Kenya Revenue Authority for the year ended 30th

June, 2006 and the Certificate thereon by the Controller and Auditor-General.

*(By the Assistant Minister for Finance  
(Dr. Oburu) on behalf of the  
Minister for Finance)*

### QUESTIONS BY PRIVATE NOTICE

#### MEASURES TO BOOST TEA PRODUCTION IN KENYA

**Mr. Maina:** Mr. Speaker, Sir, first, I want to register my disappointment that I have just received the written answer to this Question as I was walking in.

Nevertheless, owing to the urgency and the importance of the tea sector in this country, I wish to proceed with the Question.

I beg to ask the Minister for Agriculture the following Question by Private Notice.

(a) Is the Minister aware of the imminent collapse of the tea industry in Kenya due to uneconomic returns to farmers from tea growing areas?

(b) What urgent measures is the Minister taking to save the industry and, in particular, to increase the prices being paid to farmers?

(c) What measures is the Minister taking to restore legal avenues for Government intervention following the privatization of the Kenya Tea Development Agency (KTDA)?

**The Assistant Minister for Agriculture** (Mr. Ndambuki): Mr. Speaker, Sir, I beg the indulgence of the House so that this Question can be postponed to Thursday. I have not received the written answer.

I have with me a written answer to another Question. However, the answer is on the way.

**Mr. Maina:** Mr. Speaker, Sir, I find this to be extraordinarily peculiar and irresponsible for the Assistant Minister to say that he does not have a written answer.

**Mr. Speaker:** Order, Mr. Maina! So as to save time, we will leave this Question in abeyance and if we have some little time at the end, we will come back to it.

Next Question!

#### MURDER OF JOSHUA ORINA

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

(a) What steps has the Minister taken to bring the killers of Saboti CDF Manager, Mr. Joshua Orina, to book?

(b) Why has the prime suspect not been arrested in connection with the killing which occurred on March 16th, 2008?

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Ojode): Mr. Speaker, Sir, I beg to reply.

(a) Two persons, namely, Nahashon Omondi Wado alias "Chief" and Kenneth Baraza Ruchu alias "Kivo" were arrested and charged with the offence of murder vide police file No.811233/08, which is at Kitale Police Station and Kitale High Court File No.13/008. The case is still pending before court and the hearing date is set for 18th September, 2008.

(b) The third suspect known as Isaac Masengeli is still being sought by the police and a warrant of arrest has already been obtained for his arrest. Once Isaac is arrested, he will jointly be

charged with others already before the court.

**Mr. Wamalwa:** Thank you, Mr. Speaker, Sir. This murder occurred on 16th March, 2008. It is almost four months down the line since the two suspects were arrested.

Could the Assistant Minister confirm to the House that the prime suspect he has named in this House has not been arrested because he was a member of the District Security Committee? That is why he has not been arrested to date. Could he assure us that, actually, this prime suspect will be arrested and brought to book?

**Mr. Ojode:** Mr. Speaker, Sir, the two suspects who were arrested earlier are the same people who gave us information as to where the body had been dumped. They took my police officers to the site. They saw the body and identified it as that of Mr. Orina. The third suspect ran out of this country. He was away. We followed him up to the neighbouring country. We have very strong leads to assist us to arrest him. I have ordered the police to make sure that this man is arrested, latest by Saturday this week, and arraigned in court by Monday next week.

**Dr. Khalwale:** Mr. Speaker, Sir, the motive of the murder of Mr. Orina was because he stumbled on evidence that was confirming that the CDF money for Saboti was mismanaged to the tune of over Kshs100 million. Since the CDF money is managed by a Committee, what action will the Assistant Minister take against the 15 members of the Saboti CDF Committee, who in connivance actually swindled this money, for which they killed Mr. Orina?

**Mr. Ojode:** Mr. Speaker, Sir, let us not speculate this issue. This is an issue which involves life and I would want it to rest there until we arrest the third suspect. Then we will know why they had to kill him. All those people who were involved in the killing of this young man will also be arrested. I want to assure this House that if you kill, you will be arrested and charged with murder!

*(Laughter)*

**Mr. Wamalwa:** Mr. Speaker, Sir, the late Joshua Orina was a fresh graduate from the university. He was 26 years old and this was his first job. He was murdered because of endemic corruption in the CDF Committees, not just in Saboti, but I am sure in other constituencies as well.

Due to the risk at which Fund managers are placed, most of whom are young people who have just come from the university, what is the Assistant Minister doing to ensure the security of other CDF managers, so that they do not face the fate of the late Joshua Orina?

**Mr. Ojode:** Mr. Speaker, Sir, we take action through the reports which are given to us. If there is any report where somebody feels that his life is in danger and he reports to my office, I assure the hon. Members that I will take immediate action.

## ORAL ANSWERS TO QUESTIONS

### *Question No.059*

#### LIST OF EMPLOYEES OF RURAL ELECTRIFICATION AUTHORITY

**Mr. Speaker:** Unfortunately, Eng. Gumbo, the Chair has information that the Minister for Energy is bereaved. So, we will want to defer this Question to Wednesday next week.

**The Assistant Minister for Energy (Mr. M.M. Mahamud):** Mr. Speaker, Sir, I have the answer to the Question.

**Mr. Speaker:** Okay, then proceed.

**Eng. Gumbo** asked the Minister for Energy:-

(a) whether he could confirm that Rural Electrification Authority (REA) has qualified employees; and,

(b) whether he could table a list of employees at the Rural Electrification Authority (REA) indicating their qualifications, training and experience.

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

(a) Yes, I would like to confirm that the Rural Electrification Authority (REA) has qualified staff.

(b) I attach the current list of officers who have been offered jobs at the Rural Electrification Authority indicating their respective qualifications, training and experience as required by the hon. Member.

*(Mr. M.M. Mahamud laid the document on the Table)*

**Eng. Gumbo:** Mr. Speaker, Sir, I have just received the list attached by the Assistant Minister from the REA and it shows that there are 18 engineers and four technicians.

Could the Assistant Minister confirm whether 18 engineers and four technicians can provide the necessary supervision required for 210 constituencies, each of which is guaranteed a minimum of five projects per financial year?

**Mr. M.M. Mahamud:** Mr. Speaker, Sir, as you know, the Authority is quite new. In fact, the list of staff that we have given does not include all the members of staff because not all of them have reported. They are in the process of reporting. This is the initial complement of the Authority. We will, in the Ministry, try our best to make sure that the Authority has enough personnel to cover all the constituencies as the hon. Member as asked.

**Eng. Rege:** Mr. Speaker, Sir, is the Assistant Minister aware that all the rural electrification projects rolled out last year were abandoned because the contractors had to flee the skirmishes?

**Mr. M.M. Mahamud:** Mr. Speaker, Sir, I beg your indulgence. That is a different Question!

**Eng. Gumbo:** Mr. Speaker, Sir, considering that there are 210 constituencies in the country and each constituency is guaranteed a minimum of five projects per financial year, what does the Ministry consider the optimal number of technical staff to adequately supervise these projects?

**Mr. M.M. Mahamud:** Mr. Speaker, Sir, the complement for the Authority, as has been established, is that we do not intend to do all the work ourselves. We intend to look for contractors and out source some of the services. So, I will not be able to confirm the ideal number because the current establishment has been based on what the Authority can afford to pay now. We are going to use local contractors to do the work. We will not have officers in every constituency.

*Question No.072*

LIST OF SHAREHOLDERS OF MOCO (1998)

**Mr. Washiali** asked the Minister for Agriculture:-

(a) whether he is aware that Mumias Outgrowers Company (MOCO) established by an Act of Parliament as a trustee for sugar-cane farmers, converted into MOCO (1998) Ltd., a company limited by shares;

(b) whether he could table a list of the current shareholders of MOCO (1998) Ltd. and indicate the amount in dividends paid to them since 1998; and,

(c) considering that the above changes in legal status, what role the company plays in the welfare of farmers in the Mumias Sugar Belt.

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

(a) I am aware that Mumias Outgrowers Company (MOCO) established by an Act of this House as a trustee for sugar-cane farmers converted into MOCO (1998) Ltd., a company limited by shares.

(b) I do hereby table a CD containing the list of the current shareholders of MOCO (1998) Ltd. and confirm that no dividends have been paid to them since 1998.

(c) The company offers the following services for the welfare of the farmers in Mumias Sugar Belt:- Land preparation, transportation of cane and artificial insemination. It also promotes the interests of the sugarcane growers, co-ordinates production, harvesting and transportation of sugar-cane to the factories. The reason why I am giving a CD is that there are 5,000 members. To print the names of the 5,000 members was going to be too much work.

**Mr. C. Kilonzo** On a point of order, Mr. Speaker, Sir. The tradition of the House is very clear in as far as tabling of documents is concerned. Is the Assistant Minister in order to present a CD before the House, a document which even the Speaker cannot authenticate?

**Mr. Speaker:** Order! The Assistant Minister is certainly out of order! The answer that you give is expected to be legible for purposes of conduct of the business of the House, so that the hon. Members who are interested are in a position to interrogate and ask you questions in respect of the answer that you give.

So, unless Mr. Washiali says that he is satisfied, we will defer this Question to tomorrow for you to be able to come with a hard copy which you will table. Unless we have computers in the Chamber to transcribe the CD, we cannot accept the CD.

**Mr. Ndambuki:** Mr. Speaker, Sir, I do not have a problem with printing the names, but I thought that 5,000 names are many. However, we can deal with the other portion of the Question, then I can go and print the names and bring them to the House.

**Mr. Speaker:** Mr. Washiali, can I have an indication from you?

**Mr. Washiali:** Mr. Speaker, Sir, I am not satisfied. I would like to have the names of the shareholders in print form.

**Mr. Speaker:** In those circumstances, therefore, the Question is deferred to tomorrow at 2.30 p.m.

*(Question deferred)*

**Mr. Ethuro:** On a point of order, Mr. Speaker, Sir. Is it in order for the House to condemn the Assistant Minister who is on the cutting edge of technology when it is the House which needs to improve?

**Mr. Speaker:** Mr. Ethuro, that point of order, legitimate as it may be, is vexatious. We will leave it where it is.

Next Question, Mr. Mututho!

*Question No.081*

MEASURES TO SAVE LAKE NAIVASHA  
FROM EXTINCTION

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

(a) whether he is aware that Lake Naivasha is on the verge of extinction as a result of excessive illegal farming around the lake, causing soil erosion at an alarming rate; and,

(b) what measures the Government is taking to urgently rehabilitate the lake and protect it from extinction.

**The Assistant Minister for Environment and Mineral Resources** (Mr. Kiptanui): Mr.

Speaker, Sir, I beg to reply.

(a) The Government recognises the vital importance of Lake Naivasha to the local community and other stakeholders who derive their livelihoods from the lake. The Government also facilitated the listing of Lake Naivasha as the second wetland of international importance after Lake Nakuru under the RAMSA Convention.

(b) My Ministry has undertaken measures to ensure conservation of the lake and its catchment area and wise use of its resources. These measures include:-

(i) Development and gazettment of the Lake Naivasha Management Plan through an intensive stakeholder consultation process. Measures to protect the lake from pollution and degradation are specified in this plan. Unfortunately, the implementation of the plan is currently halted by a court case instituted by some of the community members who felt that their interests were not fully represented.

(ii) The Government is spearheading the development of the Lake Ol Boloosat Management Plan. The catchment of this lake in Nyandarua District is the source of River Malewa which feeds into Lake Naivasha. The Government also is in control of development activities around the lake by ensuring that any new development around the lake obtains an environmental impact assessment licence from National Environment Management Authority (NEMA) in order to mitigate against negative environmental impact. The NEMA, under my Ministry, also ensures that new developments adhere to the requirement to designate a 30-metre riparian reserve around the lake to minimise pollution and siltation due to soil erosion.

(iv) Gazettment of water quality regulations, Legal Notice No.120 of 2006 with strict water quality standards, regulations on wetlands, riverbanks, lake shores and sea shores are also being finalised by my Ministry. The Government also is spearheading the development of the Kenya National Wetlands Policy. This policy was approved by the National Environment Council and now awaits approval by the Cabinet and the National Assembly. The policy gives direction on the management of the lake and other wetlands in order to minimise soil erosion and siltation caused by poor land use activities.

**Mr. Mututho:** Mr. Speaker, Sir, I have not had the opportunity to look at the written reply, but even without having it, it is just a long lecture on theories on how they can manage the environment.

*(Applause)*

It is non-specific! I have had the opportunity to look at the Printed Estimates, both Development and Recurrent and there is no provision for anything on Lake Naivasha *per se*.

Mr. Speaker, Sir, as I speak, and as the Assistant Minister comes to glorify NEMA here, all flower farms are emptying raw chemicals into that same lake. Could he confirm whether he is not ready to answer my Question, so that I can give him the benefit to defer it, for a better answer on what he is doing to urgently rehabilitate and protect the lake from extinction? This is because as of now we know the theories and importance of the lake, but he is doing nothing about the lake.

**Mr. Kiptanui:** Mr. Speaker, Sir, I think my colleague is not sincere when he says that we are doing nothing. I have said what we are doing. On the other issue of raw chemicals, I think there is a Question which he is in the process of asking. Maybe I will answer that Question when it comes.

**Mr. Imanyara:** Mr. Speaker, Sir, I do appreciate that the Assistant Minister is attempting to answer the Question. However, the answer given with regard to the allegation that there is a matter in court is very important because it touches on the issue that you have had occasion to rule on as being *sub judice*, so that we know indeed that the matter in court does concern this issue.

Secondly, also bearing in mind that the court process in this country can take as long as ten years and, therefore, delaying the answer to this Question, could the Assistant Minister provide the details of that court case, so that we can know that, in fact, it is what is holding his hands in implementing these recommendations that he is talking about?

**Mr. Kiptanui:** Mr. Speaker, Sir, I would like to request that I be allowed to avail the details of the court case on Thursday, next week.

**Mr. Speaker:** Mr. Mututho, in the light of what the Assistant Minister is saying, I know it is fair to accept that your Question has been sufficiently dealt with. Is it not?

**Mr. Mututho:** Yes, Mr. Speaker, Sir.

**Mr. Speaker:** Okay. Then ask the last question!

**Mr. Imanyara:** On a point of order, Mr. Speaker, Sir. The Assistant Minister acknowledged that he is not in a position to answer the Question and asked for permission to defer the answer to next Thursday. The Question is now the property of the House. Could Mr. Mututho withdraw or say he is satisfied when the Assistant Minister himself is not satisfied with the answer he has given?

*(Laughter)*

**Mr. Speaker:** Order, Mr. Imanyara! If Mr. Mututho who is the Questioner says he is satisfied and he has the opportunity to ask the last question, then the House will not belabour it. Let us hear, Mr. Mututho.

**Mr. Mututho:** Mr. Speaker, Sir, I would like the Question to be deferred to next week.

*(Laughter)*

**Mr. Speaker:** Order, hon. Members! Taking into account the reconsideration by Mr. Mututho, the Question is deferred to Tuesday next week.

*(Question deferred)*

We will go back to Mr. Maina's Question by Private Notice because I understand some Members who are interested are about to travel.

## QUESTION BY PRIVATE NOTICE

### MEASURES TO BOOST TEA PRODUCTION IN KENYA

**Mr. Maina:** Mr. Speaker, Sir, I beg to ask the Minister for Agriculture the following Question by Private Notice.

(a) Is the Minister aware of the imminent collapse of the tea industry in Kenya due to uneconomic returns to farmers from tea growing areas?

(b) What urgent measures is the Minister taking to save the industry and, in particular, to increase the prices being paid to farmers?

(c) What measures is the Minister taking to restore legal avenues for Government intervention following the privatisation of the Kenya Tea Development Agency (KTDA)?

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

(a) I am aware of the challenges the tea industry is currently faced with which are being



addressed by my Ministry and other stakeholders in the industry.

(b) My Ministry is currently implementing the recommendations of the Tea Industry Task Force Report of last year which will create strategic shifts and make the tea industry profitable and globally competitive.

(c) My Ministry is in the process of reviewing the Tea Act Cap.343 with a view to enhancing the regulatory mandate of the Tea Board of Kenya to license and to vet industry players to ensure compliance with corporate governance principles.

**Mr. Maina:** Mr. Speaker, Sir, the Question as answered just generally talks of good intentions, but does not really address the issue. Here is an industry on which millions of Kenyans thrive and it also earns a lot of foreign exchange for this country. If the Assistant Minister talks of his future plans, then he should be sure of a real collapse of this industry because farmers are already uprooting their tea bushes. Could he inform the House what urgent measures he is taking to ensure that he reverses the trend of paying peanuts to tea farmers at Kshs11 per kilogramme?

**Mr. Speaker:** Fair enough! You have asked your question.

Mr. Assistant Minister!

**Mr. Ndambuki:** Mr. Speaker, Sir, the Ministry is aware of the uprooting of tea bushes and the reason is not only pricing. There are so many things around it. For example, people are complaining about fertilizer. It is common knowledge to everybody that it is expensive to buy fertilizer. The Ministry, in conjunction with the National Cereals and Produce Board (NCPB), has agreed to sell the fertilizer to all the farmers at Kshs1,600 for CAN. We are also in the process of bringing in SSP, which will be sold at Kshs1,500. That has been communicated to the farmers. We have held meetings with the farmers and told them not to uproot their tea, because the Government is trying everything to help them, especially with the issue of fertilizers.

**Mr. Imanyara:** Mr. Speaker, Sir, given the thoroughness with which the Assistant Minister answers Questions and the aggressive nature in which his answers are couched, I am very disappointed by this answer. The Question asked about what specific measures were being put in place, particularly, with regard to the task force, what recommendations they made and what they are implementing. My question is, with regard to part (c), where the Assistant Minister was specifically requested to talk about the Kenya Tea Development Agency (KTDA), but he instead talked about the Tea Act.

It is a matter of common knowledge that, on 29th November, 2006 the High Court of Kenya, sitting as a Constitutional Court, ruled that the manner in which the Kenya Tea Development Authority (KTDA) was converted into the Kenya Tea Development Agency Limited was unlawful.

All the problems facing the tea industry arise as a result of the privatisation of KTDA against the law, with the result that the KTDA managers no longer address the issues of farmers, but talk about the shareholders who are very few. The issue is when KTDA was declared unlawful due to the legal notice that was issued, what measures did the Government take with regard to ensuring that the Government's intervention remains in place, so as to save the tea industry from collapsing? I can give you a copy of that judgement if you do not have it with you.

**Mr. Ndambuki:** Mr. Speaker, Sir, the Ministry is aware of that, and we were supposed to have a meeting with the KTDA management but they were away last week, overseas, looking for fertilizer. This issue is being looked at by the Ministry and will be sorted out.

**Mr. Mbadi:** On a point of order, Mr. Speaker, Sir. This House needs your protection, because it is being taken for a ride by Ministers. Ministers sleep on the job and wait for Questions to come then pretend to be taking action. How come that this thing took place a long time ago, and when the Question is asked the Assistant Minister is telling us that they wanted to meet with the managers last week who were not available. Do they close their offices to go and look for

fertilizers? I wanted to know whether it is in order for the Assistant Minister---

**Mr. Speaker:** Order, Mr. Mbadi! You stood on a point of order!

*(Mr. Mbadi remained standing)*

Please, resume your seat!

You stood on a point of order! Therefore, you must quickly and precisely draw the attention of the Chair to what is out of order. Could you proceed and do that briefly?

**Mr. Mbadi:** Mr. Speaker, Sir, probably I was annoyed to an extent that I could not control myself. My point of order is: Is it in order for the Ministers to look at the Questions when we ask them and start looking for excuses and pretending to be doing something when they have not been doing anything?

**Mr. Speaker:** Mr. Mbadi, you have not raised any valid point of order. You have cast a generalised aspersion against Ministers. We are dealing with Mr. Ndambuki, the Assistant Minister for Agriculture. What is it that he has said or done that is out of order?

**Mr. Mbadi:** Mr. Speaker, Sir, the Assistant Minister waited for the Question from Mr. Maina then he went to look for the managers of the KTDA and found that they were not in the office. Is it in order for the Ministry of Agriculture to sleep on the job, and wait for Questions from Members of Parliament for them to do their work?

**Mr. Speaker:** Mr. Assistant Minister, do you want to respond to that?

**Mr. Ndambuki:** Mr. Speaker, Sir, there is no sleeping on the job. As the hon. Member is aware, we just came to office a few days ago. We have started working, and we are going on. That is why I am saying that we are in the process of sorting out the issue of the KTDA. When we wanted to meet, we could not. I am saying that the Ministry, or the Government, is very much aware of what is happening in the KTDA; we are going to sort it out.

**Mr. Imanyara:** On a point of order, Mr. Speaker, Sir. The answer given by the Assistant Minister related to the amendment of the Tea Act. My point of order was that the Question was very specific and it relates to the unlawful privatisation of KTDA. That answer has not been given despite my showing of the copy of the High Court judgement which declared the process that was adopted to have been illegal. The question is, what specific measures has the Assistant Minister taken since that judgement of the court to restore the legality of the KTDA?

**Mr. Ndambuki:** Mr. Speaker, Sir, I agree with what the hon. Member is saying, but we are in the process of sorting out the matter. There is a judgement but we had not finalised that, but it is going to be reversed as soon as possible.

**Mr. Ethuro:** Mr. Speaker, Sir, I do not grow tea but tea is a very important crop for this nation. The judgement was entered on 29th November, 2006. There was a Government then! The fact that they have been in office for a few days does not provide an excuse for him not to handle it. What is he going to do about the manner they have handled the Kenya Seed Company and the fertilizer issue, which also arose during the few days they have been in office? What are you going to do about KTDA and when?

**Mr. Ndambuki:** Mr. Speaker, Sir, I do not want to promise this House that we are going to do it tomorrow, but I can promise that we are going to deal with the issue of KTDA as soon as possible.

**Mr. C. Kilonzo:** On a point of order, Mr. Speaker, Sir. The issue of farmers has always been very sensitive in this House. In view of the fact that the Assistant Minister has confirmed that he is not in a position to adequately answer this Question, given that he has been in office for a few days, and that the management has been away, could this Question be deferred and the Assistant Minister given more time? This House is willing to wait for the Assistant Minister, if he is given more time for a better answer.

**Mr. Speaker:** That point of order is not valid. The Assistant Minister has answered the Question. He says that they are going to take steps to reverse the unlawfulness of the Kenya Tea Development Agency. What he is not able to indicate is how long it will take them to do so. So, he has answered the Question!

Last question, Mr. Maina!

**Mr. Maina:** Mr. Speaker, Sir, I can only say that the Question is more than answered satisfactorily. I want to conclude by saying that I sympathise with my friend the Assistant Minister. But, nevertheless, farmers and Kenyans are suffering. I have not been answered as to when the price of tea is expected to improve; when fertilizer will be available to farmers and when the animal called Kenya Tea Development Agency (KTDA), which is "eating" into the farmers' survival, is going to be controlled by the Government.

**Mr. Speaker:** Fair enough, Mr. Maina! Mr. Assistant Minister, you have a handful of questions there! Could you answer them quickly?

**Mr. Ndambuki:** Mr. Speaker, Sir, on the issue of the prices, it is not the Ministry which determines the prices. The prices are determined by the world market. On the issue of fertilizers, I have said that the Ministry, in conjunction with National Cereals and Produce Board (NCPB), has tried to lower the prices of the two types of fertilizers. The CAN fertiliser is being sold at Kshs1,500 and SSP at Kshs1,600. Those fertilisers can only be found at the NCPB depots. I am aware that some farmers cannot access those depots because of the distance. But we are talking to the management of those factories to make the fertilisers accessible to farmers.

*(Resumption of Oral Answers  
to Questions)*

**Mr. Speaker:** Next Question by Mr. Njuguna! Sorry! I think Mr. Njuguna is a Commissioner. He is away on a trip to Uganda. No! Mr. Njuguna is there!

*(Mr. Speaker consulted with  
the Clerk-at-the-Table)*

Question by Mr. David Njuguna?

*Question No.094*

REVIVAL OF UPLANDS BACON FACTORY

Mr. Njuguna is not here? The Question is dropped!

*(Question dropped)*

Next Question by Mr. Chepkitony!

*Question No.103*

RECRUITMENT OF CHIEFS

**Mr. Chepkitony** asked the Minister of State for Provincial Administration and Internal Security:-

(a) whether he is aware that many vacant positions of location chiefs and assistant chiefs have not been filled in several parts of the country, particularly in arid and semi-arid areas because the minimum educational standards required have been raised; and,

(b) what steps he is taking to fill the vacant positions of chiefs and assistant chiefs in those areas where persons with the relevant qualifications cannot be found.

**The Assistant Minister, Ministry of State for Provincial Administration and Internal Security** (Mr. Lesrima): Mr. Speaker, Sir, I beg the indulgence of the House to bring the answer on Tuesday. It is not quite ready.

**Mr. Chepkitony:** Mr. Speaker, Sir, in fact, I do not have a copy of the written answer. I do not mind waiting until Tuesday.

**Mr. Speaker:** The Question is deferred to Tuesday next week.

*(Question deferred)*

### POINTS OF ORDER

#### DE LA RUE'S FAILURE TO PRINT NEW GENERATION CURRENCY NOTES

**Dr. Khalwale:** Mr. Speaker, Sir, I rise to seek a Ministerial Statement from the Ministry of Finance in respect of a contract that was awarded to De La Rue for the supply of new generation Kenya currency notes. That contract was signed on 4th May, 2006. The urgency of this matter is that De La Rue continues to supply old generation currency notes at a cost three times higher than what it quoted for in order to win the contract for the supply of those new generation currency notes in the first place.

Mr. Speaker, Sir, I would like the Minister to come to this House and clarify why De La Rue has not supplied any new generation notes two years since the signing the contract. We would like him to explain and clarify whether it is true or not that technocrats at the Central Bank of Kenya (CBK) came out strongly to oppose an attempt to commit the Government into a lopsided arrangement, but the Minister still insisted and directed, in November, 2007, that De La Rue should continue supplying old generation notes despite the higher cost. What was the Minister's interest to warrant such a gross unilateral disregard of technical advice? What prompted the Minister to commit the Government of Kenya to a joint venture with De La Rue and not the other more credible firms from South Africa, Canada, France, Austria and Netherlands? The Minister should also clarify how much money has been lost by being in that expensive continued supply of old generation currency notes.

**Mr. Speaker:** Is the Minister here? Is there anybody on behalf of the Government? Minister for Planning, National Development and Vision 2030, you are not very far from the Ministry of Finance. When can the Statement on this matter of De La Rue and currency notes for the country be issued?

**The Minister of State for Planning, National Development and Vision 2030** (Mr. Oparanya): Mr. Speaker, Sir, I will take the responsibility of informing the Minister. I hope he will give a Statement by Thursday next week.

**Dr. Khalwale:** On a point of order, Mr. Speaker, Sir. I wish to seek the indulgence of the House. I will be out of the country on duty for the whole of next week. I beg that the Statement be issued on Tuesday after next week.

**Mr. Speaker:** He has said Thursday this week!

**The Minister of State for Planning, National Development and Vision 2030** (Mr. Oparanya): Mr. Speaker, Sir, Thursday is tomorrow and I am not sure of getting the Minister. I had suggested next week.

**Mr. Speaker:** Okay! The Statement will come on Tuesday after next week. Is that fine, Dr. Khalwale?

**Dr. Khalwale:** Yes, Mr. Speaker, Sir.

ISSUANCE OF MINISTERIAL STATEMENT  
OUTSIDE THE HOUSE

**Mr. Imanyara:** Mr. Speaker, Sir, I rise to seek your guidance on an issue. Some few weeks ago, I had requested for a Ministerial Statement from the Minister of State for Provincial Administration and Internal Security regarding the date on which the President intended to bring into operation the Political Parties Act. Contrary to our Standing Orders, when the Ministerial Statement was issued, it was issued outside the House.

Mr. Speaker, Sir, the purpose for rising on a point of order is to seek to know whether that was in order. If so, how do we raise matters arising out of a request for a Ministerial Statement when that Ministerial Statement is given out of the House?

**Mr. Speaker:** Minister of State for Planning, National Development and Vision 2030, do you have something to say?

**The Minister of State for Planning, National Development and Vision 2030** (Mr. Oparanya): Mr. Speaker, Sir, I just wanted to inform the House that I will pass the information to the Minister of State for Provincial Administration and Internal Security.

**Mr. Speaker:** Order! Hon. Imanyara, I have heard your area of concern. Indeed, it is a fairly grave matter. But before the Chair makes a ruling on the matter, I would want to hear from the Minister.

Hon. Members, it is very grave by reason of the place where the Statement appears to have been issued. So, the Minister will need to deal with that before I make a ruling.

**Mr. Imanyara:** Mr. Speaker, Sir, what date does the Minister require to get a clarification from His Excellency the President or whoever it is, so that the Chair can make a ruling?

**Mr. Speaker:** Mr. Oparanya, could you prevail upon the Minister to be here on Tuesday next week for the purpose of clarifying the matter?

**The Minister of State for Planning, National Development and Vision 2030** (Mr. Oparanya): I will do so, Mr. Speaker, Sir.

**Mr. Ethuro:** Mr. Speaker, Sir, I stand to seek a Ministerial Statement from the Deputy Prime Minister and Minister for Local Government on the state of affairs of the Lodwar Municipal Council. The council is not functioning. General revenue and the Local Authorities Transfer Fund (LATF) money are not accounted for. The council's minutes and resolutions are not written and, therefore, councillors cannot follow the proceedings. Council money is being withdrawn at will by the Council Clerk. Bank signatories have been changed without a council resolution.

In his answer, I expect the Minister to explain what role his office, particularly the office of the Provincial Local Government and the Director of Local Authorities play in this affair.

Finally, I expect the Minister to consider what urgent measures he is going to bring in order to normalise the operations of the Council, especially taking action on the Clerk of Lodwar Municipal Council.

**Mr. Speaker:** Minister for Local Government! Mr. Oparanya could you come to the aid of your colleague?

**The Minister of State for Planning, National Development and Vision 2030** (Mr. Oparanya): Mr. Speaker, Sir, I will contact the Minister to do so on Thursday, next week.

**Mr. Speaker:** Thursday, next week. Fair enough!

#### INTEGRITY OF THE ECK

**Mr. Namwamba:** On a point of order, Mr. Speaker, Sir. I rise to seek some guidance from the Chair. On the 16th May, 2008, I requested for a Ministerial Statement from the Minister for Justice, National Cohesion and Constitutional Affairs which touched on the Electoral Commission of Kenya (ECK). The request also included matters to do with the just concluded by-elections. Even though the by-elections have come and gone, my request still touched on critical issues of integrity over the ECK. I would like guidance on how this matter will be treated because I do believe that this matter still deserves a Ministerial Statement from the relevant Minister.

**Mr. Speaker:** If a Ministerial Statement was sought and the Minister undertook to provide it, then the Minister is still under duty to do so. Given that 16th May, 2008 is quite some time back, I order that the Minister brings the Ministerial Statement tomorrow afternoon. Mr. Oparanya, please, note that.

Next Order!

#### COMMITTEE OF WAYS AND MEANS

*(Order for Committee read)*

#### MOTION

THAT MR. SPEAKER DO NOW  
LEAVE THE CHAIR

*(The Minister for Finance  
on 12.6.2008)*

*(Resumption of Debate  
interrupted on 18.6.2008)*

*(Second Day of Budget Debate)*

**Mr. Speaker:** Who was on the Floor?

**Mr. Ruteere:** Mr. Speaker, Sir, I was on the Floor in the morning when time elapsed.

**Mr. Speaker:** The record states that you concluded. In your view, you had not completed. Was the red light on?

**Mr. Ruteere:** No, it was not, Mr. Speaker, Sir.

**Mr. Speaker:** How many minutes, in your estimation, did you still have?

**Mr. Ruteere:** Mr. Speaker, Sir, the Chair told me that I had three more minutes.

**Mr. Speaker:** Three minutes!

**Mr. Ruteere:** Yes, Mr. Speaker, Sir.

**Mr. Speaker:** Okay, proceed! Three minutes!

**Mr. Ruteere:** Mr. Speaker, Sir, I had said that the Youth Enterprise Development Fund (YEDF) which was allocated Kshs500,000 per constituency is very little money considering that

we have 210 constituencies in this Republic. The youth are such a large group in the population of this country looking for ways and means to get their livelihood. It is very important that the Minister increases the YEDF by a far much greater figure than what we are getting now so that the youth can access this money easily. The financial institutions to which this money is channelled should be such that the youth can access the money instead of keeping it in the banks.

Mr. Speaker, Sir, when the NARC Government came to power in 2003, we saw street children in Nairobi being taken to the National Youth Service (NYS). Nairobi was cleared of street children. However, currently, it is as if that exercise was stopped. We have seen a resurgence of street children all over the major towns in Kenya.

Mr. Speaker, Sir, if you go to Nanyuki or Meru, it is the street boys who will greet you. They have filled the towns. At night, these street boys turn out to be criminals who follow people, knock them down and mug them. It is important that whatever Ministry was in charge of clearing our towns of street boys takes over from where it had left.

Mr. Speaker, Sir, if there is no money in the Budget, the Minister for Finance should make sure that, that Ministry which did a very good job should be given adequate funds to clear our towns of street boys. That way, they can be given the necessary skills in order to earn their livelihood in the right manner.

Tea and coffee industries are major employers. They are industries where many of us earn our living. Many of our children get fees from these industries. This is a very important economic sub-sector. It is important that the Minister for Finance empowers the farmers in the tea and coffee sub-sectors.

**The Assistant Minister for East African Community** (Mr. Munya): Thank you, Mr. Speaker, Sir, for giving me this opportunity to contribute to the Budget Speech. It had very many good proposals, especially the proposals on creating employment. It talked about measures intended to create many jobs for young people who have been victims in the set-up of our economy. The measures or proposals are far-reaching to the whole infrastructure for the country to spur economic growth and, especially measures to employ more teachers.

We have been having a lot of problems in our schools. We have had problems in the health sector because of lack of personnel. We have not had money to employ nurses. All these measures were good, but one of the most disappointing things is that there was nothing in the Budget to help the tea farmers who have been suffering for many years. Interesting enough, you heard the Question that was asked before this House and the answer that was given.

Mr. Speaker, Sir, there has been no concrete plan by this Government to assist tea farmers who have been the backbone of our economy for very many years. When the tourism sector collapsed in this country, it was the tea farmers that the Government relied on to raise money to be able to support its programmes. When many other sectors in the economy collapsed, it was the tea sub-sector that was left to support the Government. Nobody thinks about tea farmers. If you make a visit to my constituency, you will find that tea farmers pick tea only once a week. The rest of the tea goes to waste. This is because there is no capacity in our factory at Michimikuru to process all the tea that is available. When we ask to be assisted to get a loan to build a factory so that we can process all the tea, nobody listens to us. Here are farmers who are able to grow their tea. All they want is to be assisted to build a tea factory which will help them process their tea, but nobody wants to listen to them. If you go to KTDA, they tell you that you must be able to raise enough collateral to get a loan to be able to build a factory or expand the factory.

However, we have seen the Government coming in for other farmers! If it is wheat farmers, the Government would say, "Let us remove these taxes for them." If it is importers of wheat, the Government would say, "Let us remove these taxes so that wheat can come here quickly." The Government thinks that farmers are those who only grow maize and rice. Those are the only

farmers that this Government thinks about. Where we are heading to, and these are warnings that the Government still does not seem to be keen on, is similar to what we saw in Othaya Constituency, where a certain farmer was cutting down his tea bushes. This is just the beginning. We will not blame the farmers. The prices of inputs are very high, especially that of the fertilizer.

When the Minister was fumbling with the answer to a certain Question, he never came out clearly to say whether fertilizer will or will not be available to the farmers. He said that the National Cereals and Produce Board (NCPB) has been instructed to provide the fertilizer. But the NCPB caters for cereal farmers; it does not cater for tea farmers. All the inputs for tea farmers come through the Kenya Tea Development Agency (KTDA). He never told us if there are any arrangements, or agreements, that the Ministry has worked out between the KTDA and the NCPB to be able to channel the fertilizer to the tea farmers. He did not even talk about the particular fertilizer, because it is not the fertilizer that is used by the cereals farmers that is also used by tea farmers. He had no answer to the Question. I am saying this, so that the House can see the gravity of the situation. If anybody is listening, they can also come in to aid the tea farmers.

Mr. Speaker, Sir, the biggest problem with tea farming is the Kenya Shilling. The Kenya Shilling is strengthening against the Dollar. We have a very strong Kenya Shilling, which is a good thing for importers, those who want to get goods into the country. But when the Kenya Shilling becomes very strong exporters like tea farmers suffer, because the earnings they get after selling their tea go down. They get very little money.

Competition has also come because many other countries are now growing tea. We are not the only tea exporting country. Many other countries, even neighbouring countries, are also growing tea. So, farmers are under pressure, because of a strong Kenya Shilling and the increasing cost of fuel. Many factories still use fuel. There is not enough wood fuel that they can use to be able to bring the cost of processing tea down. That, again, makes the cost of producing tea high.

In addition, there is the issue of the cost of fertilizer which has gone up. This leaves the tea farmer vulnerable. In fact, if you talk to the farmers they are saying: "There is no need of growing tea, because the cost of inputs will be higher than the price you fetch from your tea. So, who will you be growing tea for? Where will you be getting the money to put into tea growing, any way, if the inputs, harvesting and other things used for growing tea are so expensive?" That is why many farmers are now thinking of uprooting their tea crop to grow other things. They can grow vegetables, bring them to the market and they will be able to get some money. But who will be the loser? It will be the Government, because tea still remains the biggest foreign exchange earner for this country. But the Government is not listening!

Mr. Speaker, Sir, I wanted to start with that issue, so that the House can understand the anger of the tea farmers! They are feeling neglected by the Government. The Government depended on them. When the Government, probably, does not need them, much like it may need other people in the economy now, it does not bother about the tea farmers.

Let me now go back to the Budget Speech---

**Mr. Speaker:** Mr. Munya, I thought you were part of this Government, which you are talking about!

*(Applause)*

**The Assistant Minister for East African Community** (Mr. Munya): Mr. Speaker, Sir, I am part of this Government; there is no question about that. But I am the elected hon. Member for Tigania East Constituency, and I represent very many tea farmers. So, if I am not heard in the fora where my voice should be heard within the Government, I have the legitimate right to raise issues on the Floor of the House!



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

**Mr. Speaker:** Mr. Koech, what is it?

**Mr. Koech:** Mr. Speaker, Sir, Mr. Munya is in the Government. Is he in order to confirm to this House that there is a breakdown in communication in the Government?

**Mr. Speaker:** Mr. Munya, do you want to respond to that?

**The Assistant Minister for East African Community** (Mr. Munya): Mr. Speaker, Sir, when you raise issues, your being part of the Government does not mean that you are not allowed to point out some of the misgivings, or policy failures, that you would want your Government to improve on. To be a part of the Government does not mean you have to be a sycophant, who sings praises everyday. You should also be in a position to raise issues, which I have been trying to do.

Mr. Speaker, Sir, back to the Budget proposals, and I am now praising the Government. There are many proposals that are intended to spur economic growth. An example is the zero-rating of Value Added Tax (VAT) on milk, bread and rice. Those were very good proposals to make food affordable. This also includes the proposal to reduce import duty on wheat, which will be implemented when the other East African countries agree.

Mr. Speaker, Sir, the Minister also talked about the ambitious programme to raise money through bonds to build infrastructure, so that we can also create employment opportunities for the youth and other people in the country. But there is one proposal that I find it difficult to accept. This concerns raising the minimum core capital for starting a bank from Kshs250 million to Kshs1 billion. If you compare this with all the other policies you wonder why the Minister is keen on raising it to Kshs1 billion. I remember that this proposal was brought the previous year and it was rejected. I urge the House to reject it this year!

*(Applause)*

If there was such a proposal before some of the small banks, the African banks like Equity that are now doing very well---

**Mr. Speaker:** Order, Mr. Munya! I will allow you another two minutes to finalise your contribution!

**The Assistant Minister for East African Community** (Mr. Munya): Mr. Speaker, Sir, if those proposals were there, there would be no Equity Bank. This bank has revolutionised banking in this country. We should not close the window that will allow Africans to enter the banking sector and enable the multinational banks to control the banking sector. We know what was happening in the banking industry before the entry of Equity Bank. Wananchi had no opportunity to get banking services until the Equity Bank, and other small banks, came in. Even as we look for the opportunity to raise the core capital, we need to raise it to a reasonable level. Raising it from Kshs250 million to Kshs1 billion is unacceptable!

Thank you, Mr. Speaker, Sir.

**Mr. Jirongo:** Thank you, Mr. Speaker, Sir. Let me also take this opportunity to contribute to this Motion on the Budget Speech, which was issued in this House last week on Thursday. There has been a lot of praise for the Minister's creativity, particularly in trying to create employment. One of the things that have been pointed out is the issue of engaging the youth in the constituencies in construction projects. The other one is creating centres in the constituencies, so that the youth can access information and at the same time be able to develop business skills. The issue of the ICT has also been mentioned as well as a host of other issues.

Mr. Speaker, Sir, when the Minister for Finance talks about this House issuing a guarantee for Kshs16.8 billion to try and build a Dubai at the Port of Mombasa, when the security of the country is in limbo, as it is, one wonders whether we are not creating another white elephant. In my

view, in order to get the young people to participate in the development of the country, this money would rightly go towards purchasing equipment for the Ministry of Public Works. We have a lot of wasted education in this country. We have graduates who have no jobs. These are the people the Minister needs to engage to head the youth groups in the country, lease this equipment to them, and the young people at the constituency level can meaningfully participate in the development projects.

Building a Dubai in Mombasa is still pursuing the policy of the hub. It is only those with money who can benefit out of such a facility. But if we have to address **[Mr. Jirongo]** the issue of employment in this country, the Minister needs to be slightly more serious. We have the Youth Enterprise Development Fund and the Women Enterprise Development Fund created in this country. But nobody gives us any statistics on the effectiveness of these Funds.

Mr. Speaker, Sir, it would have made a lot of sense if the Minister for Finance proposed that the money for women and the youth be handled the way the Constituencies Development Fund (CDF) monies are being handled. That is a sure way of ensuring that, that money reaches the youth at the grassroots.

*(Applause)*

Mr. Speaker, Sir, the Minister also talked about allowing companies with records to create asset-backed securities. In my view, the authority concerned, that is the Capital Markets Authority (CMA), needs to come up with clear guidelines. That is because if we are talking about companies that are established, you are surely talking about Safaricom or Equity Bank. We are still addressing companies that are able. What about a young man who has just left the university and has access to some security and he can develop a bond that can be traded on the market for purposes of raising some money? In my view, clear guidelines need to be developed. We need to spell out that, if you have an asset, let it be insured, let there be proper management of that asset to acceptable standards and let us have a bank that is going to back the security come up with a certain criteria. Otherwise, all we are doing is to enhance or add up onto those that have, forgetting the ones that do not have.

Mr. Speaker, Sir, another interesting feature in the Speech was to do with Equity Bank. He stood up and said that three demonstration factories for fisheries are going to be put up in Nyanza Province. One of them will be put up in Kisumu, Homa Bay and another one at Migori. The fisheries industry is largest at the Coast. There is no demonstration factory that is earmarked for the Coast Province. The Minister for Fisheries Development comes from Busia. We have Sio Port which is in his constituency, but there was no demonstration factory. There is no demonstration factory at Lake Victoria for the same purpose. If you go to Lodwar, there is a fisheries facility. I remember we visited that facility one time with Mr. Ethuro. That is a highly advanced facility donated by one donor country. The facility has new machines, but it is idle. Why are we creating new facilities when we cannot inject capital into the ones that we have, so that they can generate employment for our young people in this country?

Mr. Speaker, Sir, again, there is the issue of demonstration centres that are supposed to be built in the constituencies. That was an open-ended remark by the Minister. I believe for that to be successful, we need a prototype design which shall be given to Members of Parliament who are supposed to factor it in their CDF allocations.

*(Applause)*

If we do not have a prototype design from the Ministry of Public Works, hon. Members will end up putting up structures that are irrelevant. We also need a clear management structure on

how those centres are going to be run. Again, I want to repeat that if you want to deal with the youth, let us get the young people in this country who have education but no jobs to run youth groups in the villages. Therefore, they can use the youths who loiter in the villages as labour. The Government needs to move a step further and facilitate those young people. I want to repeat again that, if a young engineer formed an engineering or construction company, he cannot develop the capacity to purchase machinery. If the Government can purchase construction machinery for constituencies, we can have those young men forming construction companies, leasing the machinery from the Government and, in three years, the Government will have recovered the investment in that machinery. The Government can also deploy drivers from the National Youth Service (NYS).

We also have mechanics from the NYS who can run that equipment. It is the only reasonable way we can engage the youth in construction activities at the constituency level. Today, a lot of money is wasted at the constituency level. If you look at what the Ministry of Public Works allocates at the constituency, almost 80 per cent goes to what they call earthing. Earthing is merely pulling out the top soil and thinking that you have opened a road and yet, all you are doing is exposing the land to erosion. That is an area where public monies are spent and nobody can seriously account for it. Not even the engineers at the Ministry of Public Works. If we can restrict ourselves on serious murrum roads--- We know a murrum road can last for five years. It is better to do a shorter distance of roads in each constituency but you have effective roads, than wasting public monies on the so-called earthing and, at the end of the day, those roads do not last a year.

Mr. Speaker, Sir, the Minister for Finance, in his Budget, tried to think about the young people. I want to request him to look for an opportunity and engage stakeholders. People have ideas! The young people themselves can propose and come up with means and ways of creating employment in this country.

Mr. Speaker, Sir, education is one of the biggest investments this country has engaged in for a very long time and yet, the educated in this country; the young people who graduate from colleges, are the most wasted. To any investor, it does not make sense to invest a lot of money in something and you get nothing out of it. We need to utilise the investment in education in this country. Opportunities abound and it is only the Government that needs to take time and sit down with leaders, the business community and the youth in this country and unemployment of our youth will be a forgotten thing.

Further, Mr. Speaker, Sir, one of the issues that has been an impediment to the growth of our economy is security. When you look at what was allocated to the police, it was a mere Kshs2 billion for housing. We have not seen how much is being given in terms of equipment.

Mr. Speaker, Sir, in this country, everybody is aware that our regular Police Force has been challenged by irregular forces in the names Mungiki, Kaya Bombo, the Rift Valley Warriors and the Mt. Elgon Sabaot Land Defence Force. That means that our security has lost the monopoly of force. The only way we can return this country to normalcy is to equip our police so that they are able to disarm those irregular forces.

Mr. Speaker, Sir, as I support the Speech, I would like the Minister for Finance to understand that this country, at the stage that it is, it is important that he involves everybody in finding solutions to the many problems that bedevil our country.

With those few remarks, I beg to support.

**The Assistant Minister, Ministry of State for Defence** (Maj-Gen. Nkaisserry): Thank you, Mr. Speaker, Sir, for giving me this opportunity to contribute to this very important Budget Motion.

At the outset, I would like to register my personal condolences to the families of our departed colleagues. That is because I did not get the opportunity to do so. I would also like to

congratulate our newly elected colleagues, one of whom I had an opportunity, although he was not from my party, to ensure that he was re-elected.

*(Applause)*

When you look at the Speech by the Minister for Finance, it mentions very openly that the economy is on the reverse!

Mr. Speaker, Sir, in his Budget Speech, the Minister for Finance mentioned very clearly that the economy is on the reverse. I am not an economist, but I know that if the economy is on the reverse, then the poverty levels will rise. However, he did not show us any tangible measures he intends to put in place to mitigate this situation. So, although the Budget Speech was praised, in my view, to a large extent, it was populist.

**An hon. Member:** You are an Assistant Minister of the Government!

**The Assistant Minister, Ministry of State for Defence** (Maj-Gen. Nkaiserry): Yes, I belong to this Government, but I have four roles. First of all, I am a representative of Kajiado Central Constituency. So, I have the right to articulate issues affecting my constituency. I want my colleague to understand where I come from. I am a Government Assistant Minister, but I have the role of representation.

Secondly, I have the role of legislation. The role of making laws in this Parliament. Thirdly, I have the role of oversight, like Members of Parliamentary Committees. My fourth role is that I am an implementor. If you give us the money, I implement it. So, in that capacity, I am supposed to criticise, show the best direction as well as guide, because we want this country to develop.

Mr. Speaker, Sir, my colleague who spoke before me mentioned the issue of security. But not even a single mention of the issue of security is contained in the Budget Speech, apart from the welfare aspect in terms of providing funds for construction of houses for the police lines. I want hon. Members to understand that without security, there will be no development. We want to secure this country, so that we can develop it. We cannot develop this country without security. See what happened in the last three months.

We need to allocate enough money to the police, who are in charge of internal security; the teeth to bite, enhance their mobility capacity and address their welfare aspects. If things go wrong, they will not be in a position to secure this country. So, the Minister should have considered looking into the security organs of this country, including the Armed Forces, because they are supposed to defend this country against external aggression. We can then come to the issues of education, health, water and agriculture. So, we should, first of all, target the security of this nation.

Mr. Speaker, Sir, on physical infrastructure, the Minister mentioned roads, water as well as energy. There is no country which ever developed without an effective railway system. It is high time that our country looked into ways and means of improving the railway services. Our roads would not have been in the bad state, they are, if we had a working railway system. Most of the cargo would be transported from the Port of Mombasa all the way to our border with Uganda and transcend to Eastern Democratic Republic of Congo.

Mr. Speaker, Sir, I do not see any money allocated for the development of our railway system. The Minister has allocated Kshs62 billion to the road sector, but we want to know whether this money will benefit all the constituencies. We would like the Kenya Roads Board (KRB) money to be equally distributed, and most importantly, to those constituencies which are not fully developed. We, as Parliament, need to demand that the KRB money be distributed fairly, so that we can develop the entire country to the same level.

Mr. Speaker, Sir, with regard to the money allocated to the water sector, it is important that the water boards are made to account for it. I have not seen anything which was done by the water

board in my constituency, for instance, in the financial year that is coming to an end. In fact, I would propose that some of these monies should be channelled through the Constituencies Development Fund (CDF), so that we can consolidate all the resources available under one umbrella within the constituencies. That is the only way we can take care of these monies.

Looking at the production sectors, in my view, the Ministry of Agriculture, for example, has not been properly funded. We have the problem of poor farmers who lost their livestock and crops after they had taken loans from the Agricultural Finance Corporation (AFC), these farmers needed to have been cushioned in this Budget. The Minister for Finance should have allocated some money to the AFC, so that those loans could be written off.

I can assure you that those poor farmers will never pay these loans. The interests are going to increase. The AFC will demand repayment from those farmers, who will not pay, because they have nothing to pay with. So, the Minister should have cushioned the AFC, so that those farmers could be given a relief in terms of repaying their loans.

Mr. Speaker, Sir, as a livestock farmer, I was very disappointed with the Minister's Budget. I am grateful that the technocrats are here. I was very disappointed because the Minister just glossed over issues regarding the livestock sector, saying that the Government would put up tanneries or fish processing plants at certain places. The Southern Rift Valley region, which is the source of the bulk of the livestock in this country, was not given a single mention.

As a result, so much livestock is now coming from Southern Africa, through Tanzania. So, we needed to have put up an abattoir to act as a conduit for accessing that market to support the Kenya Meat Commission (KMC), even if it means doing so through a co-operative society. So, I was not very happy in that aspect. We need abattoirs in the Central and Southern Rift Valley regions as well as in the North Eastern Province, so that we can be agents of the KMC.

Mr. Speaker, Sir, the other issue which is very critical is that of land. The Government, to which I belong, should now be dealing directly with land stakeholders. We do not want organisations like the Kenya Land Alliance, whose membership comprises of people who do not own any land, to be the ones to talk about land. We, parliamentarians, are the representatives of the people. The Government should fund a forum, where all parliamentarians and other land stakeholders should sit and resolve this issue. It is very important that the land issue is finalised during the tenure of the Tenth Parliament.

The Ministry of Health was given peanuts as far as I am concerned. The Kshs34 billion allocation for the two Ministries dealing with the health sector is not enough.

**Mr. Speaker:** Time up!

**The Assistant Minister, Ministry of State for Defence** (Maj-Gen. Nkaiserry): With those few remarks, I support.

**Prof. Kamar:** Thank you, Mr. Speaker, Sir, for giving me an opportunity to contribute to this Budget. I would like to make a few comments.

First, I would like to say that the Budget addressed quite a number of issues that touched on the common man. Therefore, to some extent I can say that the Budget was responsive to the needs of this country. The Minister recognised the deep-seated poverty in this country. He raised a number of challenges that need to be addressed. One of the challenges he raised was the issue of inequality in incomes and assets. He did further say that there is need to expand production and create employment.

Mr. Speaker, Sir, it is only unfitting that when you go down, he does not seem to address the very issues and challenges he raised. He did mention the challenge of low levels of productivity in the agricultural sector, and the need to address the issue. However, he fell short of telling us how he would address it. He did speak on one of the areas. In particular, he raised the issue of achieving industrialisation. He talked of processing plants, which he proposes to pilot. The processing plants

he mentioned, most of their products he talked about seem to be export-oriented. My greatest fear is that this country is under a threat, because of food insecurity. If we are going to enable those who can export to do so, then the challenge is going to be even bigger.

Mr. Speaker, Sir, I come from Uasin Gishu District. Farmers of Uasin Gishu District have been the feeders of this nation as far as grain is concerned, both maize and wheat. If in the last three years they have not been able to make any profits, and we are not addressing the issue, the issue of food insecurity is going to be more acute than we think.

Mr. Speaker, Sir, farmers in Uasin Gishu, and in particular the constituency I represent, which is Eldoret East, changed their direction completely and went into passion fruit production. Although the Minister did not mention anything about the processing of passion fruit, I can assure this House that passion fruit has been exported to Uganda in the last one-and-a-half years. In fact, there is preparation to export the same, in raw form, to the Middle East. Why am I saying this? If we do not address the issue of food security we are going to continue to be beggars, whether we are selling mangoes or passion fruits. Currently, production of passion fruit is raising more money than maize. I, therefore, see our farmers changing completely from crop for food security and going for export.

Mr. Speaker, Sir, the Minister has to address the two issues. I was very surprised that he did not say that we need to enable our farmers to stop middle-man scenario, where a miller comes in and decides at what price he would buy the produce and also the price of the two killogrammes of *unga*, which our people are crying about. Poverty is not linked to bread, as we were told. It is more linked to the *unga* that is meant for *ugali*.

Mr. Speaker, Sir, I think there is a need to look at how we can address the issue of food security and enable the farmers, who feed the nation, to feed it better. I was expecting the Minister, while thinking of food processing in the sectors for export, to enable farmers process maize for themselves. The farmers should have milling plants and should be able to mill their wheat and maize. That way, we can be assured of food security. At the moment, we are encouraging them to change from food security to crops for export. I can assure you that if the passion fruit processing plant does not come, the farmers will form a corporative and go for a private factory. They will do it because it is better and more profitable to grow passion fruit than maize or wheat! I think some of those things need to be addressed.

Mr. Speaker, Sir, the Minister also did mention the reduction of poverty and inequality through acceleration of regional development. I just looked at one sector since we got the documents the other day. Infrastructure is a means of achieving equality. I looked at roads and was very surprised that the roads budgeted for this year are the same ones that were budget for last year. So, how are we going to reduce the inequality in regional development if infrastructure is going to the same region? That is one area that has to be addressed.

Mr. Speaker, Sir, the Minister mentioned the issue of Women Enterprise Fund. I want to thank the Minister because he has increased the Women Enterprise Fund and the Youth Enterprise Fund. However, I want to join my colleagues who have said that we need accountability of the previous funding. I want to give you one clear example. In June last year UNIFEM [Prof. Kamar] gave money to women through Equity Bank. However much Equity Bank has performed in this country, we have had problems. The money that was sent through Equity Bank--- I sent women, as the chairperson of Maendeleo ya Wanawake then--- I was surprised that they were giving out the same money at an interest rate of 24 per cent. How do you get money that is earmarked for women and sell it at commercial rates? Another institution that was given funds was the Kenya Women Finance Trust (KWFT). In the whole of the north Rift, all the way from Turkana District, the KWFT has been selling its money to the same women at an interest rate of between 18 per cent and 22 per cent. It has been sold at 22 per cent in Marakwet District, 20 per cent in Kericho District, 20

per cent in Bomet District and 20 per cent in Uasin Gishu District, where I come from. What does that tell us! If we channel our monies through institutions that want profit, they will make their profits.

Mr. Speaker, Sir, I would like to suggest that any funds, whether for the youth or women, should be channelled through the Constituencies Development Fund (CDF). The impact of the CDF within the last five years can be seen and accounted for.

*(Applause)*

I think it is very important that we agree that if we are going to increase this money, we should not increase it for a bank, or an institution that is going to enjoy it and leave our youth and women in the same poverty, if not more. An interest rate of 20 per cent is a rip-off! It is meant to suck whatever else one has. So, it is my strong suggestion that as the Minister increases the allocations to these Funds, the money should never go through the same channel it went through last time. I will, in fact, be requesting the Minister to account for what was sent out previously. It is very important that we know how it was used. Some youths were given funds at five per cent while others got it at eight per cent. Where was the balance and the imbalance? Who made the decisions? I think those are issues that we need to address.

Finally, Mr. Speaker, Sir, when it comes to re-distribution of projects like the processing plant, I think it is very important that we change the way we do our budgeting in future. We need to do a proper identification of what projects are going where. An hon. Member has already mentioned the fact that Kajiado is the home of livestock, and we are talking of a tannery being built in Nairobi? What is it going to do in Nairobi? Already we are talking of West Turkana District, where Italians are ready to deal with the processing of leather at their own cost, yet it is not mentioned in this Budget.

Mr. Speaker, Sir, if we are not going to support the Turkana farmers, the Italians will come and do it. They want finished products as far leather processing is concerned. I think we need a budgeting process that enables this House, through the relevant committees, to look at the Budget itself and discuss with the Ministry of Finance before it is brought here.

Mr. Speaker, Sir, I beg to support, but we must look at how some of these allocations are done.

Thank you.

**The Assistant Minister for Medical Services** (Mr. Mungatana): Mr. Speaker, Sir, I also want to take this opportunity to make a quick contribution to the Budget Speech.

Mr. Speaker, Sir, I start by congratulating the Minister for Finance for fairly good ideas that have been explored in this year's Budget. As I have always said, good ideas can always be made better. However, there is something tremendously important that the Minister totally missed out in this Budget. It is a big disappointment for me personally. This is because in his Speech, having recounted what happened and transpired in this country at the beginning of the year--- I quote from paragraph seven:

"We now fully recognise that achieving lasting peace and stability will only be possible through genuine national reconciliation, social cohesion and solidarity among our people and, above all, elimination of deep poverty".

Mr. Speaker, Sir, the thing that divided this nation most at the beginning of this year and during the general election was our communities and tribal affiliations. These are very beautiful words in the first seven paragraphs by the Minister. But in actual fact, he ended up allocating no money at all towards a deliberate programme of national cohesion.

*[Mr. Speaker left the Chair]*

*[The Temporary Deputy Speaker  
(Prof. Kamar) took the Chair]*

Madam Temporary Deputy Speaker, the country was totally divided. People were looking at each other in terms of where they came from, which community they come from and it left some of us in total confusion. For those of us like myself, whose parents come from different communities--- You marry from a different community. Your sister is married in the Rift Valley. Your brother is married in Western Province while you are married in Central Province.

Madam Temporary Deputy Speaker, this country needs to be serious and put money where its mouth is! There is absolutely nothing in this Budget that reflects those beautiful words that the Minister spoke. I think it is a terribly great omission and it needs to be looked at afresh!

Madam Temporary Deputy Speaker, I would also like to look at the question of food prices. In Paragraph 57, I support the intention by the Minister to bring down food prices. But we all know the kind of traders that we have been dealing with over the years. If you say that you are going to zero-rate Value Added Tax (VAT) on bread and rice and reduce Import Duty on wheat from 35 per cent to 10 per cent, we all know that on the first day, the traders will tell you: "We have to clear old stock that is still pending!" Therefore, there will be no change or reduction of prices at all. I am sure "as the sun rises" that, in another one month, even after we pass this Budget, those prices are, in fact, going to increase.

Madam Temporary Deputy Speaker, we are the Government and we are elected by the poor people to come and represent them in this august House. We must take bold initiatives! If the intended action is to reduce the price of bread, we can fix that price of bread in this House. Let us be bold! If we want to do it, let us go all the way. Let us say: "The price of bread is going to be this! The price of wheat is going to be this". It is the only way that we are going to control those people. What is going to happen is that they will absorb the benefit and they will not pass it on to consumers.

So, Madam Temporary Deputy Speaker, I think the Minister should be bold enough to make a clear suggestion that we are controlling the prices of basic commodities and that is it! That is because, anyway, we are responding to what our people are telling us on the ground!

Madam Temporary Deputy Speaker, some proposed measures were aimed at reducing poverty and promoting equitable regional development. I am looking at Paragraph 55 of the proposals of the Minister. He has talked about doing so much to bridge the gap between regions and equitable development. In the Ninth Parliament, we spoke so much about the need for this Parliament to check the serious effects of disaster and the economic impact on the rural population. What is the use of saying that we are going to control disasters and make the incomes of regions equitable when places which are lower down on the basin in the river delta, for example, Tana Delta where I come from, all the development that we do is ruined when the river starts flooding? A whole population is again reduced to nothing!

Madam Temporary Deputy Speaker, two months ago in my constituency, we made seeds available to a population of about 15,000 people. But as I speak today, a whole crop of maize is under water. When you look at it, we have passed in this Parliament a policy of disaster management in this country. If you are asked today---

Madam Temporary Deputy Speaker, the other day, we travelled to North Eastern Province where there was a fire disaster. A whole hospital wing in the Provincial General Hospital was burnt down! There is no effective response mechanism! We have passed the policy here. We need money



to respond to disasters in this country! When we had collapsed buildings here in Nairobi, sniffer dogs had to come all the way from Israel to help us! When a building collapsed just here in Mombasa, people had to be brought in from far away, just to help mitigate the effects of disaster! We cannot talk of equitable development in this country, if we are not going to adequately sort out the question of disasters!

Madam Temporary Deputy Speaker, even when we had the problems in January - the unfortunate events - what was the disaster responsive capacity in this country? Where was it? Who knew when he was being attacked? In fact, even hon. Ethuro has raised that issue here many times before. If somebody is being attacked or a fire is burning in Turkana, who is he supposed to call? What is supposed to happen? There is no money that is being set aside for effective response in case of a disaster. If something is not done about that, it will wipe out all our good intentions!

Madam Temporary Deputy Speaker, I also want to mention something that the Minister spoke about. I congratulate all the efforts the Minister has made in terms of improving the regulatory framework for doing business in Kenya. If you look at his comments in Paragraph 40 of the Budget Speech, extremely good measures have been proposed. Nowadays in Kenya, we have reduced the requirement of licensing. We have simplified so many licenses! Kenya was ranked 8th among the top ten reformers in the world by the World Bank itself! Then, in Africa, it was ranked second. I think that is a good thing.

But, Madam Temporary Deputy Speaker, all those industries do not come to Garsen. They do not go to Mavoko or to Turkana! All those industries are only meant for town communities! This country has 210 constituencies. If we are not going to make sure that businesses located in rural areas get direct benefits, businesses and industries are not going to come there! I see Paragraph 47 where the Minister has said that he is going to put Kshs300 million for innovation. He divided it into certain sectors. There is a way you can praise it. But if it is just innovating to produce mangoes, what new thing are you doing? What that Kshs300 million should have done is to dwell on practical things.

We are putting up a mango and two sugar factories in my constituency. Those are the first factories to come up in my constituency. Why can the Government not say: "Because you are putting up a factory in a rural constituency, you are going to get a tax rebate of Kshs50 million! Because you are going to Turkana, you are going to be getting Kshs100 million! Because you are going to put up your factory in Marakwet, you are going to get Kshs50 million!" That is the way we are going to spread industrialization and, therefore, create employment across the country! It is the way we are going to clear down the inequalities in this country!

Madam Temporary Deputy Speaker, I want to say here that he has tried. I wish he could be more bold and innovative. I wish he could also listen to some of the things we say.

With those few remarks, I wish to support the Budget Speech.

Thank you.

**Mr. Baiya:** Thank you, Madam Temporary Deputy Speaker, for giving me the opportunity to contribute to the Budget Speech. I wish first to appreciate the bold suggestion brought out by the Minister and his team in this Budget. This is about restoring economic growth and achieving the targets set out within the Vision 2030. We have seen the various bold suggestions across various themes that the Minister has come forward with. We are sure that if these kind of efforts are sustained, the country will certainly recover from where it was. But there are certain aspects of the proposals that possibly would warrant my comments like the proposal regarding education.

The Minister actually proposed to allocate Kshs1.5 billion towards recruitment of additional teachers for both primary and secondary schools. That is a good gesture. The one challenge here is that within the Ministry of education, we have seen the Government is actually allocating huge resources both for teachers, students and other additional staff. But there is a clear

gap within the Ministry's staff meant for supervising the teaching fraternity and so on. The Minister has not said anything about this matter. It is, therefore, not very proper that he is allocating huge resources, but the supervisory and inspection functions are weak. This means that those resources could very well go to waste.

The other aspect to which I want to contribute relates to the commitment by the Minister to reduce and combat poverty. One of the measures he has suggested relates to the promotion of affordable housing particularly for the urban poor. It is contained in paragraph 65. The Minister has proposed a strategy of the Government coming up with 200,000 low cost housing units annually. That is a good measure, if it is pursued with the seriousness that it deserves. But the Minister has gone ahead to allocate Kshs350 million towards this objective. The question that one asks is: How much will each unit really cost? If I work it out arithmetically for one unit, it comes to about Kshs 1,750 per unit. What kind of units would that kind of money really put up?

So, there is clear disparity between what the Minister proposes to achieve and the allocated resources. They are completely inadequate, thus raising the question of how serious the Minister is about ensuring that the poor of this country are assured of affordable housing.

Madam Temporary Deputy Speaker, the other issue on which I would wish to contribute relates to the Minister's proposal about coming up with an effort to ensure that farmers in this country have farm inputs at affordable prices. One of the measures the Minister has proposed relates to the issue of the Government consulting with the Governments of Uganda and Tanzania towards setting up a regional fertiliser factory that would ensure long-term sustainable supplies. For me, that is a very good suggestion. The only challenge is that the Minister has not actually evaluated that suggestion. The need for fertiliser in this country is very huge and substantial. If, indeed, we have raw materials for the manufacture of fertiliser in Tanzania or Uganda, we should, therefore, go ahead with the establishment of that kind of a factory. After all, we are talking about industrialisation, the need to create employment and the other benefits that come with industrialisation. A small country like Mauritius, which is just across the India Ocean, with a population of about 1.5 million people can afford to come up with its own factory to actually manufacture fertilisers that are tailor-made towards specific crops. Their main cash crop is basically sugar-cane. In Kenya, the amount of fertilisers we use and which we import is substantial. We use fertilisers for tea, maize and other crops that we grow. If we had our own factory, we will actually be manufacturing fertilisers for specific crops. We will also address the different varieties of soils in our country with different nutrients and deficiencies. Our local based fertiliser factory will be able to factor in all that and therefore, ensure our farmers achieve higher productivity. If a country like Mauritius can afford to do that, is it not actually a big shame that Kenya with a population of over 30 million people cannot really do it? So, whether our neighbouring countries, Tanzania or Uganda, will buy the idea or not, Kenya is by far viable and in a position to go ahead and build the factory. That will also go a long way towards alleviating the exploitation our farmers go through while we are procuring fertilisers from overseas.

Madam Temporary Deputy Speaker, I would also wish to contribute on the question of governance which the Minister spoke about. The Budget Speech made proposals for accelerating and deepening governance. The Minister also brought in targets that need to be achieved. They are related to further strengthening governance and anti-corruption institutions, enhancing capacity to prosecute, faster disposal of cases, facilitation of transparency and public access to information. Number four, deepening privatisation programmes. The problem with this approach by the Minister is that he is talking about the targets but falls short of telling the strategies through which he will achieve these objectives. That way, this Parliament will be able to evaluate that suggestion and see how well suited or designed the suggestion is.

Otherwise, overall, I would wish to also say clearly that some of the assumptions in the

Budget are more challenging than the Minister has actually put them. The Minister stated he anticipates that US economy to deteriorate. He, however, expects that there will be sustained growth particularly from China and India. The main point I am making is that the Budget falls short of fully anticipating the impact of foreign inflation.

With regard to the escalating oil prices, we are now experience high inflation rates in this country. It is certain that even the performance of China and India economies is bound to be affected by the under-performance of the United States (US) economy. The growth of the Chinese economy has basically also been sustained through exports to the US. If there is dismal performance in the US economy, it will affect the economy of China.

With those few remarks, I beg to support.

**Eng. Rege:** Madam Temporary Deputy Speaker, thank you for giving me the opportunity to contribute to the Budget Speech. I would like to join my previous colleagues in supporting the Budget as it was presented by the Minister. Nonetheless, I feel we, as Parliamentarians, were shortchanged because we were not consulted in its preparation. I am a lawmaker. I believe my input would have been considered in the preparation of the Budget. I was elected to come to this Parliament by a majority votes of 56,000. If all of us legislators pass this Budget without criticising it, we will simply be used as rubber-stamps. I feel that our input would have made a big difference to the Budget.

Madam Temporary Deputy Speaker, many of us here represent rural constituencies. Therefore, we should have been consulted in preparation of this Budget because we know the needs of our constituents, especially now we are looking forward to achieve our goals in Vision 2030. Today, this Government has set aside Kshs10 billion to import food. If we irrigate 200 to 400 square kilometres of land around Lake Victoria, we will have adequate food on a permanent basis rather than importing food to last us for one year. I am sure we can use the waters of lake Victoria for our irrigation and domestic requirements.

Since I was born I have never seen a drop of piped water in my constituency although we have had a water project for years. Most of the time here is spent on empty rhetoric. Our constituents do not want to hear rhetoric. They would like to see us work for them. If we put dams along all the rivers feeding lake Victoria, we will have enough water for irrigation and domestic use. It is a pity that we keep on lamenting that the Egyptian Government cannot allow us to use the waters of Lake Victoria for irrigation because of an outdated treaty. Why? We do not have to care about them because we are not party to that treaty. We should go ahead and make use of that water.

Madam Temporary Deputy Speaker, today Lake Victoria is choked with water hyacinth. Hyacinth is impeding to fishing activities on this lake. We all know that fishing earns this country over Kshs430 million as foreign exchange. If we could get rid of hyacinth in lake Victoria, then we would earn more foreign exchange. Roads leading to the shores where these fish are obtained, are in dire need of rehabilitation. We need to tarmac them so that we will be able to transport our fish to various markets in the country.

In 2005, President Kibaki came to Kendu-Bay and ordered that refrigeration facilities be installed along the lake in order to store our fish. Nothing has been done to date. So, this was just rhetoric. Nobody dared to follow up that directive. The roads that lead to the fishing areas in my constituency are in bad shape. The Minister allocated them a meagre Kshs2 million. That money is not even enough to tarmac a kilometre of the road. Are we really serious with our Budget? If we are serious with Vision 2030, I think we should start on a clean slate.

Madam Temporary Deputy Speaker, the Minister for Finance did a very good job in allocating Kshs1 million per constituency for starting soccer clubs in the constituencies. This is a laudable move. However, I think he should have doubled that amount, so that even netball clubs could be started in our constituencies. The constituencies cannot only cater for soccer for the youth.

Youth are known to engage in various sports activities.

Madam Temporary Deputy Speaker, we are in the era of Information Communication and Technology (ICT) and we know that it is the backbone of development of any country. However, the Minister allocated it a paltry 0.3 per cent of our Budget. I will talk more about ICT on the Vote on Account for every Ministry. I know that for every one per cent of ICT development in any country, brings about with it, three per cent of economic development, but this has not been addressed. That is why I am saying we, as legislators, should have been consulted in the preparation of the national Budget.

With those few remarks, I beg to support.

**Mr. Kiilu:** Madam Temporary Deputy Speaker, thank you for giving me this opportunity to contribute. The Minister for Finance came up with very nice proposals in this year's Budget. While supporting this move, I want to observe that the Minister did appreciate that agriculture is a prime mover in the economic recovery of this country. It is so important in the realization of the medium term development goals and the realization of the Vision 2030. The agriculture sub-sector has good proposals, but I want to mention one area where I think enough support was not given. This country, particularly in this year, has a challenge of food security. We are not likely to achieve food security this year, because of two things. First, there is the displacement of farmers in the food growing districts of the Rift Valley and because of adverse weather conditions in the arid and semi-arid lands (ASALs). Arising from that, the Government has come up in this Budget with some token contribution towards the purchase of famine relief.

I do not consider those short-term measures as adequate for making sure that this country has a good food security system. A good food security system would require that the Minister provide enough funds to the Ministries of Water and Irrigation, Northern Kenya and Other ASAL Development and the Special Programmes, so that we harness water in rivers like Athi River and other tributaries that serve that river, so that we develop reservoirs and dams that can be used for irrigation. I think that irrigation is key to sustained food security in this country. We have seen it in Egypt and the Sudan, and I do not understand why we cannot have enough food through irrigation.

Madam Temporary Deputy Speaker, I come from an area where cotton used to be a cash crop, and in this year's Budget Speech I have not seen a single cent ear-marked for the development and revival of the cotton industry in this country. When cotton was being grown in this country, farmers were getting employment in the rural areas. We had vibrant cotton ginneries and at the same time, we had thriving textile industries like RIVATEX, RAYMOND and so on. These are areas where employment could be created. I only wish that the Minister could devote some money to the growing of cotton in some areas. Cotton is not only grown in Makueni where I come from, but it can also be grown in many parts of this country, and it can create employment for our people. So, by not allocating money to the cotton industry, this Government continues to marginalise farmers in those areas where there are no other cash crops. It is time the growing of this crop was given some incentives.

Madam Temporary Deputy Speaker, appreciating that agriculture and livestock are major contributors to the economy of this country, I would have expected to see some money put into the development of an Early Warning System to warn farmers on when we are likely to have rainfall failure, but such system has not been allocated money. The farmers in this country continue depending on weather forecasts from the Meteorological Department, and I do not think that this is enough. We need to develop a system that warns farmers in good time of what is likely to come.

Let me touch on taxation measures that the Minister talked about. I was grateful when he talked of zero-rating Value Added Tax (VAT) on the basic commodities. That reflects a realisation by the Government that in this country we have the haves and the have-nots. My prayer is that a trickle down effect will be realised, so that the common *mwananchi* in this country can see the

benefits of the taxation measures that were introduced. On the other hand, the Minister raised taxes on alcohol and spirits. That may sound well but when we implement those measures, a segment of our people will start partaking of illicit and unhealthy drinks like *kumi kumi*. We have seen the social effects when people take those drinks. We have seen people die in Machakos and Mai Mahiu when they consumed those unhealthy drinks.

I would have liked to see the Minister for Finance proposing incentives that would help the producers move into producing local brews that would replace the illicit drinks. I would have been happy to hear that we are now going to regulate *muratina*, *busaa*, so that drinks like *karubu* and others come back but in a regulated way. The drinks are supposed to be manufactured in a healthy way, so that our people are dissuaded from going to take the illicit brews that have other social effects. I would wish to see the Government mooted incentives that would encourage producers of beer, other alcohols and spirits turning up with a drink that is affordable and healthy, and that would help the growth of the economy.

Madam Temporary Deputy Speaker, finally, on the proposed measures on the reforms of the banking industry, I see a sinister move in increasing the money that is required for a local banker to operate. I suggest that those measures be shelved until we have local bankers achieving the one billion mark, instead of phasing them out.

With those few remarks, I support.

**Mr. Kambi:** Asante sana Madam Naibu Spika wa Muda kwa kunipa wakati huu ili kuwa mmoja wa wale wanaoiunga mkono Hoja hii.

### QUORUM

**Mr. Kigen:** On a point of order, Madam Temporary Deputy Speaker. There is no quorum in the House.

**The Temporary Deputy Speaker** (Prof. Kamar): Order! My attention has been drawn to lack of quorum in the House. Is it so Madam Clerk? If that is so could the Division Bell be rung?

*(The Division Bell was rung)*

### ADJOURNMENT

**The Temporary Deputy Speaker** (Prof. Kamar): Hon. Members, since there is no quorum in the House, this House is, therefore, adjourned until tomorrow Thursday, 19th June, 2008, at 2.30 p.m.

The House rose at 5.00 p.m.