

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 19th June, 2001

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

COMMUNICATION FROM THE CHAIR

LIMITATION ON QUESTION TIME

Mr. Speaker: Hon. Members, as we go to Question Time, I wish to bring to your attention the fact that, because of the nature of the Order Paper, I will end Question Time at 3.15 p.m.

ORAL ANSWERS TO QUESTIONS

Question No.075

TERMINAL BENEFITS FOR MR. WAMBUGU

Mr. Kihoro asked the Minister for Finance:-

(a) whether he is aware that Mr. William King'ori Wambugu, Personal No.198010, who was an employee of the Ministry of Health, Embu Provincial General Hospital, retired on 30th June, 1987 and has since not been paid his terminal benefits; and,

(b) how much is owed to him and when he will be paid.

The Assistant Minister for Finance and Planning (Mr. Marrirmoi): Mr. Speaker, Sir, I beg to reply.

Mr. William King'ori Wambugu, Personal No.198010 was employed on temporary terms of service by the Ministry of Health. Under the provision of the existing law, Pension Act, Cap. 189, he was not entitled to pension dues from Treasury on his retirement from the service on 30th June, 1987. His terminal benefits should have been paid by the National Social Security Fund.

Mr. Kihoro: Mr. Speaker, Sir, the Assistant Minister has said that Mr. Wambugu, who retired in 1987, was not entitled to pension and yet he has been waiting for 13 years. He was given a letter when he

retired in 1987 stating that he would be paid pension by the National Social Security Fund. He has been waiting for 13 years, and the Assistant Minister has attempted to answer a Question which he apparently cannot answer. Why did he not forward the Question to the National Social Security Fund so that Mr. Wambugu can know how much pension which he has been waiting for 13 years is going to be paid? Why was the Question not forwarded to the NSSF so that they could state the amount he was entitled to?

Mr. Marrirmoi: Mr. Speaker, Sir, I think it is not the responsibility of my Ministry to do that.

Mr. Sifuna: Mr. Speaker, Sir, arising from the Assistant Minister's reply, is he aware that it is against the labour law and regulations for someone to work on temporary terms for more than six months without being confirmed in his or her employment? If so, why was he not confirmed in his appointment to enable him qualify for pension?

Mr. Marrirmoi: Mr. Speaker, Sir, Mr. Wambugu was employed as a driver Grade III on temporary terms of service. In his application for employment, he indicated that he was born in 1930. Under the service regulations, officers appointed in the service at the age of 45 years are not placed under permanent and pensionable terms, but on temporary terms of service.

Mr. Kathangu: Mr. Speaker, Sir, I thought I heard the Assistant Minister say that it is not his

responsibility to contact NSSF to brief him on this Question. I would like to know from the Assistant Minister whether his Ministry is outside the collective obligation.

Mr. Marrirmoi: Mr. Speaker, Sir, I agree with the hon. Member, but since I have informed Mr. Kihoro the right procedure, he should inform the pensioner where he can get assistance.

Mr. Speaker: Next Question!

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

Mr. Speaker: Order! Mr. Kihoro, I cannot see you unless you obey me! Hon. Members, I warned you that I do not have a lot of time today, unless you want us to deal with Mr. Kihoro's Question alone.

Mr. Kihoro: On a point of order, Mr. Speaker, Sir. If all the Questions that are on the Order Paper cannot be answered comprehensively, I would propose that you go over some of the Questions, instead of hurrying all the Questions and not getting full answers. For example, in this particular case, the Assistant Minister could as well have forwarded the Question to the Ministry of Labour and Human Resource Development so that we get an answer that is appropriate.

Mr. Speaker: Mr. Marrirmoi, why did you not do that?

Mr. Marrirmoi: Mr. Speaker, Sir, I thought Parliament was supposed to have done this. It is only now that we have been informed, that, the Question is supposed to be forwarded to NSSF. So, the Question should be taken to the Ministry of Labour and Human Resource Development.

Mr. Speaker: Will you re-direct that Question? The Question will be re-directed, but in the future, for the guidance of the House, if a Minister finds that a Question does not properly fit into his or her portfolio, please refer it to the Clerk so that it may be re-directed to the correct Ministry.

(Question deferred)

Question No.158

TERMINAL DUES FOR MR. ODERA

Mr. Otita asked the Minister for Finance:-

(a) whether he could inform the House why Mr. Joseph Oude Odera, P/No.85050585, who retired from Civil Service in 1996 as an Assistant Chief, Grade II, has not been paid his dues to date; and,

(b) when Mr. Odera will be paid his dues.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Speaker, Sir, I beg to reply. The reason why Mr. Joseph Oude Odera, Personal No.85050585 has not been paid his retirement benefits is that, he has not submitted documents that are required to calculate his benefits to the Accounting Officer in the Office of the President. These documents include, Pensions Commutation Form, a copy of his national identity card and his bank account through which the benefits will be paid.

(b) He will be paid after he has submitted the above mentioned documents as his pension cannot be calculated without them.

Mr. Otita: Mr. Speaker, Sir, this is a misleading answer, because this is a case of a chief who knows all the regulations for claiming retirement benefits. He submitted all documents and opened a personal file at home awaiting payment of his benefits. Could the Assistant Minister tell this House why, if they have not received the documents as alleged they have not even sent a reminder to the chief so that the file can be closed?

Mr. Speaker: Just before the Assistant Minister answers that question, I would like to pose to the Front Bench or Government side; why must the House spend its time on mundane issues that the public pays many bureaucrats to do as a matter of course? Is it not just about time Ministers told their civil servants to do what they are paid to do? Please answer!

Mr. Arap-Kirui: Mr. Speaker, Sir, if I may respond to your comment, we, in fact, are making every effort to ensure that civil servants perform their duties. As you know, the same subject was a topic of a Motion in this House not very long ago. I am aware that the Director of Pensions has, on a number of occasions, actually reminded Ministries to get hold of files in order to pay some people who have been unfortunately delayed within various Government departments. I think these rates are going to be very illustrative, and from this time on, we will not see very much of a delay. This Question actually relates to a delay caused by the employee not filing the necessary documents. I would like to differ that, the fact that he is a chief does not make him any different from the other civil servants who normally fail to submit all their documents. I think it would be helpful if the hon.

Member can submit evidence here, that the pensioner has in fact, submitted the documents that I have referred to, then I will know what to say. As it is, he does not have that evidence.

Mr. Badawy: Mr. Speaker, Sir, could the Assistant Minister address this issue with all honesty? Whatever has been said about this chief, whether it is true or false, I would like to inform him that there is an ex-chief in Malindi Town who retired at about the same time. He filed all his documents, but up to date, his file has not been picked from the Office of the President by officers from the Treasury. Could the Assistant Minister address this issue with all honesty and assist these people who are languishing in poverty as a result of procrastination?

Mr. Arap-Kirui: Mr. Speaker, Sir, that is a slightly different question. Again, we do not have the facts regarding that chief. But as I pointed out, it is should not, in fact, be for Treasury to go looking for files. It should be for the officers in the various Ministries to submit the relevant documents to the Treasury once they have been adequately computed. But we are taking that extra effort to recover those files and pay those individuals. Because of those rates, in future, I hope there would be no needless delays.

Dr. Kulundu: Mr. Speaker, Sir, why should the Ministry insist that retiring officers should produce documents which should be in the possession of the Government? Why should an officer be forced to produce an identification card which the Government has in its possession? Are you telling us that the Government has been employing people whose details they do not have?

Mr. Arap-Kirui: Mr. Speaker, Sir, that is one of the several documents that are usually required. These are often required to avoid fraudulence. We have various cases where funny individuals have come forward and claimed pensions on behalf of others. We wish to ensure that this does not occur. The Pensions Commutation Form is not usually in the file until an individual retires. We require that this form be completed before we commence the process of payment.

Mr. Otita: Mr. Speaker, Sir, I am not satisfied because we do not know where the file is at the moment. In many cases, files have been misplaced in the Ministries. If that file is still open for the last five years, we do not know whether somebody is using it to earn some money! Could the Assistant Minister assure this House that something will be done, so that immediately somebody retires, all the documents required remain intact in the file except the one showing the date of retirement? That particular document should be brought within a week and the retiree is paid his dues. Could he give that assurance to this House?

Mr. Arap-Kirui: Mr. Speaker, Sir, I think we are going back and forth over the same issue. As I have answered Questions of a similar nature before, it does seem to me that the culprit in this case is not the Treasury. Once the documents are received at the Treasury, we ensure that retirees are paid their money within two to three weeks. In this case, I think we should be addressing this Question to the Office of the President. Be that as it may, we have, in the past, indicated that the retirees should ensure that before they retire, they have submitted all the necessary documents. They should not wait until they retire so that they can work on these documents. We would like to encourage civil servants to do this. But most often, they do not. They wait until they actually retire and then start applying when out of service.

Mr. Ndilinge: On a point of order, Mr. Speaker, Sir. Would I be in order to ask for guidance from the Chair? We have got many similar cases. In fact, some retirees have died without receiving their pensions. Could we have guidance from the Chair?

Mr. Speaker: My guidance is very simple. It is as I told the Assistant Minister. That they must put their house together and have pensions processed in good time and that we should not take away the time of Parliament unnecessarily on matters that must be done routinely. I hope that satisfies everybody.

(Applause)

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

Mr. Speaker: Mr. Michuki, you are a retiree. Are you earning your pension?

(Laughter)

Mr. Michuki: I am, indeed. Is it in order for the Assistant Minister to mislead this House by not telling the truth? Instead of the personnel officers in the Ministries dealing directly with the Principal Pensions Officer, every file and paper is to be sent to the Office of the President where they do not even have the records of the officers. This is where the problem is. This is where the papers are delayed and lost! They are not dealing directly with the Principal Pensions Officer as the case used to be.

Mr. Arap-Kirui: Mr. Speaker, Sir, I wish to thank the hon. Member for giving us the benefit of his experience. It goes to confirm what I said earlier. That the problem is not with us at the Treasury; it is with the various Ministries and the individuals concerned should ensure that they have the documents in place before they actually retire.

Question No.312

RURAL ELECTRIFICATION IN MBEERE

Mr. Muturi asked the Minister for Energy:-

(a) how much money, if any, had been set aside for rural electrification in Mbeere District for the last five years and how much of that was spent and on which projects; and,

(b) how much of that money was intended for projects within Siakago Constituency.

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

(a) The Government's budgeting is based on anticipated revenue which is not always realised. A large portion of Rural Electrification Fund is spent [**The Assistant Minister for Energy**] on operations and maintenance of the existing lines. Accordingly, the planned target is not normally achieved.

(b) Over the last five years, a total cost of Kshs37 million has been budgeted for rural electrification in Mbeere District through the normal Government budgeting process. The undermentioned projects were implemented in Mbeere District over the stated period at a total cost of Kshs8.2 million:-

	Kshs(Million)
Weru Academy	0.3
Kangugi School and environs	5.3
Muchokonoke	2.6
<hr/>	
Total	8.2

The Rural Electrification Programme budgeting process is not done on constituency basis; it is done on district basis. But we will do so on constituency basis very soon because we passed a Motion to that effect last week.

Mr. Muturi: Mr. Speaker, Sir, from this answer, the Assistant Minister says they had budgeted to spend Kshs37 million for the last five years in the entire district. However, he goes on to say that a lot of what they budget goes into operations and maintenance. He has not said how much of that Kshs37 million which was budgeted to be spent in the district was spent over that period on operations and maintenance. Besides, St. Philips Primary and Secondary Schools and Weru Academy are private institutions whose owners applied to the Kenya Power and Lighting Company (KPLC) in Embu for connection. So, could the Assistant Minister address the question of how much was spent on operations and maintenance and tell us whether the Kshs2.6 million and the Kshs0.3 paid to KPLC was part of the rural electrification funds. Why then could it not be spent on public institutions? Kangugi Primary School is also a day primary school and they had not done internal wiring. How could you take electricity to a day primary school which had not even applied for, and it is located away from the town? How could this happen? Could the Assistant Minister explain that?

Eng. Manga: Mr. Speaker, Sir, when electricity is being extended to an area, private institutions are taken care of because they are used by the people. The information I have is that Kangugi Primary School actually required electricity. But they have been unable to do internal wiring and that is why the connection has not been done.

Mr. Musila: Mr. Speaker, Sir, you recall that last time, Mr. Muturi had two answers from different Ministers with different facts. This is evidence that the Ministry of Energy is not aware of what goes on in the area of the Rural Electrification Programme. Could the Assistant Minister confirm or deny that the Ministry does not know what goes on in the Rural Electrification Programme because it is solely being done by the KPLC? Could he admit that they are not in the picture and they are not in charge?

Eng. Manga: Mr. Speaker, Sir, I want to partially agree with the hon. Member that before 1998, the planning of rural electrification was being done by KPLC. But when we established the 5 per cent levy, the Ministry created a planning committee. We inherited those projects and we are looking after them.

Mr. Kathangu: Bw. Spika, hili ni jambo la kusikitisha sana. Muchonoke Project, St. Philips Secondary na Primary Schools ni shule za mtu moja, Bw. Waweru. Kangugi Primary School and environs ni transformer mbili ambazo zimewekwa katika Kamutungi Farm na hapo ni nyumbani kwa Bw. Jeremiah Nyagah. Sasa Kshs5.3 milioni zimeenda kwa nyumba ya mtu mmoja na hawakubali kwamba stima itapelekwa kwa mtu mwingine. Weru Academy ni ya familia hiyo. Je, stima katika Mbeere District inatakiwa iende kwa familia tatu peke yao?

Eng. Manga: Bw. Spika, wakati maombi yalipokelewa, wale waliotuma maombi walipewa stima. Transformer iliwekwa hapo ili watu watoe stima kutoka hapo. Wale waliokuwa tayari walichukua stima na Kamutungi Farm ilikuwa moja wao!

Mr. N. Nyagah: Mr. Speaker, Sir, my entire life in Mbeere was spent in darkness until the time when my family was able to put a generator. If hon. Kathangu does have a problem with the Nyagah family, let him keep out of this. He certainly has a problem. Could the Minister explain how much was paid by hon. Jeremiah Nyagah to have electricity fitted into his farm?

Eng. Manga: Mr. Speaker, Sir, hon. Jeremiah Nyagah paid the required 10 per cent of the cost.

Mr. Kathangu: Jambo la nidhamu, Bw. Spika. Je, ni haki kwa Waziri Msaidisi kulipotisha Bunge hili kwamba Kangugi Primary School na watu wa eneo hilo waliitisha stima? Ninataka aseme ukweli hapa kwa sababu Kshs5.3 milioni zilienda kwa familia ya Jeremiah Nyagah!

Mr. Spika: Ndani ya nyumba?

(Laughter)

Eng. Manga: Bw. Spika, ningependa kumfahamisha Bw. Kathangu kwamba stima haitoki mbinguni na kuingia nyumbani kwa mtu. Stima hutoka mahali maalum. Watu wanaweza kuingiza **[Eng. Manga]** stima nyumbani mwao kutoka mahali stima inapopitia. Kwa hivyo, ningependa kueleza kwamba stima haikuingizwa kwa nyumba ya Bw. Nyagah peke yake. Stima ilipitishwa karibu na pale ili watu, pamoja na shule, waweze kuingiza nyumbani mwao.

Mr. Speaker: Proceed, Mr. Muturi.

Hon. Members: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order! Order! I have said several times that we should keep individuals out of national debate. It is not right that we bring individuals into the national agenda. The issue is parochial, and parochial issues must be dealt with parochially in their localities. Parliament is a national forum.

Mr. Muturi: Mr. Speaker, Sir, the Assistant Minister said that part of the money was used for operations and maintenance. I asked how much of the projected Kshs37 million was used for operations and maintenance, so that we can know how much was used for the rural electrification programme in the district. It is a well known fact that rural electrification spurs economic growth in the rural areas. It also helps to stem rural-urban migration. Could the Assistant Minister explain how much of the money was used for operations and maintenance and when he will consider the rest of the district for electrification? As you can see, only three individuals have benefited from that project.

Eng. Manga: Mr. Speaker, Sir, I must apologise that I am unable to tell the exact amount that was used for operations and maintenance. I would also like to ask the hon. Member to note the difference between the Kshs37 million that was allocated for that project and the Kshs8.8 million that was used for operations and maintenance. Earlier on, I said that sometimes money is budgeted for but is not realised. So, that is the position. But if the hon. Member insists on getting the actual amount that was used for operations and maintenance, I will provide him with that information.

Hon. Members: On a point of order, Mr. Speaker, Sir!

Mr. Speaker: Order! Order! Hon. Members, Question Nos.159, 024, 281 and 296 are deferred for lack of time.

Question No.159

COMPLETION OF KIBAUNI WATER PROJECT

(Question deferred)

Question No.024

DISMISSAL OF MR. KAMAU

*(Question deferred)**Question No.281*

POLLUTION OF BATHI RIVER

*(Question deferred)**Question No.296*

JUJA ROAD RECONSTRUCTION

(Question deferred)

Mr. Katuku: On a point of order, Mr. Speaker, Sir. When will my Question be brought here again?

Mr. Speaker: The Clerk of the National Assembly will organise for it to appear on Thursday.

Mr. Katuku: Mr. Speaker, Sir, I will not be available on Thursday. So, I would like the Question to be brought here tomorrow.

Mr. Speaker: Is Tuesday next week okay with you?

Mr. Katuku: Mr. Speaker, Sir, tomorrow would be convenient for me.

Mr. Speaker: Very well. The Question will be brought here tomorrow afternoon, if the particular Order Paper is not yet out.

The Assistant Minister for Health (Dr. Wako): On a point of order, Mr. Speaker, Sir. Question No.281 was fully answered last week, on Wednesday afternoon. I do not know why it has been brought back to the House. My colleague, Mr. M.M. Galgalo, answered that Question last Wednesday afternoon.

Mr. Speaker: I will verify that from that day's HANSARD.

QUESTIONS BY PRIVATE NOTICE

ACTION AGAINST ADMINISTRATION POLICEMEN

Mr. Anyona: Mr. Speaker, Sir, I beg to ask the Minister of State, Office of the President, the following Question by Private Notice.

(a) Is the Minister aware that on 6th May, 2001, Administration Policemen from Rigoma Divisional Headquarters in Kitutu Masaba, without lawful cause or excuse, attacked and molested Perister Kerubo of Riyabe Village, beat up and seriously injured her husband, fatally shot their son, Rodgers Nyanganya, who died at Kisii District Hospital on 12th May, 2001, and made away with Kshs10,000?

(b) Is he further aware that the residents of the area held a peaceful demonstration at the DO's Office demanding the arrest of the policeman and subsequently wrote a protest letter to the Permanent Secretary in charge of Provincial Administration and Internal Security, dated 7th May, 2001, which was signed by 62 residents?

(c) What disciplinary and/or legal measures has the Minister taken against the DO and the APs for the serious misconduct and murder of the late Rodgers Nyanganya?

The Assistant Minister, Office of the President (Mr. Samoei): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that on 6th May, 2001, at around 6.00 a.m., three Administration Policemen on patrol arrested four suspects at Riyabe Village for being in possession of *chang'aa* and bhang. As the officers were escorting the suspects to the police station, they were attacked by a rowdy mob in a bid to free the suspects. All the three officers sustained panga cuts. In the ensuing confrontation, one Rodgers Nyanganya was shot and he died in hospital six days later. There is no evidence that any money was stolen.

(b) I am also aware of the demonstration by irate residents of the area at the DO's Office. However, I am not aware of the protest letter to the Permanent Secretary in charge of Internal Security.

(c) No disciplinary action has been taken against the Administration Policemen (APs) as they acted within the law regarding the arrest of suspects. They shot Mr. Nyanganya in self defence when they were attacked and injured by a mob.

Mr. Anyona: Mr. Speaker, Sir, with regard to part (b) of the Question, the Assistant Minister says that

he is not aware of the protest letter written by the residents of that area to the Permanent Secretary in charge of Internal Security. Could I then table a copy of that letter, which was addressed to the Permanent Secretary and copied to everybody else concerned? The letter is dated 7th May, 2001.

(*Mr. Anyona laid the letter on the Table*)

Secondly, the Assistant Minister said that the APs had arrested suspects who were in possession of *chang'aa* and bhang, and that the APs were injured. Could he tell us how many people have been charged for being in possession of *chang'aa*, how many have been charged for attacking police officers and who they are?

Mr. Samoei: Mr. Speaker, Sir, unfortunately, the suspects who had been arrested were freed by the irate mob that attacked the APs. This is not the only such incident. On 4th May, 2001, police officers from Keroka Police Station were also attacked by irate members of the public. So, this is a trend that is developing in that part of the country. We have given very firm instructions to our security personnel to take very stern action against any members of the public who may try to take the law into their hands.

Mr. Speaker, Sir, following these incidents, a police Inquest File No.7 of 2001 has been opened. We are carrying out thorough investigations to find out exactly why such incidents have been taking place.

Mr. Anyona: Mr. Speaker, Sir, I do not want to tell the House long stories because there is no time to do so. All that the Assistant Minister has said is not true. The Government is covering up illegal actions by police officers. The Assistant Minister has failed to produce evidence of prosecution of the people who were alleged to have been arrested for committing the alleged offences. Could he tell us whether it is an inquest file that has been opened or a police inquiry? If it is not an inquest, we insist that we have an actual inquest by a court of law and not by police officers.

Mr. Samoei: Mr. Speaker, Sir, I have not told the House a story. What I have stated here is factual information. The injured police officers were treated in hospitals. They were actually harmed by members of the public. We are not going to take this kind of issues lightly. We will do whatever it takes to ensure that all Kenyans respect the law.

Mr. Anyona: On a point of order, Mr. Speaker, Sir. The Assistant Minister is using Parliament to issue threats. All I am asking is whether there is proper inquest or whether is he talking about a police inquiry. If there is an inquest, we want an inquest! So, let him not threaten us!

Mr. Samoei: Mr. Speaker, Sir, I am not threatening anybody. I am just making a statement of fact! I am stating the Government position. It is as stern as that because there is an inquest in place and I have stated the file number.

Mr. Murungi: Mr. Speaker, Sir, in 1997 we passed a law in this House barring Administration Police Officers, chiefs, district officers *et cetera* from raiding homes under the guise of arresting *chang'aa* brewers and other traditional liquor brewers. Could the Assistant Minister tell this House when this law was changed so that APs are now raiding homes because at the time this fracas arose, the APs themselves were committing illegal actions?

Mr. Samoei: Mr. Speaker, Sir, the law has not been changed. I did state that the persons in question were caught carrying *chang'aa*, other types of brew and drugs, which are prohibited under the law in this country.

SETTLEMENT OF MWINGI COUNCIL WRANGLES

Mr. Musila: Mr. Speaker, Sir, I beg to as the Minister for Local Government the following Question by Private Notice.

(a) What has been the cause of wrangles between Mwingi Town Council and Mwingi County Council, necessitating a series of court cases against each other?

(b) What urgent measures is the Minister taking to ensure that the two local authorities stop these wrangles and instead direct their resources to providing services to the people of Mwingi District?

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

(a) The cause of wrangles between Mwingi Town Council and Mwingi County Council has been a dispute over a plot where Mwingi County Council has commenced developing an office block. The Mwingi Town Council also claims ownership of the same plot which is adjacent to Mwingi Town Council offices.

Mr. Speaker, Sir, there are two court cases: Civil Case No.221 of 2001, where the Mwingi County Council is the plaintiff and Civil Case No.34 of 2001, where Mwingi Town Council is also the plaintiff. The matter, so to say the least, *is sub judice*. However, the Permanent Secretary in the Ministry of Local Government has talked to both parties including; the chief executives of the two councils and advised them to withdraw the

court cases so that the matter can be settled amicably.

Mr. Musila: Mr. Speaker, Sir, this Question came up on the 8th of May, 2001, just before we went on recess. It was answered in the same manner and the Chair ruled that it had not been satisfactorily answered. Now the Assistant Minister has given the same answer which was given at that time--- Be that as it may, since the Assistant Minister had summoned the two executives of the wrangling councils, apparently, he had been investigating the cause of these wrangles. Could he give us an up to date position so that we can dispose of this matter?

Mr. Kiangoi: Mr. Speaker, Sir, there are court cases which are pending before court and that is why we decided to summon the two Council Clerks on the 11th of May, 2001. After we wrote to the two Clerks, they came, we had a meeting and we advised them that this matter could be solved amicably by the Ministry, with their co-operation. The first thing that has to be done now is the withdrawal of the court cases, which they agreed to do. I think that is the positive step that we have taken to encourage them to withdraw the court cases. But if they do not to heed that advice, then our hands are tied until the cases are finalised.

Mr. Speaker: Order! Mr. Kiangoi, what do you think would be the reaction of the court to hear that you are pressing for the withdrawal of the cases?

Mr. Kiangoi: Mr. Speaker, Sir, we have not pressed for the withdrawal of the cases, but we have advised them that it would be in their interest to have the cases withdrawn.

(Laughter)

Mr. Musila: Mr. Speaker, Sir, obviously, it is the responsibility of the Ministry of Local Government to see to it that the local authorities provide services to the people. In the case of these two councils and particularly the Mwingi County Council, no services are being rendered because the resources are being used to handle cases in court. Is the Assistant Minister satisfied that the two councils are giving the people of Mwingi the service that is due to them? Is the Assistant Minister satisfied that the people of Mwingi are receiving adequate services from these councils?

Mr. Kiangoi: Mr. Speaker, Sir, arising from the hon. Member's well-intentioned question, I have already said that we have advised them to withdraw the cases from court. I do not think that we can go beyond that because our hands are tied because cases are in court.

Mr. Speaker: Next Order!

REINSTATEMENT OF THIKA MUNICIPAL WORKERS

(Mr. Ndicho) to ask the Minister for Local Government the following Question by Private Notice.

(a) Is the Minister aware that the Court of Law at Thika, the High Court and the Court of Appeal in Nairobi ordered that 37 workers of Thika Municipal Council, who had been illegally sacked, be reinstated with their full pay?

(b) Is he further aware that the Government ordered the reinstatement of the same workers three weeks ago?

(c) Why are the 37 workers still locked out despite the Court and Government's orders that they be reinstated and be paid in full their salaries and arrears?

Mr. Speaker: I am sorry, Mr. Ndicho. Your Question can come up in the morning tomorrow. Are you happy with that?

Mr. Ndicho: No, Mr. Speaker. I will not even be around tomorrow because I will be attending a funeral. This is the second time this Question is being asked in this House. Why do you not give me five minutes?

Mr. Speaker: Time is up! I must go to the Committee of the Whole House, by 3.30 p.m., we have a Procedural Motion which I cannot just bulldoze through the House.

Mr. Ndicho: Mr. Speaker, Sir, there is some little time which we can make use of.

Mr. Speaker: I cannot foresee, in advance, whether Members will just keep quiet and pass it.

Mr. Ndicho: Mr. Speaker, Sir, there are people who are already suffering and that is why we have gone to court, consulted the Executive and now we have brought this issue to Parliament.

Mr. Speaker: Can I give you two minutes?

Mr. Ndicho: It will not be enough, Mr. Speaker, Sir.

Mr. Speaker: Will you be happy if I give you two minutes?

Mr. Ndicho: Mr. Speaker, Sir, okay---

The Assistant Minister for Local Government (Mr. Kiangoi): On a point of order, Mr Speaker, Sir.

Mr. Speaker: What is it?

The Assistant Minister for Local Government (Mr. Kiangoi): The answer is fairly long because it takes us through several court cases that have been filed at the Thika Law Court.

Mr. Speaker: Okay, let it then be answered tomorrow afternoon.

Mr. Ndicho: No, Mr. Speaker, Sir. I will not be around tomorrow.

Mr. Speaker: Can it be put on the Order Paper on Thursday then?

Mr. Ndicho: Yes, Mr. Speaker, Sir. The Assistant Minister is saying that the reply to the Question is long, although it just reads:-

(a) I am not aware.

(b) I am not aware.

(c) The matter is *sub judice*.

I have just seen the answer, Mr. Speaker, Sir.

Mr. Speaker: Anyway, I will be very considerate to Mr. Ndicho's views and I, therefore, order that the Question be put fairly top on the Order Paper on Thursday afternoon.

(Question deferred)

Very well. Next Order!

PROCEDURAL MOTION

LIMITATION OF DEBATE ON THE ANNUAL ESTIMATES

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Speaker, Sir, I beg to move:- THAT, the following limitations shall be applied to the business of the Annual Estimates:-

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

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

(iii) Each Speech in Committee of Ways and Means and Committee of Supply shall be limited to ten minutes.

Mr. Speaker, Sir, once again, I have brought before the House the Procedural Motion -as it is customary - just before the commencement of the debate on the Budget Speech, and the subsequent debates in the Committee of Ways and Means and the Committee of Supply.

I think hon. Members will appreciate that, in the case of the Financial Statement, virtually every hon. Member would wish to make his or her contribution to that very important matter of the Budget. But one has to take into account that the debate on the Financial Statement is limited to seven days. So, there has got to be a time limit, and that is why we did propose that every hon. Member speaks for ten minutes.

In recognition of the fact that there is the Official Opposition here, more time is being allocated to the Leader of the Official Opposition. As far as the Committee of Ways and Means is concerned, that takes a fairly short time and, again, all of us want to contribute.

Just as much as the third item is concerned; when we do come to the debate on the Votes, once again, everybody would want to contribute and, therefore, there is need to limit the time for contribution. That, basically, has been a ritual throughout and nothing strange is being stated here.

So, I do beg to move the Procedural Motion.

Mr. Speaker: Do we have anybody to second?

The Minister for Education (Mr. Kosgey): Mr. Speaker, Sir, I wish to second the Procedural Motion, as ably moved by the Vice-President.

*(Dr. Masakhalia consulted Mr. Awori
as Mr. Speaker proposed the Question)*

Mr. Speaker: Order, Dr. Masakhalia!

*(Loud consultations as Mr. Speaker
proposed the Question)*

Order, hon. Members! At least, hon. Members must get a little patience to hear the Question being proposed.

(Mr. Karauri consulted Mr. Poghio)

Order, Mr. Karauri! I think you better get out now! That is disorderly conduct! You must now leave!

The Assistant Minister for Education, Science and Technology (Mr. Karauri): Mr. Speaker, Sir---

Mr. Speaker: Order, Mr. Karauri! That is an order! It is disorderly conduct to speak when the Chair is addressing the House, and I have appealed three times for hon. Members to keep quiet. So, you are unfortunate to set an example and, maybe, you will have another hon. Member following you very soon. So, please give way for the balance of the day.

(Mr. Karauri withdrew from the Chamber)

(Question proposed)

Mr. Murungi: Thank you, Mr. Speaker, Sir. I rise to support the Motion. This is a routine Procedural Motion and we normally pass Motions like these every year. Because this year's Budget is very interesting, and we have a lot of comments to make about it, I would urge hon. Members on both sides of the House to support the Motion so that we can move into the substantive debate without wasting too much time.

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

Mr. Ndilinge: Asante sana, Bw. Spika. Yangu yatakuwa machache sana kama vile mwenzangu mhe. Murungi amesema. Ninasimama hapa kuiunga mkono Bajeti hii---

(Laughter)

Mr. Speaker: Eti nini?

Mr. Ndilinge: Bw. Spika, pole. Nilikuwa nimeteleza.

Naiunga mkono Hoja hii.

Mr. Speaker: Order! I think I will now put the Question.

(Loud consultations)

Order, hon. Members! And somebody will have to keep Mr. Karauri company!

(Question put and agreed to)

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT MR. SPEAKER DO NOW LEAVE THE CHAIR

(The Minister for Finance on 14.6.2001)

(Resumption of Debate interrupted on 14.6.2001)

(First Day of Budget Debate)

Mr. Kibicho: On a point of order, Mr. Speaker, Sir. In view of the fact that hon. Members from NDP and KANU are on the same side, when it comes to the allocation of time to hon. Members who wish to contribute, would I be in order to suggest that a chance given to an hon. Member from NDP should be deemed to have been given to the Government side?

Mr. Speaker: Mr. Kibicho, do not ask hypothetical questions! The issue has not arisen. Who is leading this debate? Is there anybody interested?

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. Last week, when we raised that issue, which is a matter that is touching on the Constitution, you promised to give a statement in order to clarify it. Since we are now going into a very important debate about the Budget and, when we go into it, we shall have no time to revert back to it, we should solve it now.

As of now, Section 16(2) of the Constitution is not being complied with, and I am asking this House, through you, to uphold the rule of law and constitutionalism because according to Subsection 2---

Mr. Speaker: Order! What has that got to do with this?

Mr. Ndicho: Mr. Speaker, Sir, but I am going by your promise!

Mr. Speaker: Order! When I do promise to do something, I always do it. Certain things require the considered opinion of Mr. Speaker. I will not just do it as a matter of routine. I will do it because it will be part of the history of this country and this House. That requires an indepth analysis by Mr. Speaker, and Mr. Speaker shall not be hurried. We are on the correct Motion. Let us proceed!

(Mr. Ndicho stood up in his place)

Order, Mr. Ndicho! I order you to sit down and the debate continues. Is there anybody interested in this debate?

Mr. Keriri: (Inaudible)

Mr. Speaker: But there was supposed to be somebody to second it.

The Vice-President (Prof. Saitoti): On a point of information, Mr. Speaker, Sir. I actually did second the Motion in the sense that when the Minister did present his Budget, he actually moved it and I stood to bow, which represented secondment.

Mr. Speaker: You are absolutely right. I actually proposed the Question. Therefore, it is the very first opportunity for the Official Opposition to have a shot at it if they are so minded. I think Mr. Keriri is the spokesperson on finance. We have just passed the rule which means that you have 30 minutes.

Proceed.

Mr. Keriri: Thank you, Mr. Speaker, Sir, for giving me this opportunity to make a few comments about the Budget Speech by the Minister for Finance. The Minister for Finance did a very commendable presentation of the Budget and he made us aware of his intentions.

(Loud consultations)

Mr. Speaker, Sir, could I have your protection? There is a lot of noise behind me!

Mr. Speaker: Order, Members! Mr. Keriri shall be heard. So, those withdrawing from the Chamber, it is your right to do so, but do it quietly so that the Official Opposition spokesperson can be heard.

Mr. Keriri: Thank you, Mr. Speaker, Sir. As I said, the Minister did present the Government's intentions and objectives with regard to solving the problems that we have in this country. He did, in fact, identify the root causes of the stagnation in the growth of our economy. He also did introduce measures which the Government intends to take to solve the problems of the economy and listed them according to priority. The Minister should also be commended for introducing a wide range of measures to help our manufacturing sector. Those measures, if implemented in conjunction with good governance, will go a long way in getting our economy on the growth

route.

Some of the measures were set by regulation and law, but there were one or two which were introduced for discretionary exemptions. I should warn the Minister that anything that is done by discretion is dangerous. It does not often help the manufacturer. It actually encourages corruption when officers in any department are allowed to approve exemptions for tax, and those matters are left to their discretion. I hope that such matters will be limited to the minimum or nothing at all. Let us have straight exemption which does not depend on a human being's discretion.

In his proposals to improve the economy and reduce poverty, I thought the Minister was extensively optimistic. For example, on the issue of raising money from our development partners, the Minister did propose that he will raise about Kshs40.5 billion from our development partners by August or September. The development partners have given us a number of conditionalities which must be met before money is disbursed. These include the enactment of certain Bills like the Kenya Anti-Corruption Authority Bill, the Economic Crimes Bill and the Code of Ethics for Public Servants Bill. One does not see a possibility of these Bills being enacted before August or September, especially when we have got to spend a lot of time debating this Budget Speech. We also have some Bills which are brought to this House badly drafted, either intentionally or unintentionally. In most cases they are badly drafted intentionally and this delays the passing of those Bills. How do we hope to pass those Bills in the next two months? How do we hope to privatise Telkom Kenya Limited in the next two months when it has taken us months on end to discuss and argue about its privatisation?

I think the Minister is being too optimistic about raising money from foreign donors. He is also being too optimistic about how he will raise money from our own local sources. He says that he wishes to raise quite a substantial amount of money to close the gap between what we are receiving and the expenditure. I am doubtful that the Minister will be able to raise these funds through taxation since our economy has not only stagnated, but it is registering a negative growth. It is very difficult to raise extra money from tax revenue on this basis. It is doubtful that the Minister will raise that amount of money.

Mr. Speaker, Sir, in his projection of the growth rate, the Minister proposes to raise the growth rate from negative 0.3 per cent to 2 per cent this year, 3.2 per cent the following year and to an average of 2.9 per cent over the period that we are talking about. Now, with the type of economy we have, coupled with the reluctance of the Government to be fully committed to fulfilling the conditions that our partners in development give us, to improve on governance and with the delays and arguments that affect the review of the Constitution, one does not see a possibility of this Government being able to build enough confidence for investors. We should reduce corruption to a level that is reasonable and such other things to make sure that the economy can pick up so quickly. So, this is going to be another year where we are told the economy will grow by 2.3 per cent this current year and then it went down by 0.3 per cent. I think it is too much to expect the promise made by the Minister to come true.

After the Minister has enumerated the problems and proposed solutions to help the economy, he has miserably failed in making provisions to cater for what he promises in his Budget Speech. I would take, for example, where he talks about helping agriculture which is the mainstay of our economy. He talks extensively and very commendably about how he wishes to help agriculture. In one phrase, he says that the equivalent of Kshs3.2 billion has been provided to maintain and upgrade rural access roads. Looking at these Estimates both under the Ministries of Agriculture and Livestock Development and Roads and Public Works, there is nothing like that. In fact, for all roads including major and minor ones, in the Estimates, only Kshs2.17 billion has been provided. So, I do not know what the Minister is getting at by saying he has provided Kshs3.2 billion for rural access roads. There is nothing like that and so I do not know what one would call this type of presentation. Was this Speech meant for people who will not look at these books or what was it meant for? That is very serious! Then in the same Speech, he talks about provision of credit and so on. There is nothing in the Budget, or anywhere, which makes provision for the revival of the credit and marketing agricultural institutions that used to help the farmer; like the Agricultural Finance Corporation (AFC), Kenya Farmer's Association (KFA), Kenya Co-operative Creameries (KCC), Cereals and Sugar Finance Corporation, Kenya Meat Commission (KMC) and the rest. All that the Minister says is that he is going to support micro-finance institutions which do not exist and we are not told when they are going to be strengthened. I think it is unfortunate that the Minister is promising things that are not reflected anywhere in his Budget Estimates. When he talks about water, which is very important, in the Budget Estimates, in fact, the provision for water is less in the coming financial year than it was this financial year. So, I fail to understand what this Speech was meant for. In fact, that goes on and it is the same with education and health in the provisions that are stated in this Speech but not provided for in the Budget. In education, there is a very high rate of primary school dropouts coupled with low enrolment and nothing whatsoever is mentioned about how to reverse this trend. There is nothing about free education and no abolition of payment of fees in primary schools. Going to bursaries, there is an increase in this provision but then the award of bursaries is so

discriminative that at times the poor do not get them but only the influential people get them. So, it is not very good to just provide figures for bursaries unless you have the mechanism of awarding them to the poor.

Mr. Speaker, Sir, as I said earlier, the Minister does propose growth rates which are exaggerated, in my view, but reading through this Budget, you will not find any place where the Minister talks about Government policy or target. What is the targeted growth? What is the Minister targeting? What he is giving us is merely a forecast of the growth rate based on an economic model which is also based on the past statistical records. Now, the question is: What is the Government growth target? Is it there? Does the Government have a growth target so that we can aim at it? Nothing is said about that.

The Minister for Heritage and Sports (Mr. Nyenze): The growth target is 2.4 per cent.

Mr. Keriri: Yes, I can hear a Minister telling me that the growth target is 2.4 per cent or something like that. But 2.4 per cent is not a target but a mere mention.

There are some things here which I would like to call the Minister's attention to. There are some discrepancies in his Financial Statement. There are three documents here. There is the Minister's Budget Speech, Financial Statement and the Annual Estimates of Revenue. For 2000/2001 fiscal year, the Minister talks about a Budget outlay of 27 per cent of GDP. Now, if you look at the expenditure for that year which was Kshs305 billion before Supplementary Estimates, it alone translated to 37 per cent of GDP and not 27 per cent. If you include the Supplementary Estimates, that translates to 40 per cent of GDP. Now, that discrepancy and another one that I am going to refer to, does indicate that there is something wrong in drawing these three documents. Are they drawn at the same place? Are they co-ordinated or not? There is a discrepancy but my question is: Is there anybody, institution or person in the Treasury who should check these things so as not to give people some misleading figures? These books are read internationally both in Kenya and elsewhere, and when you have misleading figures, it is very unfortunate because the whole thing is meaningless.

Mr. Speaker, Sir, on the deficit and financial gap, on page 27 of the Minister's Speech, the [Mr. Keriri]

revenue and expenditure for 2001 to 2002 are given as 23.2 per cent and 27.9 per cent respectively, which gives a deficit of 4.7 per cent of the GDP. On page 30 of the same Speech, the Minister gives the deficit as Kshs15.1 billion, which is equivalent to 1.8 per cent of the GDP. The Financial Statement gives a deficit of Kshs21.661 billion, and yet, another figure on table I of the statistical annex gives a deficit on a commitment basis, including grants of Kshs20.2 billion, which is equivalent to 2.56 per cent of the GDP. This is very serious. I think the Minister will have to clarify this particular point. In future, to avoid confusion, we may have to adopt some official definitions. In my view, the most appropriate would be, "The deficit on a commitment basis excluding grants". That would make sense because the figures we have here do not make sense.

The expenditure balance indicated in the Budget document is different from the Budget Speech, Financial Statement and the other paper. The total revenue including aid - Kshs 218.6 billion is in the Budget Speech, while in the Financial Statement, it is Kshs288.3 billion. The total expenditure in the Budget---

Mr. Speaker: Mr. Keriri, was that prepared by you?

Mr. Keriri: Yes, Mr. Speaker, Sir.

Mr. Speaker: You are reading a prepared speech!

Mr. Keriri: Mr. Speaker, Sir, I am just reading out figures. If you want---

Mr. Speaker: It is okay!

Mr. Keriri: Mr. Speaker, Sir, I am referring to the figures in the Minister's Speech.

Mr. Speaker: Proceed, Mr. Keriri!

Mr. Keriri: Mr. Speaker, Sir, it is Kshs306.5 billion in the Financial Statement. Those are discrepancies which ought to be explained. It is very important that the Minister should have explained them in his Budget Speech. This is very unfortunate.

When the Minister talks about the monetary policy, he does, in fact, say that the objective is to contain money supply to 8 per cent, contain credit expansion to 10 per cent and achieve official exchange reserve equivalent to 3 months imports. What wisdom is there to follow a tight monetary policy in a depressed economy? Is it okay that the economy is depressed, we maintain a very tight monetary economy? I think the Minister should explain the wisdom that is there. We want the economy to grow. If the monetary growth is not realised and the credit does not expand, what are we doing? We are not talking about any development whatsoever. The Minister should explain that.

In that particular section, the Minister does not mention anything regarding the rates of interest, and yet, this is the most important aspect in encouraging investment. In this case, does the Government, in fact, have a policy on the rate of interest or a target rate of interest? What is it, and how does the Government want to achieve

it? We talk about lowering the interest rates--- To what level do we want to lower them? What is our target, in that respect? I think it is important that the Minister explains this to us. He should tell us whether he has a policy in place because no policy is stated in that respect.

Mr. Speaker, Sir, on the regulation of the banking sector by the Central Bank of Kenya (CBK), the Minister says that the stability has been threatened by the numerous small and unstable banks and the increasing non-performing loans. This means that the regulations that have been imposed before have not worked. Why have these regulations not worked? I think they have not worked because there are regulations which are on paper but there is no commitment to implement them. If small commercial banks fail--- We have saccoes and micro finance institutions which operate in Kenya today. I would like to say that the saccoes continue to work, and yet, they are not under the Banking Act; they are not regulated. This means that regulations are misplaced. We should consider whether those regulations are useful or not.

On revenue collection, the Minister placed restriction or penalties on non-compliance with the rules. Do regulations and penalties improve revenue collection? In my view, they do not. Those restrictions and penalties merely encourage corruption. It is doing away with corruption and discouraging bribes that will improve collection of revenue and not imposing penalties.

There are rules on how tax should be collected. In the Speech, and in the provision, the Minister has increased tax from 30 to 35 per cent on imported cloth. He increased tax on petrol by Kshs2 and he hopes to achieve revenue increase as a result. He said that he did that because he wants to catch up with inflation. I do not think that, that will help; it will only ruin the economy. Does the Government have a policy on indexing tax to inflation, or is it just mentioned when the Minister wants to increase the price of petrol by Kshs2, and he gives inflation as the reason behind this? Is there a policy because there must be one? The Government should have a policy of indexing tax to inflation. Unless it has that policy, then we are doing *ad hoc* job on whatever tax we raise. I do not think it is fair to do it in that manner.

The VAT on commercial buildings is intended to be collected from landlords. This is not correct. It will affect the tenants and not the landlords because it will be passed on to the tenants. In his Speech, the Minister said that it is supposed to protect small tenants or enterprises. This is not the case because, if you have a big building where small enterprises are, you collect tax on the basis of the total rent collected by the landlord and not on the basis of what is paid by the tenant. If it was supposed to protect the tenant, it should have been based on the rent paid by the tenant in order to protect him or her, otherwise, it will disadvantage small tenants in big buildings.

It will also push people to the residential areas and leave the commercial areas. That will put pressure on the residential rent rates which will again worsen our housing problem. This will be a terrible situation. It will affect our people whom we are trying to help. So this is not a Budget for the small person. The landlord will just pass on this cost which is based on a minimum of Kshs3.6 million collected by the landlord, from the tenant.

Mr. Speaker, Sir, my time is over. I wish I had more time, but next time we shall have more to say. Thank you for allowing me to contribute that far.

Dr. Anangwe: Thank you, Mr. Speaker, Sir, for giving me the opportunity to make my contribution. Let me, say from the outset, that I support the Motion.

Mr. Speaker, Sir, I listened very carefully when the Minister was making his Budget Speech. It is an honest admission of the difficulties which our economy is experiencing and whatever measures that the Minister proposed, I believe it was a spirited effort in trying to grapple with a very difficult situation. Because of this openness, I believe that the Government side is open to ideas and suggestions that would make a fundamental difference because as we all know, another decline during the next Budget Speech, would result in a very difficult situation, not only economically, but also politically. A decline signifies that there will be increased unemployment, poverty and few people will afford two or three meals a day. Therefore, it is incumbent upon us as a House, not to look at what has been proposed in this Budget as a Government affair, but rather as a responsibility for all of us to come up with suggestions on how best we can improve the situation. There is a limit to what one can say in ten minutes. I know there are several sectoral issues that need to be commented upon, but I prefer to confine myself to the fiscal and monetary policies and issues related thereby, so that I reserve the sectoral policies to be discussed when we begin to discuss the Printed Estimates in detail.

On the target about the growth rate, I tend to agree with what Mr. Keriri, the Official Responder from the Opposition side, has said. I know the Minister proposes to achieve a growth rate of about 2.3 or 2.4 per cent, but we have to assess the feasibility of this target against data. The data we have does not show that it is possible to achieve this particular target. When you look at the rates of growth over the years - for example, in 1998 the growth rate was 1.8 per cent, in 1999 it was 1.4 per cent and last year it was 0.3 per cent - you will notice that we have developed a trend of moving from a high growth rate to a low growth rate. Such an economic trend or level of activity is described as a recession. To turn that situation round is not like a sharp bend. Those who are familiar

with economic literature know that it is composed of normal and smooth curves. In a recession, the curves are never sharp.

Therefore, when the Minister proposes that within one year he will have recovered 0.3 to reach zero, and then to add another 2 per cent, I cannot blame him for this kind of targeting, but this is creation of the bureaucrats in the Treasury. I would dismiss this particular target as wishful thinking of bureaucrats in the Treasury. This is because when you have a boom, it is normally followed by a recession and a recession is followed by a depression, before you begin to have a recovery. So, how will you move from a recession, then skip the depression period to a recovery? That goes against the grain. The Minister would be lucky to achieve even 1 per cent growth in the next financial year. If he achieves even 0.5 per cent or 1.0 per cent growth rate during the next financial year, I will be happy because he will have recovered from 0.3 per cent growth rate and he will have at least, an added 0.5 per cent to make 0.8 per cent growth rate.

Mr. Speaker, Sir, what happens when we are in a recession---

Mr. Michuki: On a point of order, Mr. Speaker, Sir. I am sorry to interrupt Dr. Anangwe. We have highly authoritative sources from the Economic Intelligence Unit that, the negative growth rate is 0.8 per cent. Is it correct for eminent scholars such as Dr. Anangwe, to continue quoting mistakes, just because they appear in the Economic Survey?

Mr. Speaker: Why did you not wait until your time to argue? That is not a point of order; it is a point of argument. Give him his chance. Just take a notebook and a pen and write your comments down.

Dr. Anangwe: Mr. Speaker, Sir, when an economy is in a recession, demand falls off, investments become unprofitable, interest rates become intolerable and inflation is a natural consequence. It comes by default. So, for the Minister and the bureaucrats in the Treasury to say it was an achievement, even if they would have done nothing under this kind of situation, that would be a natural occurrence in a situation of this nature. What is the Government supposed to do? You do not go with what the rest of the population is doing. Indeed, the theory of fiscal policy is very clear:

When demand is declining in the general public or the enterprises, the Government is supposed to increase its consumption.

Mr. Speaker, Sir, I even carried a hand-out with me, thinking that I would find the Minister here and give it to him so that we could discuss this theory. But all I am saying is that when the Government says that it will cut down public expenditure from 27.9 per cent to 22.1 per cent, the Minister may be going against the grain. I know where the difficulty is: If the Government will increase the expenditure, where will it get the money against the backdrop of the high domestic debt of Kshs170 billion? That is what we need to grapple and play around with, in terms of seeing how best we can bring this domestic debt down. My suggestion would be that the Government should enhance the privatisation process. That is normal. For an individual who is in a difficult situation of this nature and has assets, he should dispose of them and then go and pay the bankers, so that they let him off and hope that at some stage when he has recovered, he can acquire the same assets. The Government should not be shy about privatising its assets because it has the capacity to recover those assets at some point in future. The Government can come to Parliament and bring a Bill stating that it wants to recover its stake, for example, in the Telkom Kenya, and as long as this House passes that Bill, it becomes a reality. So, the Government should enhance the privatisation process.

I am also saying, as a way of trying to grapple with the high domestic debt, I know in the books and the Speech, he has said that the foreign exchange reserves stand at 3.3 months of imports. He can play around with these by reducing them, so that he can save more money to channel to other areas.

Mr. Speaker, Sir, finally, I know that in his Speech, he gave emphasis on the need for prudent management of our resources. The theme of "Effective Resource Allocation for Growth and Poverty Reduction" is relevant. That must be matched with actions. One area where we need to emphasise is on the role of the Controller and Auditor-General. The Exchequer and Audit Act is very clear on the roles of that particular office.

One role is auditing, which the office performs very well by bringing to this House, audited accounts of Government agencies. But there is a role that it has not been able to perform well. That is the role of the controller.

Mr. Speaker, Sir, may I draw the attention of the House to Section 11 of the Exchequer and Audit Act, which is very explicit on the role of the Controller and Auditor-General as a controller of Government resources. Subsection 2 of Section 11 reads:-

"The Controller and Auditor-General shall satisfy himself that all monies which have been appropriated by Parliament and disbursed, have been applied to the purposes for which they were so appropriated, and that the expenditure conforms to the authority which governs it."

Another Section reads:-

"All reasonable precautions have been taken to safeguard the collection of revenue and the Act's directions and instructions relating thereto, have been duly fulfilled."

The other Section reads:-

"All public monies other than those which have been appropriated by Parliament have been dealt with in accordance with the proper authority."

Finally, it reads:-

"All reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of Government property, including stamp securities and stores, and that the regulations and instructions relating thereto, have been duly observed."

Mr. Speaker, Sir, all that I am trying to say is that, the Controller and Auditor-General is only interested in auditing, but he does not emphasise the controlling function, which he should improve upon.

With those few remarks, I beg to support.

Mr. Michuki: Thank you, Mr. Speaker, Sir, for giving me this opportunity to contribute to this Motion and, in particular, on issues concerning the Financial Statement. As you know, I still have another two chances to speak, particularly when we will come to the policy issues, and also the Committee of Ways and Means. Therefore, I will restrict myself to the Financial Statement, as the Motion addresses the issue.

Mr. Speaker, Sir, the Minister for Finance has issued and circulated his Financial Statement. He has also circulated the Estimates of revenue and the Estimates of expenditure on both Development and Recurrent. In the Financial Statement, he has tried to outline his thoughts as to what he has in hand, and how he will deploy it in order to meet the requirement of the Government. In doing so, I think the Minister has quite a number of things to explain to this House, which he did not properly explain. I listened very attentively to everything that he said during the Budget Speech. But looking at the Financial Statement itself, I find that I have a bone to pick with him, particularly from the point of view of inconsistencies that I have found in that area.

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, if you take the two green books and put them together, that is Development and Recurrent Expenditure, the total expenditure is Kshs307 billion. That is what the Minister requests that we authorise for him to spend. If you look at the smaller book on revenue, you will also find out that revenue from our own sources is Kshs194.8 billion, to which you should add Appropriations-in-Aid (A-in-A) from the Recurrent side of the Budget of Kshs19.2 billion, giving you Kshs214 billion against an expenditure of Kshs307 billion. So, the Minister has to look for the difference, which is plus or minus Kshs93 billion or almost Kshs100 billion, which he has to find - either through taxation, or coaxing the World Bank, International Monetary Fund (IMF), other donors or from whatever source; if he can worship the devil, he might probably get it!

Mr. Temporary Deputy Speaker, Sir, at the same time, the net expenditure in the Recurrent side of the Budget is Kshs245 billion. I think that is why I would like the Treasury to note that very carefully, because that is where I differ with them! The net expenditure is Kshs245 billion, against a total recurrent revenue of Kshs214 billion, as I have already indicated. It means, therefore, that the Minister will have to borrow over Kshs32 billion to go towards consumption! It means that you are borrowing! Instead of going to the farm to raise your own bread, you are actually borrowing to go and buy bread, instead of knowing how you will borrow because you have not farmed anything which could produce that Kshs32 billion! So, the Minister is actually pushing us into very dangerous valleys of mourning and damnation!

If we have to borrow in order to consume when we should be borrowing in order to develop--- I think those who have studied rudimentaries of economics will know that, the moment you begin borrowing in order to meet your Recurrent Expenditure; in order to put a loaf of bread on your table, you are courting disaster of uncontrollable proportions. The Minister would require to explain to us about that.

At the same time, Mr. Temporary Deputy Speaker, Sir, if I may draw your attention to the Financial Statement, I want to restrict myself to it. As I have said, I do not want to digress to other areas because I still have two other chances to stand here and talk about the taxation and so on. If you look at the estimated revenue as per the Financial Statement, the Minister is saying that he will be receiving from Treasury Bills and bonds Kshs38.46 billion. But if you go further on that same Part I of the Financial Statement and you look at the second page; 2(b), you will see that he will not source any monies from Treasury Bonds which means Treasury Bills and

Bonds--- How is it that the Minister expects Kshs38.46 billion as shown in his part "a" of the Financial Statement but he intends to source nothing from any source as his part "b"? So, how does he account for his receipt of Kshs38.46 billion? That will require to be explained to this House because there is a contradiction somewhere. I want to say that the Minister with whom we have had discussions, as the Chairman of the Finance, Planning and Trade Committee, will witness at various stages that this Budget is relying too heavily on donors. I think this is probably why he has no explanation in his Financial Statement as to how he will source for money. He is going to have a very hard time in closing that gap of almost Kshs100 billion which he expects to receive from IMF, the World Bank and other donors, whom he and his boss have been calling names all over the country: He is now going with a capping hand almost kneeling down to raise Kshs100 billion. What a shame? That a government should be belligerent and yet, incapable of sustaining itself without begging.

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

Mr. Mkalla: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to support this Motion. First, I would like to congratulate the Minister for the job well done in this particular year. He has presented a Budget that, if implemented, will make a difference in Kenya. The fact that he has been able to increase the tax bracket for the ordinary Kenyan, from Kshs9,000 to Kshs10,200, means that the funds are available to him to spend on his ordinary expenditures.

Mr. Temporary Deputy Speaker, Sir, the Budget also has looked at the possibility of increasing some banks or financial institutions by reducing the amount of money required to open up banks. Initially, the requirement was that any bank should have about Kshs500 million before it is registered.

In our Finance, Planning and Trade Committee, we did object to that particular requirement and we advised the Minister that the amount was too high for Kenyans and it requires to be reduced. I am glad to say that the Minister saw the need to reduce the amount, from Kshs500 million to Kshs300 million, for banks to be set up in this country. I think this should go on with the support of macro-finance institutions which currently are being set up and the Government should support such financial institutions so that they can lend more funds to the ordinary Kenyans and to the private sector to be able to bring about some good business in the country.

The Minister has used certain assumptions in preparing his Budget, however, I was a bit disappointed by the fact that he brought the Economic Survey booklet just about the same time with the Budget. The Economic Survey document should be produced much earlier so that people can read and understand the assumptions which the Minister is using in preparing his Budget. In future, I would advise that the Economic Survey is produced, at least, two months ahead of the Budget so that we can understand the policies and the assumptions used by the Minister in preparing his Budget.

Mr. Temporary Deputy Speaker, Sir, in an effort to improve the economic situation in this country, the Budget has been quite good but its implementation should be strictly followed. We have talked about improving some water facilities or extending rural electrification in certain areas but none of these projects are completed. We must make sure that whatever has been put in the Budget is done within the course of the year.

Mr. Temporary Deputy Speaker, Sir, if it is the question of roads, the little money which has been put there because of lack of adequate funding should be properly utilised. There is no point to have money allocated for these roads and then it is used to clear outstanding debts. I think that spoils the good work which is being done. We are saying that there must be some enabling environment to make sure that economic activities do improve in this country.

Mr. Temporary Deputy Speaker, Sir, I would like also to comment on the increase of petrol prices by Kshs2 which the Minister said was not going to be passed over to the consumers. That is not the situation obtaining today. In fact, everybody is crying that the increase of Kshs2 per litre of petrol has been passed over to the consumers. We would like to see a situation where the Minister tells Kenyans how he is going to implement his own Statement and that there will be no passing over of the Kshs2 per litre which has been put to the manufacturers and oil companies so that Kenyans do not suffer because of the increase of petrol.

There is a big difference in the figures given in the Budget. But this is also a clear indication that there has been no scrutiny of this document by those involved in the Treasury. In future, we would not like to see the Minister getting embarrassed because of bringing documents which are conflicting. There must be consistency in all those documents and this can only be done by the Minister making sure that his staff edit those books and correct whatever mistakes there might be.

I would also like to talk about the supervisory role played by the Central Bank of Kenya. Many of the banks are faced with the problem of non-performing loans because the Central Bank of Kenya has not been doing its job properly. We would expect a situation where there is good supervision by the Central Bank of Kenya and that they monitor the people they are giving loans so that the question of non-performing loans becomes a matter of the past.

The Budget is about revenues and expenditure. Within the revenue portfolio are the ordinary revenue, donor funding, loan funds, among others. Currently, ordinary revenue is never wholly collected, and on time. Kenya Revenue Authority (KRA) personnel are not motivated to collect the revenue properly. The KRA has different salary scales for its old and new employees. That is a de-motivating factor for the disadvantaged lot of the Authority's staff. That could be a cause of corruption among the Authority's staff. Therefore, we should ensure that there is a single salary structure for the KRA staff. Let the Authority have fewer members of staff who are well-paid, so that they can concentrate on the collection of revenue. If revenue collection is intensified, we could realise more than twice the amount that is focused in the current Budget.

As we look for ways of improving revenue collection, we should also look for ways of reducing expenditure. Austerity measures should be put in place to reduce public expenditure. There are ways of reducing expenditure. A lot of public expenditure is not used for the intended use. We have seen situations where public funds have ended up in individuals' pockets rather being used for the intended purposes. Thus the Government has incurred higher expenditures without being productive.

*(Mr. Murathe consulted loudly
with other hon. Members)*

Mr. Temporary Deputy Speaker, Sir, could you protect me? Mr. Murathe is very busy consulting loudly.

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Murathe!

Mr. Mkalla: Thank you very much for your protection, Mr. Temporary Deputy Speaker, Sir.

I was saying that there is need for us, as a country, to intensify revenue collection and reduce expenditure so that a lot of funds can be available for our capital projects, which will improve the **[Mr. Mkalla]** economy of this country.

Mr. Temporary Deputy Speaker, Sir, the economy has persisted to register a negative growth for several years, from 1.8 per cent to 1.4 per cent and, currently, it stands at negative 0.3 per cent. We are now focusing on a positive growth of 2.7 per cent. I would like to support the Minister on this initiative. If there is a will, it is possible for us to achieve the projected 2.7 per cent economic growth. As I have said, all that we need to do is improve on revenue collection and reduce expenditure to create excess funds which will bring about economic activities that will spur economic growth. We should make funds available to the private sector. Maybe, the Government should also stop borrowing through Treasury Bonds (TBs) and utilise the current system of using long-term financing bonds, thereby making funds available to the private sector. Once funds become available to the private sector, it will carry out a lot of economic activities that will bring about the economic growth being anticipated by the Minister for Finance. So, we can, indeed, achieve the projected 2.7 per cent economic growth only if we can implement all that we have said.

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

Mr. Ndicho: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion. I call upon this House to make history by not passing this year's Budget for the following reasons.

Mr. Temporary Deputy Speaker, Sir, the Minister confessed in this House that there are no economic activities taking place in this country and that, as a result, the economy has continued to register a negative growth of 0.3 per cent. This means that no business is being transacted by this country. Many people are jobless today because no more creation of industries is taking place, and investors have been scared away. Many school leavers today cannot be employed simply because the economy cannot support more employment.

While presenting the Budget, the Minister stated very clearly that the Kshs2 tax that he raised on the Fuel Levy Fund should not be passed over to the consumer. However, as I went home that evening, Total Petrol Stations in Nairobi had already increased their pump prices by Kshs2. In effect, that has increased the price of every service and commodity countrywide. The Minister must explain why his directive has not been adhered to.

I am asking hon. Members not to support this Budget because the Minister has imposed an 18 per cent Value Added Tax (VAT) on commercial buildings, which include kiosks, small shops and godowns. Yesterday, the KRA announced that the new tax measures will take effect on 1st September. Members of Parliament must take cognisance of the fact that the person who will suffer is the common mwananchi, whom we represent here.

Mr. Temporary Deputy Speaker, Sir, if you are renting space in a commercial building, from 1st September, you will pay 18 per cent more of the rent you are paying currently. I rent a shop at Kshs25,000 a month. As from 1st September, I will be paying Kshs4,500 on top of that. What about the common mwananchi? So, it is upon this House to address this issue. If we do not delete this particular section of the Finance Bill, the electorate will throw us out of this House in the next general elections. Our electorate will ask: "Where were our

Members of Parliament when this tax was introduced?" This tax will affect the so-called "economic activities".

Liberalisation has knocked out the price control mechanism that was in place before. The increase of Kshs2 on the Fuel Levy Fund has been imposed on the consumer, affecting everybody countrywide. This is not warranted; the Minister said very clearly that he increased that tax because oil prices on the world market have dropped. So, really, the common mwananchi should not suffer.

Mr. Temporary Deputy Speaker, Sir, I must comment on political statements that have been made by some politicians in total defiance of the Constitution. Whenever a politician goes to his constituency over the weekend and makes a statement that is unconstitutional, he scares away investors. Consequently, would-be investors will shy away from this country, and the economy will continue to dwindle. There will be no economic activities. I want to caution such politicians that they are part and parcel of the economic problems we are experiencing. When you announce that the incumbent President will contest for another term, irrespective of the constitutional provisions, you will have breached the Constitution. Also, such pronouncements affect this country's economic activities and its growth.

QUORUM

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

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, Mr. Nyanja has just come into the House to say that there is no quorum!

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Ndicho! What is your point of order, Mr. Nyanja?

Mr. Nyanja: Mr. Temporary Deputy Speaker, Sir, we must be guided by the rules of this House. I hate to interrupt hon. Ndicho. However, I would like him to be heard by, at least, the **[Mr. Nyanja]** minimum number of hon. Members of this House required to make a quorum as provided for by the Standing Orders.

The Temporary Deputy Speaker (Mr. Imanyara): What is your point of order?

Mr. Nyanja: Mr. Temporary Deputy Speaker, Sir, my point of order is that we are conducting the business of this House without quorum.

The Temporary Deputy Speaker (Mr. Imanyara): You are quite right, Mr. Nyanja. Could the Division Bell be rung?

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, Mr. Nyanja does not even know what is going on in this House. He has just walked into this Chamber and is already disrupting the business of the House!

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

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Imanyara): Order! Order, hon. Members! We have a quorum now. You may proceed, Mr. Ndicho.

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir---

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

The Temporary Deputy Speaker (Mr. Imanyara): What is it, Mr. Obwocha?

Mr. Obwocha: Is it in order for Mr. Nyanja, who does not even know where to sit because the NDP does not sit on the Opposition side any longer, to come in, raise a genuine point of order and walk away and then leave Parliament in disarray? He should be condemned because this House---- In fact, he should be named because a Member of Parliament should not behave in the manner he has behaved!

An hon. Member: And he has not come back!

The Temporary Deputy Speaker (Mr. Imanyara): Order! Order! Mr. Obwocha, I do recognise what you have said and I will refer the matter to Mr. Speaker. But the rules of the House, do in fact, require the Chair to take into account the issue of lack of quorum as soon as any hon. Member raises it. He was perfectly entitled to do that. The motive may not have been honourable, but he was entitled to do that. However, I do find that it was the most dishonourable conduct on the part of Mr. Nyanja, to raise the issue of quorum and then walk out.

Proceed, Mr. Ndicho!

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, I beg to continue. I also take great exception to this because a Member should raise a point of order about quorum and then remain in the House. I think he is under some instructions from external forces to come and disrupt Parliament. We are not as confused as he is and we

know what we are doing because we are conducting our business in the normal manner. He should go to where he belongs.

Mr. Temporary Deputy Speaker, Sir, before I was interrupted, I was saying that hon. Members who are making political utterances - like calling for the extension of President Moi's term of office - must know that they are scaring away investors.

Mr. Temporary Deputy Speaker, Sir, my last point is on this: The Minister announced that the importation of condoms will be zero-rated. As churchmen and churchwomen, and religious people, we were so much disturbed by that statement. This is because by encouraging zero-rating of condoms in the Budget Speech, it amounts to encouraging immorality among Kenyans. It could be said that, that is one way of fighting HIV/AIDS and sexually transmitted diseases, but when a whole Government Minister stands up and says that, "you can now bring in condoms in their millions into this country so that Kenyans can engage themselves in immorality," that is scaring away the grace and goodness of God, just the way the same Government is scaring away investors.

Also, that is like scaring away the grace of God. When a country like Kenya involves itself in such kind of immorality, God's blessings would not be found. That is why even the economic growth of our country is negative.

Why is Uganda registering an economic growth of 7 per cent? Why are COMESA countries, of which Kenya is a member, registering an economic growth of over 4 per cent? Why is Kenya - in the whole Continent of Africa - the only country with a negative economic growth? It is because she has attracted God's wrath. The Minister ought to have stood here and preached against engagement in immorality. But when he said that people could bring in condoms duty-free, he told Kenyans: "You can go to commercial sex workers and do whatever you want because you have condoms." Even the use of condoms has been known to be unsafe for HIV/AIDS; it is also unsafe for sexually transmitted diseases.

So, we can understand why we have all these problems. We can understand why we have a 0.3 per cent economic growth. When God's grace gets away from a nation, that is the end of that nation. So, we call upon this Government not to make more Kenyans suffer by doing us the most ungracious thing, and considering that we are going into the year 2002 and there are so many disasters awaiting us, including ecclesiastical disasters that they have brought to this country, one of them being the importation of condoms duty-free.

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

The Assistant Minister for Agriculture and Rural Development (Mr. Sumbweiywo): Thank you, Mr. Temporary Deputy Speaker, Sir, for allowing me to contribute to the Budget Speech. There are very many basic fundamental issues that we have to fight in this country in order to eradicate poverty. One is to make sure that we empower our farmers by assisting them to produce enough food in order to feed our people and the nation. In the past, we used to give our farmers some credit, like the Guaranteed Minimum Returns (GMR), and then we progressed to giving our farmers loans from the Agricultural Finance Corporation (AFC). The interest rates that were being charged for the loans that were advanced to the farmers were very high, and that was why our farmers could not repay the loans that were advanced to them.

In other economic sectors of this country, like the banking sector, some debts have been written off, and it is my plea that the Minister for Finance considers writing off the loans that have been advanced to farmers through the AFC credit. By doing so, we will be helping our farmers to produce enough food, mainly maize which is our staple food. They will also produce sufficient wheat, because what is happening currently is that, we have a cartel of businessmen who do not know the head or tail of a hoe, or how to plant and prepare land for farming so that you can produce grain, but they are benefitting a lot more than the farmers. These are the people who are living in Nairobi and Mombasa, and some of them abroad. So, what happens is that when there is shortage of grain in the country, they take the advantage and import it. Some of them, we have learnt, have gone to the extent of storing grains in ships in the high seas so that the moment they learn there is shortage of maize in particular, they rush to the Government. Then, they say: "We are prepared to import maize from friendly countries like America, Canada, *et cetera*," and yet bags of maize are available just 200 kilometres away from Mombasa. So, our Government has been taken for a ride for a long time. So, it is my appeal that we encourage our farmers to produce more food rather than relying on importation of grain.

There are other methods that we need to encourage, like damming. If we can construct enough dams to irrigate our land, especially in some of the so-called Arid and Semi-arid Lands (ASAL), it would be better. There are areas in Ukambani where, if there was water, we could produce a lot of food to feed the whole country. There are other areas like Samburu, Marakwet and Keiyo which are not completely arid, but semi-arid. So, we lose all of our waters to foreign countries. To construct a dam in this country, through my experience, costs very little. If our partners in development can be encouraged to help us construct dams, we shall be able to have a lot of water, both for human and animal consumption.

We talk of IMF and the World Bank giving us aid. I think if we can produce cotton, which is now being revived in some areas, we should be able to export raw cotton to foreign countries, instead of importing *mitumba*. We should be producing our own textiles, so that we do not lose our foreign exchange.

These are the basic needs of Kenyans today. I wish that Kenyans would talk about how we can improve our economy instead of spending a lifetime talking about succession, so that we become self-reliant. Currently, we rely on imported machinery. I remember that the other day we spent almost Kshs500 million to produce a car. We have not even been able to produce a bicycle! What is happening to us?

We need upright and honest people to manage the affairs of this country. Our current civil servants, some of whom are AIE holders, are not genuine. Most of the senior civil servants in this country are the ones who handle funds. Politicians are always criticised for no reason because we do not handle funds. If these funds were put to the right use, this country could be heaven on earth. I would like to support the Minister for Finance for doing away with the tax on bicycles. Instead, he increased taxation on fuel. Farmers rely on diesel and also petrol. It is high time the Ministry of Energy and the Ministry of Mineral Exploration went into exploration of oil. I am sure there must be some oil stored somewhere in this country.

We should be serious instead of politicking every now and then. We keep wondering who will succeed the President in this country. That is not very important. What is important in this country today is the eradication of poverty, how we can improve the economy of this country and uplift the living standards of our people. Even if we have a President who will succeed our current President, he will not perform miracles. We need to address the problems afflicting the economy of this country. I do not care who will be the next President as long as there will be peace in this country and that President will unite Kenyans and make sure that no community will dominate another in this country. Let us concentrate on the economy of this country and improving the living standards of our farmers and other citizens. By so doing, we will have done a great service to Kenyans.

With those few remarks, I beg to support.

Mr. Obwocha: Thank you, Mr. Temporary Deputy Speaker, Sir, for affording me the opportunity to make a few comments about the Budget. After listening to the Minister for Finance make his remarks on the Budget, one is left wondering about a few things. First of all, the whole concept of budget making in Kenya is wrong in the sense that the peoples' representatives who are ourselves have no chance to make input contribution to it. How many of us were requested to give their suggestions on the most urgent or important thing to be included in that Budget? The proposals in that Budget came from civil servants and yet we are the representatives of the people of this country. Unless that issue is addressed, the budget-making process in Kenya will remain wrong.

When I was listening to the Minister for Finance, I noted that his figures did not even add up. He said he needed Kshs218 billion and that he is able to raise Kshs214 billion in revenue, leaving a deficit of Kshs4 billion. He went on to say people in this country had asked him to lower taxes in various fields which amounted to about Kshs8 billion. Now that is Kshs12 billion. He went ahead and said that he will raise Kshs1.5 billion from customs and excise duty, Kshs1.1 billion from VAT and Kshs1.4 billion from income tax which adds to Kshs4 billion. If the deficit was Kshs12 billion and he is able to raise Kshs4 billion, where will he get the balance of Kshs8 billion?

Mr. Arap-Kirui, you are the Assistant Minister for Finance and Planning and an accountant by profession; where will this money come from? There is no point of identifying issues if you cannot come up with suggested solutions. The Minister for Finance correctly identified areas that need to be attended to and these are security to improve tourism, the rule of law, interest rates, inflation, worsening poverty, suspended donor aid, drought and *et cetera*. In how many of these areas did he come up with suggested solutions? Let me take infrastructure and the road network as examples. You cannot get to the centre of Nyamira - which is the area where I come from - if you are coming from Kisumu. If you are travelling on the recently rehabilitated Kisumu-Kisii Road, when you reach the centre, a place called Miruka, Nyamira, Konate and Kibirigo, you will find that it is impassable. This is despite the fact that farmers in that area produce coffee and take their tea to the tea factory. There are five tea factories in Nyamira which are Nyasiongo, Nyankoba, Tombe, Kibirigo and Kanganyi. This amounts to punishing farmers who are supposed to bring foreign exchange to this country.

There is a road that we have been talking about for a long time. It has remained uncompleted for many years and yet we are collecting Kshs9 billion every year in road maintenance levy. We created a District Road Committee which has been derailed. I was reading in the newspapers that a tender has been given out and I recalled that the same thing happened in 1992 when a tender was awarded when there was a road camp at Ng'oinay. After the 1992 general elections the construction of that road stalled. In 1997, they gave out a mobilisation fee of Kshs80 million to a company owned by Mr. Biwott and set up a centre at Kemera. After the general elections it collapsed; it is not there. Now that election time is approaching, I do not know where they want to set this camp. They might say that the Kisii-Chemosit Road will be repaired.

Are we going to be blind all these years on this exercise? Have you got the donor to repair that road? Let us be told the truth. These games should stop. I want to find out from the Ministers for Finance and Energy the implementation of the Rural Electrification Programme which has been wrong because we have never been told how that money that goes in this scheme is distributed; whether it is distributed equitably all over the country. There are many areas in our places, districts or constituencies that require electricity. They have even been passed through the District Development Committees (DDCs) but nobody tells us how to get to this money. We need to be told how this money is going to be distributed. I hope the new Minister for Energy, who is going round merry-making, will address this issue.

I do not know whether he knows that the most important things to address in Luo Nyanza is the fish industry, collapse of the cotton and sugar industries and the molasses plant. Right now, I hope again he knows that the gap in poverty figures in this country are very high. For example, if I compare Central Province and Nyanza, out of 100 people, 67 per cent in Luo Nyanza are poor, 33 per cent are okay, versus 34 per cent in every 100 in Central Province and the balance of 66 per cent is okay. I hope he will address that. I hope he will address this issue of rural electrification so that the national cake can be equitably distributed to all Kenyans.

Mr. Temporary Deputy Speaker, Sir, I want to say this: I hope we are not doing all this for an impending general election. This is because when you heard about the economic growth of this country, it was 3.5 per cent in 1995 and now we are minus; that is 0.3 per cent. I hope we are not doing all this so that somebody somewhere is looking at a general election. I totally disagree with hon. Sumbeiywo when he says that we should not be talking about succession. What we are talking about in this country is poor management of our economy. If the chief executive does not know how to run an organisation, he has no business leading it. President Moi's term has come to an end as per the Constitution. For goodness' sake, I think God has blessed him. He has given him all the life he has been in Parliament and politics. I believe as an elderly statesman, and for me he is my father at my age, he should retire honourably and leave the youngsters who he says he loves in this country peacefully so that we can transit that leadership to a new one. We need a new chief executive to address the problems we are facing in this country.

Mr. Temporary Deputy Speaker, Sir, finally, I want to say that the insecurity problem this country is facing should be seriously addressed. I had a chance to go to the Coast Province and I spent the night in one of those very good hotels. However, if you go inside the hotels and feel the scent which is there because of lack of tourism, you will sympathise with this country. Go and look at those Matiba hotels and you will sympathise with this country.

With those few remarks, I beg to support.

Mr. Nyachae: Thank you, Mr. Temporary Deputy Speaker, Sir. It is extremely difficult for some of us to decide whether we should support this Motion on the Budget, moved by the Minister for Finance or not. This is because when one goes through the Minister's Statement, you find that in reality he was doing a public relations exercise. He must have found himself in a very serious dilemma to prepare his Budget Estimates. However, there is one area which I want to start by supporting the Minister, but that is for the first time. He stood up in this House and admitted that our economy has gone into ruins because of corruption and bad management of our economy. The Minister stated that and we support him for that. This is because some of us have been saying it year in, year out, for three years, and we have been fought for the same period. I have been fought for three years for repeating that there is corruption in this country, and that has ruined our country. There has been bad management of the economy in this country and yet I have been fought.

Mr. Temporary Deputy Speaker, Sir, we need to ask ourselves the following question: We are paying taxes but are we really serious in using these taxes to contribute in improving the living conditions of Kenyans? If you look at the way the allocations are proposed, you will find that most of the money is not going to productive areas that will trigger the economy to start recovering. The Minister is giving us a growth rate of 2 per cent. In which areas is this growth going to come from? This is because there is no contribution in that statement that will trigger growth in agriculture. Nothing!

There is a mention of improving access roads. This is a statement we have heard so often and yet they have never been improved. I want to mention here that because of lack of maintenance particularly in tea-growing areas, the farmers are losing 15 per cent of their tea through spillage, leave alone the quality going down. That is something one must consider as a very big loss. There is a lot of money being allocated, for example, to the Provincial Administration. I have been in the Provincial Administration and I know what it used to be.

Right now, what is the productivity of the Provincial Administration apart from being used to sustain somebody and some people in power? There is nothing productive to the ordinary person. Is that productivity in terms of the economy, when you are only sustaining people to be in power? I want to say that yes, we need money to be given to the police for maintaining law and order and security for the nation. We want to support that, but

how is the money utilised? We want to support that, but how will the money be utilised? Do you know that there is no policeman who does not have a "sufuria" in his house? This money is being spent to buy these helmets to fight politicians. How can you utilise the money that is intended to maintain security in the country to fight politicians? You do this because you want to use policemen to protect you in order to retain power. Is that providing security to Kenyans?

Mr. Temporary Deputy Speaker, Sir, we have been told that security has deteriorated in this country because of refugees coming into the country. I would like to say that the refugees may contribute to rampant insecurity in this country, but the truth of the matter is that Tanzania has had refugees in large numbers than Kenya for a much longer period, but they do not experience rampant insecurity that we experience here. Therefore, the excuse of insecurity being brought about by refugees must be seen as a partial one.

We say that the economy declined because of drought and *El Nino* rain. Was the *El Nino* rain and drought directed to Kenya only? What about Tanzania? Why is there economic growth of 5 per cent in Tanzania? Why is there economic growth of 6 per cent in Uganda, and in this country it is negative 0.3? Why is this the case? Was drought and *El Nino* rain experienced only in Kenya? For how long will we give the excuse of *El Nino* rain? This is the fourth year we are talking about *El Nino* which was experienced for only one year. How long will we tell Kenyans that it is the refugees who create insecurity in the country; the economy has declined because of drought and *El Nino* rains? This is ridiculous! What are we giving the ordinary people? The Minister did not talk about all the factories and institutions which have collapsed in Coast Province. He did not talk about what he will do to provide watering points for the Maasais, who, in one year, lost over 100,000 livestock due to lack of water. The Minister did not tell us what he will do to ensure that the Maasais get access to water.

The people in North Eastern Province lost camels and other livestock. I would like to say that 60 per cent of the people in this province live below the poverty line. The average of 56 per cent, which we are talking about--- In some areas, it is over 60 per cent, and the Minister did not talk about this. The Minister did not talk about the sugar factories that have been closed down in Nyanza Province. What else did he say apart from saying that they will control imports and impose duty on imported goods? We have been told year in, year out, that they will control imports. Why do they not admit that the Government is unable to control these corrupt fellows who import these things illegally without paying tax? We should accept that.

Looking at the Budget Speech, one realises that the Minister did not exercise any control on expenditure. I would like to point out that Ministers are moving around using taxpayers' money to go to their constituencies. Some of them, when they are not Ministers, travel in buses, but when they are appointed Ministers, they travel in four-wheel-drive vehicles. This is taxpayers' money which is being misused. It is the poor man that we tax and then we become comfortable. I would like to say that these vehicles are meant to serve the people, and not for Ministers to use to travel to their constituencies and for their comfort. When will we have people in the Government who understand that they are there to serve Kenyans; they are servants of the people and not exploiters of the people?

Mr. Temporary Deputy Speaker, Sir, even the President incurs high expenditure. I would like to say that he promotes KANU in a multi-party society. Everywhere he goes to, be it in Harambees or inspecting projects, he just promotes KANU. Tell me where the President has visited and he has not talked in support of KANU; that he has gone to support Government policies only? So, what he is doing is KANU work and not serving the country as a President. We want to know where our money goes to. We also want to control expenditure.

The Prime Minister of India uses a car which is locally manufactured, a cheap car, to travel, while here, the President uses a Mercedes Benz 600 and Ministers use Mercedes Benz 300, and yet, they cannot manage to manufacture a bolt. Here they are looking for comfort on things they cannot afford. I would like to point out that they will never improve the economy of this country when they are so careless in spending taxpayers' money.

(Applause)

They should know that they are servants of the people before we can see the economy grow.

Mr. Katuku: Thank you, Mr. Temporary Deputy Speaker, Sir. On the onset, I would like to say that I rise to oppose this Motion on this year's Budget. I have several reasons to do so, and I would like to advance them. One of the reasons is the fact that the reasons we were given here by the Minister as to why the economy registered a negative growth were amongst other things poor mismanagement of our resources and corruption. The other reasons which were given by the Minister were insecurity, high interest rates, confidence crisis and the donors not resuming aid to the country and that kind of thing. I did not get the Minister indicating clearly how he will sort out the mess.

I was very disappointed. Just after the Budget had been read in this House, and the Minister had said that

it was because of corruption and mismanagement of our resources that our economy had declined, I saw the Minister for Energy use a police helicopter to go and attend a political rally in Kisumu. Under what Vote would a Minister of this Government use a Government helicopter or a police helicopter which is fuelled by the Government, to go and attend a political rally in Kisumu? This is a big shame! These people are not serious! Whether it is a coalition, a merger or whatever it is, they must be serious in the use of taxes got from mwananchi. It is disappointing.

The KANU Manifesto says it is committed to guaranteeing security to all Kenyans.

I am quoting the KANU manifesto which they went to elections with in 1997. It also says they are also committed to ensuring growth of our economy and that the quality of governance is absolute. They further go ahead to say that the KANU Government must achieve and sustain a GDP growth of over 8 per cent.

Two years later, they come and tell us that the economy has registered a negative percentage growth rate. I would like to point out that two days later, we see a Minister of this Government use a helicopter to go and campaign. What a contradiction! Why should I support such a Government or a Budget? It is so painful.

On insecurity, a lot of money has been allocated to the Office of the President to contain it. This is the leading Ministry in all the allocations, and yet, Kenyans still kill each other. Go to Gucha and Trans Mara border and you will find that Kenyans are killing each other there. What does the Government do with this money? This House allocates the Government money but we do not see the output of these allocations. The situation is pathetic, and it is high time the Government got serious in using the funds it gets from mwananchi to serve him.

Mr. Temporary Deputy Speaker, Sir, the Minister has told us that he was not able to realise a positive growth rate because of lack of donor funding. In this Budget, the Minister has projected a lot of money. He is banking on donor funding. What assurance has he given us that we will get the money? What assurance has he given us that the donors will carry on with their promises if the Government does not honour the agreement it made with them? You must be faithful to your promises if you want something from the donors, but today, the Government promises to do this and tomorrow, it does another thing. If you have promised to privatise, why can you not go ahead and do it where it is prudent?

The question of donor commitment must come totally because we are being told that a certain project will be undertaken during a certain year and then at the end of that year, we are told that the project was not undertaken because the donors did not provide funds for the project's implementation. This is very unlikely, and we need to look at the issue of accountability in using the donor funds because the donors will not give us the funds. After all, we do not get the funds for free. We are supposed to pay the funds and we must always use them in the right way.

Mr. Temporary Deputy Speaker, Sir, the farmers, and I have in mind the farmers in my constituency, managed to get some good harvest during the last season. During the current season, the farmers have got zero harvest. Before that good harvest in my constituency, a kilogramme of maize was going for Kshs23 to Kshs30. Immediately maize was harvested, the price of a kilogramme of maize went down to Kshs7. Surely, when will the farmers ever make ends meet? The Government should have moved in to stabilise the situation through providing funds to the National Cereals and Produce Board (NCPB) to save the farmers. Now the farmers are trading at a loss. Surely, where is the Government's commitment to the farmers?

The other issue here, which also surprised me, was the issue of raising the VAT on commercial rental buildings in this country. The VAT was raised on landlords who are earning over Kshs3.5 million per year. At the end of the day, this will be passed on again, to the common mwananchi who is renting an office here in town, employing five Kenyans and, maybe, doing a small business because there is no safeguard in this VAT. It will be passed automatically to the tenants. The tenants, at the end of the day, will leave the premises in the City Centre and move somewhere in the nearby estates and get houses there, rent them and make them offices and then in those areas, residential rents will rise. For example, if Milimani Estate will be turned into a commercial area with offices, people will be moved from Milimani Estate, maybe, to Buru Buru Estate. The people residing in Buru Buru Estate will be moved to Umoja Estate and the ones residing in Umoja Estate will be moved to Kayole and those residing in Kayole Estate will be moved to the slums. This VAT on the rental rates of those people who are earning between Kshs3.5 million and above is unrealistic and the Minister should look into. This is because at the end of the day, the landlords will pass it over to the tenants and they will suffer.

I was also looking at the money allocated to the Electoral Commission of Kenya (ECK). Last year, the ECK was given Kshs583 million. This year, is it allocated almost Kshs1,713,000. I am wondering why there is such a huge allocation yet, we do not have elections this year, unless the Government is confirming to us that there will be elections this year. That allocation should have come, maybe, during the next Budget. We are not afraid of the elections. If they come, we will face them. But this money should be allocated to the big Ministries, such as the Ministry of Agriculture. If you look at what has been allocated to the agricultural sector, there is nothing which

will ever reach the farmer on the ground. The money allocated to the agricultural sector will end up going to parastatals. That is a Ministry with almost 47 parastatals and the money will go to those parastatals and very little will go to salaries for the civil servants in that Ministry. At the end of the day, nothing will go to assist the farmers. Surely, when will we get this economy improving if the farmer is not being assisted in terms of extension services and relief of duties charged on agricultural inputs? It is high time that the Ministry of Agriculture was given due consideration.

Regarding the issue of the Provincial Administration (PA), it should be scrapped because it is not helping Kenyans. It is just there to see Kenyans mess each other. The PA is being used by the politicians because of their selfish interests.

With those few remarks, I oppose this Motion.

The Minister for Heritage and Sports (Mr. Nyenze): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me a chance to comment on the Budget. I would, from the onset, say that the Budget is very balanced, and unlike those hon. Members who are criticising it, it gave consideration to the agricultural sector and industry. These are the key areas which we should address if the economy is to grow at a high rate.

I wanted to start by giving an example. An hon. Member here queried why the Tanzanian economy, which is within the same region, is growing while the Kenyan economy is shrinking. The answer is very simple: Why is the United States of America's economy growing while Japan's economy is shrinking? Situations in any economy are like a vicious circle and they are either up, down or revolving, somehow. Kenya's economy has hit the bottom and it is now showing signs of improving. So, that should not be a question. I would say that these arrangements that have been instituted, such as taxes reduced for commodities and raw materials in the manufacturing sector, are good incentives to encourage agricultural and industrial growth.

In agriculture, we need to set up more agro-based processing industries that would process the raw agricultural produce to semi-finished or finished products that would fetch better prices in international markets. We should also introduce irrigation in arid and semi-arid areas instead of depending on rain-fed agriculture. We should explore such areas as Kitui, Machakos, Makueni, Samburu and Marakwet Districts for irrigation purposes. We have some water bodies which can feed these areas, and I think during next year's Budget, this should be taken into consideration, so that agricultural production will be enhanced and encouraged because our economy is basically agro-based.

Mr. Temporary Deputy Speaker, Sir, on the side of industries, I think we have made some strides. That is because some of the roads, whether in urban or rural areas, have now been targeted and allocated more money for maintenance. Under the *El Nino* Emergency Roads Programme, several roads have been done. The Government is trying very much to address the infrastructure problem. It is trying to repair some roads which have remained unrepaired for a long time.

Mr. Temporary Deputy Speaker, Sir, I would like to say that I was very surprised when Mr. Nyachae said that the Government is wasteful when Ministers use Mercedes Benz cars. I remember very well that when he was the Minister for Finance, he was using a Mercedes Benz 320! Now that he is a Back-bencher by choice, he should also accept that what he used to do has not become a criminal offence. If he used to do it, why has he turned round to criticise the same Government Ministers? He was once one of them! The other thing is that, as the Finance Minister then, the economy was sliding downwards. Why did he not institute some changes or policies to improve the economy? We do not want people who, after serving in the Government, turn around to be critics just because of political gain. We want people to be very sincere and contribute to the issues on the table, but not to criticise the current Government because one chose not to be in that Government. I would also add on to that and say that His Excellency the President has led this country very ably and well. That is because we have peace. When there is a peaceful atmosphere, the people would prosper and do their businesses in peace. But when there is a situation of war, nothing will go on.

Mr. Temporary Deputy Speaker, Sir, we should not compare Kenya with Uganda. After the reign of Idi Amin, Uganda's economy was in shambles. So, it can grow up to even 10 or 20 per cent because it is growing from nothing. Ours is a huge economy in the region and that is why it grows slowly. When you are growing from nothing, you can even register a growth of 100 per cent. That is because you are growing from nothing to something. So, we cannot compare the two economies that way. Those who have not travelled across Africa--

I have been to several countries of Africa. In Kenya, when the economy is not growing as fast as we wish, or when it registers a negative growth, that is a situation that we find ourselves in. But if you compare our economy to other African countries, we are doing much better. You only have to ask a few questions about the airlines in Africa, the railways and transport systems, the ratio of schools to pupils or doctors to patients and those kinds of things. You will see that Kenya is developed. But because the economy is not growing at the rate that we expect, there is a lot of criticism. The criticism is wrongly based and it should not be pointed to the Executive.

Mr. Temporary Deputy Speaker, Sir, if a coffee factory "dies", it is not President Moi who is in charge of that coffee factory in Kiambu! The local people are the ones who run the factory. So, let us apportion the blame where it belongs. Let us not behave like hon. Members who work in KANU and after having differences, they become good critics of the Government! Their records are well known and Kenyans are not fools! They know what they did in the past and there is no need of apportioning the blame on His Excellency the President. He has led this country well and that is why Kenyans are enjoying peace. Kenyans are saying: "It is better we have peace and be poor, but we know that one day, we will overcome the poverty and move forward."

Mr. Temporary Deputy Speaker, Sir, the other thing is: Let us not try to criticise Mr. Raila because he flew to Kisumu using a helicopter. Each of us uses a helicopter once or twice! If people are jealous or are feeling scared because the NDP is co-operating with KANU, I am sorry! It is only for those parties to reconsider their positions and co-operate with the ruling party because it is the party of choice. That is being shown everywhere the President goes. The people want to come back. They do not want to be enslaved by some political parties that have agitated for the withdrawal of donor aid. They have tried to hold the people back, even if their choice is to come back to KANU. That way, we will not be doing much.

Mr. Temporary Deputy Speaker, Sir, for the Budget to succeed, and for the economy to start registering a positive growth, we need to work together as a team. Kenya is a beautiful country which was given to us by God. We were born here not by choice, but through God's plan. Let us build it. Let not the Government say, "bring aid", and the Opposition say, "withhold aid!" This is our country. When we are not given donor aid, those small farmers will suffer. When they suffer, they will not vote you back to Parliament. So, let us work for the common good of our people, support the economy, move together and forget our differences.

I think the negative growth of our economy has been brought about by globalisation more than anything else. Free trade has killed our industries. Our agricultural commodities are fetching lower prices globally and because of the free movement of goods, we cannot compete because goods from more developed countries are subsidised very much. We cannot grow that fast when goods flood our markets because of free trade. That is a global arrangement, whereby the Western countries, with superior manufacturing capacities, have flooded their goods into our market and, as a result, many people have lost their jobs and factories have closed down! That is not because the economy has been mismanaged; it is because of the global trends. I think it is necessary that a few legislators who do not have economics know-how are taught that, so that they can know what is happening, instead of accusing KANU of mismanaging the economy all the time!

With those few remarks, I beg to support.

Mr. Kariuki: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to comment on the Budget, before I decide whether to support it or not! The Budget is an epistle of lamentations on problems that the country is facing, caused by this bad Government, although the previous speaker talked very well about the Government. The Minister for Finance has repeatedly talked about poor governance. You cannot call poor governance anything else! It is poor governance! To me, the various types of decorations that the previous speaker has put on the Government are an embarrassment, to say the least! He does not seem to understand what the other colleague of his said!

But all said and done, this is an archaic way of budgeting. The modern way of budgeting is from bottom-up. We now have a top-down approach, whereby the grassroot operators are not being consulted when the Budget is being designed. What happens in other countries like Botswana is that the stakeholders are involved in the budget-making process. In that country, they have divisional development committees, district development committees and up to the national level, being involved in the process of budgeting. That way, by the time the money is allocated, it goes down to the level that should benefit. Currently, decisions are being made at the national level. Never are the lower echelons of the society involved. That is the wrong way of doing things. Therefore, that is why the Minister is lamenting about the slow pace of the implementation. That is because the implementors down there were never involved in the actual budgeting process. Therefore, the Budget has no effect! That is why we have a negative rate of growth. This is also caused by the same Government which is not sensitive to the wishes of the donor community. If you are given certain economic and political conditions and you do not comply with them, how do you expect the donor community to chip in and yet, you are telling us that it is the Opposition which is causing your problems? Your problems are home-made and you are the cause. Unless this Government is changed and we have a Government that is sensitive to the wishes of the donor community, this country will continue to suffer. The sufferers are the very taxpayers who pay VAT very handsomely through enhanced taxes. In the process, we are seeing a comparative study whereby if you look at the region, Kenya is now one of the countries that is running on a reverse gear while others are running on front gear. We are asking ourselves why Tanzania and Uganda are doing so well while Kenya is reversing. We are to blame, and I do not think you have to blame anybody else. You should put your house in order first, and then, we shall chip in.

You are messing up the Government through corruption and implementation of absurd policies. For example, the redesigned tendering procedure, whereby you are passing tendering responsibility onto the district level, is wrong. The District Focus for Rural Development was a failure because you took responsibility down to the lower levels where you do not have adequately trained personnel to manage the very policies and programmes you are putting in place. Therefore, you were wrong right from the word go, and that is why you are going to fail throughout until we remove you from power.

The Assistant Minister for Finance and Planning (Mr. Lomada): On a point of order, Mr. Temporary Deputy Speaker, Sir. The hon. Member has just told us that the Financial Statement produced by the Minister is archaic. He has also said that the District Focus for Rural Development was a failure. Is he not confusing issues here?

Mr. Kariuki: Mr. Temporary Deputy Speaker, Sir, I am very clear in my mind. I will never get confused by small minds.

But I was saying they are making policies from the Treasury without consulting the grassroots where they are supposed to have the impact on the Budget felt. I am not contradicting myself in any way and I have never contradicted myself right from primary school to university. So, I do not know what the hon. Member is talking about. But with due respect to my colleague, because he is my very good friend, I think he should be slightly educated on matters of budgeting so that he can know exactly how to go round this problem of being able to consult with the levels at which the Budget impact is supposed to be felt.

However, there are certain indications and comments that have been made in the Budget that cause a bit of a problem. The Minister talked about *El Nino* rains, which came and went some three years ago. We are seeing that the roads which were washed away have never been repaired. Instead of repairing those roads, the Government is now embarking on developing areas which are non-productive, leaving areas where the country is earning a lot of revenue. I think this is wrong. We should have fair way of distribution of national resources so that wherever you can reap results, you also have to invest. *El Nino* rain was said not to have affected some parts of this Republic, I do not know which, and I think this is a wrong way of looking at things.

The Minister is talking about the Office of the Controller and Auditor-General being beefed up. Certainly, that office leaves a lot to be desired. The PICs and PACs reports are usually six years old because the Government has deliberately understaffed the Office of the Controller and Auditor-General so as to get away with corruption that is rife in the Government. If anything, that office ought to be very well equipped with well qualified auditors and accountants with CPAs, so that they can be able to audit the Government on up-to-date level. We cannot run on six years' backlog. That is not good enough. In the private sector, accounts are supposed to be presented within six months of closure of the financial year and not six years later. I think the Government had rather be serious and put in place people who are qualified to do the job.

The Government is talking about retrenching 11,000 civil servants while, at the same time, the President is telling people that house allowance is going to be increased. What is our priority? I thought we require to have civil servants, during a time like this when we are having economic problems, sustaining their jobs and not to retrench them and hike house allowance for those who are going to be left behind. We would rather have static house allowance and have those civil servants in their employment. Here, we have policies which are very confusing. I think Kenyans out there are not happy with some of the policies the Government is coming up with, which appear to be punitive to the very people who are taxpayers.

The other issue that is also very worrying is that of privatisation. Over the last five years, we have been talking about Telkom (K) Ltd, and Kenya Re-Insurance being privatised. This talk has been going on. Can you not be serious for once and get this privatisation process off the ground? That is where you will be reaping some income through sale of shares. Instead, you are just sitting there waiting and wasting a lot of time. You are a very good talking Government, but you have no practitioners. You are just talkshop and nothing else. You like making very good policies and programmes which are never implemented. Donors are getting fed up with this Government. They do not have anything to contribute but just talk. About 90 per cent of the Budget is going towards salaries and nothing else. There are no new projects being implemented in Kenya; people are losing employment, and every other office is not running because of demoralised staff and so on. I think the Government should, for once, have Ministers who are serious; like my friend here should be serious and have his job well done instead of talking like a sycophant on how well the President is doing, and the new Minister---

The Minister for Heritage and Sports (Mr. Nyenze): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to call a Minister a sycophant when he, himself, is a sycophant to Mr. Kibaki?

The Temporary Deputy Speaker (Mr. Imanyara): Order! Order! Mr. Nyenze, how do say you are not a sycophant, and then call him a sycophant?

The Minister for Heritage and Sports (Mr. Nyenze): Mr. Temporary Deputy Speaker, Sir, I think I went a bit too far. I am sorry, but I am saying---

The Temporary Deputy Speaker (Mr. Imanyara): Order!
Proceed, Mr. Kariuki!

Mr. Kariuki: With due respect, I belong to the Social Democratic Party (SDP). I have no loyalty towards anybody else but myself and my party. I do not know how the name of Mr. Kibaki comes into play. If anything, there is so much sycophancy on the other side that a Minister does not even speak from his own mind; he speaks in order to please his father somewhere. I think this is wrong. You are a very honourable Minister but I think you have a capacity of propounding your ideas and not just speaking well about Ministers driving in Mercedes Benz 300 and saying that your colleagues started criticising the Government when they left the Government, whereas you, yourselves, should be the first one to set pace. Why can you not drive in a small car, a humble Peugeot 504 or something?

The Temporary Deputy Speaker (Mr. Imanyara): Time up!

Mr. Kamolleh: Thank you very much, Mr. Temporary Deputy Speaker, Sir. I have sat here listening very carefully and I would, first of all, want to say that this Budget which the Minister did read last Thursday was very good and balanced. It was a Budget which gave the manufacturers some advantage whereby they can bring in some raw materials and inputs and be able to add value within this Republic. This is a very good economic aspect. That is one of the things that the Budget has done, which I could like to appreciate.

Secondly, raw materials must not only be for manufacturing. There are other areas where we need, for examples, some spices for food and all these things the Budget has looked at very nicely and have been made cheaper. This means the economic activity within the Republic will be enhanced. With this kind of attitude reflected in the Budget, we cannot say that the Government has not tried its level best to revamp the economy from its current negative growth of 0.03 per cent to even 3 per cent. With the leeway that has been given to certain economic activities, the economy is likely to get out of the doldrums within this year.

Mr. Temporary Deputy Speaker, Sir, you realise that the Minister has waived duty on bicycles. Bicycles are used as *boda boda* taxis not only in western Kenya, but also elsewhere. They are used countrywide for light transport by Kenyans who cannot afford motorcars. So, waiver of duty on bicycles will enable people who cannot afford cars to buy bicycles cheaply for their own transport. I would like to commend the Minister for having considered the poor in that manner. That is a very good Government policy which will enable the poor people of this country to move from one place to another easily.

Another aspect of the Budget that has impressed me is the widening up of the taxable income bracket to Kshs12,000. You can now earn up to Kshs12,000, tax-free. I looked at that provision and felt that the common man was really favoured. Probably, if previous Budgets were prepared in this manner, we would not be talking of negative economic growth.

Mr. Temporary Deputy Speaker, Sir, you know very well that apart from income tax, there are corporate taxes. The Minister ensured that companies do not pay to the Government what they produce but rather refurbish it back into their own investments. That was a very good gesture; the mwananchi will now be really interested in building this country's economy. With these gestures having been included in the Budget, the Minister must have put a lot of consideration in the fact that an economy is not only run by companies, but also by the people within the country.

The lowering of corporate tax will result in more savings and hence increase investment. Here, economics play its part. If people are forced to get an income and pay it to the Government, nothing will remain for their savings. In this particular case, I notice some encouragement for savings, which will, in turn, encourage investment. I am very impressed that the Minister has put a lot of consideration in this aspect. However, I would like to point out that nothing on earth is perfect except God himself. The Minister might have foreseen other circumstances, but I would have liked the fishing industry - which is one of this country's most important industries - done some favour in terms of making fishing and preservation equipment cheaper. Assistance should have been provided for transportation of fish within the Republic so that, at least, even people in Manderu and Kapenguria could get fish cheaply, hence widening the fish market. Those are some of the issues I wish the Minister had thought of.

Mr. Temporary Deputy Speaker, Sir, farm inputs ought to have been heavily subsidised. Kenya being an agricultural country, the emphasis ought to have been more on the agricultural sector than on the manufacturing sector. So, the Minister should have reduced tax on coffee and tea fertilizers so that inputs can be made available wherever the crops are grown, such that farmers would not have to go far to get them. As a result, we could export more tea and coffee and earn more foreign exchange. Here is where the emphasis must be put. I think, the

emphasis must be put here. Perhaps, it is time we said: "All right here is an opportunity which has been lost. Can we, perhaps, in this Budget Speech, say, look, can we add here or, perhaps, change here and there so that the farmers are assisted."

Mr. Temporary Deputy Speaker, Sir, with regard to horticultural products, they have become very important export earners for this country and I do not see why we should not give them as much incentives and encouragement as possible. Fertilizers will also be needed in this sector in order for the farmers to produce flowers, French beans, avocados and what-have-you. Perhaps, we must also put some recommendations in this sector, while we are contributing to this Speech.

Mr. Temporary Deputy Speaker, Sir, there was no mention, whatsoever, in the Budget Speech, of allocation of funds for research so that as we continue to export tea and coffee, we do some research on other crops, for example, macadamia nuts, cashewnuts and bixa so that we can diversify our economy. We should not only depend on two crops, but on as many crops as possible so that if one crop fails, we can still depend on another one. Research is needed in this sector because in other countries like Tanzania and Mozambique, they have done quite a bit of research and now the production of cashewnuts and macadamia nuts has gone up much more than is the case in our country here. Perhaps, that is the major reason why our economy has achieved a negative growth of -0.3 per cent. That is why we should allocate more money on research to find out why the production of cashewnuts, bixa and even macadamia nuts has gone down. We must ensure that we are one of the largest exporters of cashewnuts, bixa and macadamia nuts. At the present moment, minimal amounts of such crops are being exported from this country.

Mr. Temporary Deputy Speaker, Sir, we have had coconut trees since 1642, but we have never taken any advantage on these coconut trees. In other countries, it is not only used for the production of palm oil, but for various materials for building like timber and so on. Coconut trees have not been used sufficiently to benefit this country. Maybe, that advantage was lost sometime back, but it is not too late. I am pretty sure that this Government can still do quite a lot to expand the production of these crops so that we are able to employ more people. This can act as a better economic activity within the rural areas. However, the Minister has not put a lot of emphasis on this sector, despite having read a very good and balanced Budget Speech. Perhaps, it is time we looked at the issue again so that, instead of letting people come all the way from Garissa or Kwale to work in Mombasa or in Nairobi, they can work in the rural areas where they live and initiate economic activities in those areas.

Mr. Temporary Deputy Speaker, Sir, if we were to allocate more funds for research, I am sure we would be better off than when we allocate a lot of money for Kenya Airforce, Kenya Army, National Security Intelligence Services and the rest, in the Recurrent Expenditure. We should put more money into Development Expenditure so that we can earn money. If it happens in future, we will be able to give money to the Kenya Army and so on.

Our country is not at war or having any kind of animosity with another country. So, I believe, it is high time we reduced our budgets on our armed forces and then put more money into research or some other subventions which can allow mwananchi in the rural area to start other economic activities. Until now there has been no mention of loans being given by the same Ministry to wananchi to start such economic activities in the rural areas.

With those remarks, I beg to support.

Mr. Khamasi: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me the chance to comment on the Budget Speech made by the Minister for Finance. I do not find a lot of difference in the current Budget Speech when I compare it with the others I have heard since I came to this House. It has been a ritual, and it is the same thing. Every year, we have hoped that the Government will implement even a little percentage of what it tells us in those Budget Speeches. The problem has always been lack of implementation of what is contained in those Budget Speeches.

Perhaps the only difference that I have noticed in the current Budget is where the Minister boldly and honestly admitted that we have done poorly in economic matters. Indeed, we had performed poorly, and he had no way that he could hide that. One thing that I have liked about the current Budget is that he has identified the problems and enumerated them and, indeed, he has gone forward even to propose what we need to do, if we have to come out of the problems in which we are now.

Mr. Temporary Deputy Speaker, Sir, I would like to comment on a few of the things that he mentioned, which I think the Government is basically giving lip service to. The Minister says that one of the problems that we have is insecurity in our country - both clashes in rural areas and breakdown in law and order in urban areas. Insecurity anywhere can never make people develop in any sector whatsoever. In 1997, the KANU Government sold its manifesto to Kenyans, and that is why they claim that they were elected to lead this country. On security, this is what they said: "KANU believes in the right of every Kenyan to prosperity and to live in any part of the

country. KANU will work ceaselessly for the security, prosperity and welfare of all citizens within a political climate of peace and stability. The security of our people remains the primary concern of our party."

But what we see now is completely contrary to that. Take the example of what is going on at the Gucha/Trans Mara border. How can it take a Government more than one month to respond to an area where people are dying because of clashes? What reason can they advance? How can people in those areas economically survive? How can they grow? It is practically impossible.

The Assistant Minister for Finance and Planning (Mr. Lomada): On a point of order, Mr. Temporary Deputy Speaker, Sir. I doubt if the Government is solely responsible for what is happening between the Kisiis and Maasais. Is he in order to blame the Government on the recent clashes between the Maasais and Kisiis, when it is the leaders who have failed to address that issue? It is not the Government which is to be blamed.

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Lomada! He is not blaming anybody. He is expressing an opinion, and he is fully entitled to do that.

Mr. Khamasi: Thank you, Mr. Temporary Deputy Speaker, Sir. This is the problem we have on the Government side. It is a very big problem, where people cannot even differentiate when an hon. Member expresses an opinion or makes a statement. I am saying that it is my opinion that a good Government cannot take one month without responding to an issue involving clashes between its citizens, and I will continue to say so.

We have been talking about privatisation in this House for God knows how long, and it seems as if it is just a question of sweet-talking. It seems as if the Government is buying time and not wanting to do anything substantial about privatisation, not mentioning much the case of the Telkom Kenya Limited. We have even been talking about privatising companies like Mumias Sugar Company. What is this Government doing about that?

Mr. Temporary Deputy Speaker, Sir, the Nyayo Tea Zones Corporation and some parastatals are literally going to the Exchequer to be funded when they are supposed to be making money. What are we doing with them? Why is the Government holding onto these corporations? It is high time this Government became serious, told Kenyans exactly what they will do and made sure that they really do it.

I would also like to touch on the question of agriculture. In the Minister's Speech, he has not touched on anything substantial about alleviating the problems in the agricultural sector. When the Minister was preparing his Speech, he probably thought that we will not look at the Revised Estimates to find out about the provisions. I have heard my friends from the opposite side commenting on the same thing. There is no provision in the Budget on how to revive the financial institutions which once supported the agricultural sector. For example, we have for a long time talked about reviving the KMC in order to make sure that pastoralists have an avenue through which they can sell their livestock and actually do well. There is no provision for this in the Budget.

The whole of last year we were informed through our Committee on Agriculture that there would be a provision of Kshs500 million to revive that plant, but nothing was done about it. In this particular Budget there is no provision whatsoever for that. What has gone wrong at the KCC? People are just hovering around to make sure that they buy it for a song. That is all that is going on. The Agricultural Finance Corporation which once supported the farmers is no more and there is no provision in the Budget to revive those institutions. If we cannot revive institutions which once helped farmers to produce, we can sing here on how to revive our economy, eradicate poverty, but we will be wasting our time. Most of our people rely on agriculture. Until the Budget becomes farmer-friendly, we are doing zero work. The Budget must be farmer-friendly if we are to revive the economy.

Mr. Temporary Deputy Speaker, Sir, I also want to comment on Education. The rate of drop-outs in schools is increasing year by year. The reason for this is that parents cannot afford to pay school fees. There is no mention in this Budget Speech about how the Minister intends to address that problem. This problem exists; children are dropping out of school. What will the Government do about that? There is no provision in the Estimates to cater for that problem. If we are going to have too many children dropping out of school, what sort of citizens will we have in future? It is really a shame.****

It is really a shame that the Minister has not addressed the question of corruption which is a very big disease in this country. With the demise of the Kenya Anti-Corruption Authority (KACA), the sweet time we are taking to get another independent body back in place tells us something about what this Government is doing about corruption. It means the Government is not serious about corruption.

If the Government was serious about corruption, when KACA was actually scrapped out of the books because it was unconstitutional, the Government should have moved very fast and consulted all people concerned to make sure that another authority that is independent is in place. This has not happened, and so long as we do not have an independent body to fight corruption, we are wasting time if we are saying that we are addressing the corruption issue.

With those few remarks, I will reluctantly support the Motion.

The Assistant Minister for Labour and Human Resource Development (Mr. Chanzu): Mr. Temporary Deputy Speaker, Sir, thank you for allowing me this opportunity to contribute to this very important Motion. I would like to congratulate the Minister for the fitting and well-balanced Budget in spite of the abounding economic problems we are experiencing locally and globally.

The most important thing is for us to ensure that whatever resources that will be made available are efficiently and effectively put to use so that Kenyans, for whom these resources are intended, can reap maximum benefits out of them. This can only be achieved through concerted efforts by all of us as leaders, and the discipline that is going to be instilled in our people, particularly those who are supposed to be implementing whatever programmes that the Government has put in place.

What I would like to add on what has been said is that whatever has been budgeted for we must make sure that we avail adequate funds for the most essential areas of the economy. This was stated in the Budget by the Minister. He talked about providing more money for security, education, health, agriculture and infrastructure. However, it is important that those who are charged with the responsibility of ensuring that these programmes take place should ensure that this is actually done.

Mr. Temporary Deputy Speaker, Sir, I would like to thank the Government for having made a provision that we are going to engage more teachers because of the importance we lay on education. However, I would like to make it clear that this must be done in an equitable way that covers the entire nation.

Mr. Gatabaki: On a point of order, Mr. Temporary Deputy Speaker, Sir. I hate to interrupt my great friend, but when he says that we must thank the Government, is it in order? Is it in order for the Assistant Minister to thank the Government when it is its responsibility to provide those services? I just want him to clarify that. There is nothing to thank the Government for.

The Assistant Minister for Labour and Human Resource Development (Mr. Chanzu): Mr. Temporary Deputy Speaker, Sir, the duty of the Government is to provide the services, but we must also commend it where it has made a good effort. This is because the Government cannot do everything at the same time.

Mr. Temporary Deputy Speaker, Sir, I am saying that I was happy to note that the Vihiga District Hospital which has taken quite a bit of time to complete has been allocated about Kshs36 million. This is a very big achievement. I would like to say that we, the people from that part of the country, are very happy, but we would like the money to be made available so that the hospital can be completed and put to use. I would like to say that this is a very wonderful facility with modern equipment, but it stalled due to non-allocation of funds. This time round, it has been allocated some funds, and the most important thing is to make sure that the project is completed, if possible, this year.

I am saying that we should ensure that we avail more funds to some sectors like agriculture because this is an agricultural country. It will not make any sense to look in the Printed Estimates and find that there is money but when you go on the ground at the end of the financial year, you find that nothing has been achieved. We have got key sectors, such as the tea, sugar, coffee and subsistence crops which should be improved for higher yields. That is the reason why we should ensure that whatever is budgeted for in those areas is made available on the ground.

Mr. Temporary Deputy Speaker, Sir, it is very difficult to achieve meaningful development without proper and good infrastructure. I would also like to commend this House and the Government for the steps that were taken earlier on to come up with the Kenya Roads Board.

Mr. Muihia: On a point of order, Mr. Temporary Deputy Speaker, Sir. I hate to interrupt my professional colleague. I think the hon Member on the Floor is not ready for this debate. Could he, maybe, give his valuable time to me so that he can prepare himself for tomorrow?

(Laughter)

The Assistant Minister for Labour and Human Resource Development (Mr. Chanzu): Mr. Temporary Deputy Speaker, Sir, I think there are seven days for this debate, and my friend, Mr. Muihia, has got a long time to contribute. I have got only two or three minutes left.

Mr. Temporary Deputy Speaker, Sir, I would like to say that money has been made available to the Kenya Roads Board in the recent past through the districts. My observation was that, that money was not adequate. I think that is an area that we should address if we have to transport our produce and move easily within the country.

When I look at the Budget Speech that we are discussing, the conclusion I draw is that this Budget is

intended to stimulate growth, for example, through the reductions in taxation that the Minister outlined here. Basically, the idea is to make more money available to the consumers. By doing that, we will realise more economic growth.

The other issue that I would like us to address, on a serious note, is harmonisation of earnings in the public service. This is a very crucial point because you will find in some Ministries or departments people performing almost the same duties but their earnings are totally different or vary greatly. This is an aspect that needs to be addressed.

Mr. Temporary Deputy Speaker, Sir, there is the Rural Electrification Programme and STABEX funds which have been talked about. There is need for equitable distribution of these funds so that every part of the country can benefit. There is also need for speedy implementation of the electrification project funded under the French and Spanish---

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Chanzu! It is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Wednesday, 20th June, at 9.00 a.m.

The House rose at 6.30 p.m.