

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 10th April, 2002

The House met at 9.00 a.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

NOTICES OF MOTIONS

Mr. Donde: Mr. Deputy Speaker, Sir, I beg to give notice of the following two Motions:-

A BILL TO PROVIDE FOR CONVERSION OF NSSF INTO PENSION FUND

THAT, in view of the fact that many Kenyans who are over 60 years old are unable to work due to unavailability of employment, old age or sickness; this House do grant leave to introduce a Bill to amend the National Social Security Fund Act, Cap.258 of the Laws of Kenya in order to convert the Fund into a state pension fund where every working Kenyan shall contribute a percentage of his/her earnings in order to enable all the senior citizens get a token monthly pension.

BILL TO RAISE POST BANK'S LENDING CEILINGS

THAT, taking into account that commercial banks have been unable to expand banking operations to many towns in Kenya, and aware that the spread of banking corporations is key to developing all parts of a country; this House do grant leave to introduce a Bill to amend the Kenya Post Office Savings Bank Act, Cap.493 D of the Laws of Kenya in order to allow the Post Bank to lend a maximum of Kshs200,000 to its customers.

ORAL ANSWERS TO QUESTIONS

Question No.144

ACTION AGAINST KAKAMEGA POLICE

Dr. Kulundu asked the Minister of State, Office of the President:-

- (a) whether he is aware that on 12th June, 2001, a *matatu* registration number KAM 269R was involved in a fatal accident at Mwiya area along the Kakamega-Webuye Road,
- (b) whether he is further aware that to date, the police have done nothing about this case and the vehicle has now been auctioned, and;
- (c) what action he intends to take against the Kakamega Police.

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

- (a) I am aware of a fatal road accident which occurred on 12th June, 2001, involving a *matatu* registration No.KAM 269R at Mwiya area along the Kakamega-Webuye Road.
- (b) No. The base Commander, Kakamega took necessary initial action of investigating the accident and opened a file No.AARF/82/201. The *matatu* was inspected and released to the owner.
- (c) I intend to take no action against the Kakamega Police because strong action was taken during the occurrence of the accident.

Dr. Kulundu: Mr. Deputy Speaker, Sir, first of all I do not even have the written answer that the Assistant Minister has just read. This accident occurred on 12th June, 2001. A postmortem was done at the Moi Referral Hospital on 14th June, 2001. In their report dated 26th October, 2001, the police stated that the investigations were

still ongoing. The parents of the deceased boy, Tony Simiyu, have been harassed and locked up at the Kakamega Police Station every time they go to inquire about this matter. The owner of this ambulance was---

Mr. Deputy Speaker: Ask your question!

Dr. Kulundu: Is the Assistant Minister aware that the owner of this ambulance was in fact a senior police officer at Kakamega Police Station and that he used to interfere with the investigations relating to this accident? Are you aware that the owner of the vehicle was indeed a police officer at that station?

Mr. Kochalle: Mr. Deputy Speaker, Sir, I do not know what the hon. Member is talking about because I am not aware of the policeman being the owner of the vehicle. What I know is that action has already been taken. A file has been opened and investigations are continuing.

Mr. Deputy Speaker: Who was the owner of the vehicle?

Mr. Kochalle: Mr. Deputy Speaker, Sir, I do not have the name of the owner of the vehicle and so we have to investigate.

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

Mr. Deputy Speaker: This is Question Time. If you want to ask a question, just stand up and ask it.

Mr. Muchiri: Mr. Deputy Speaker, Sir, this is a case of a fatal accident. A person died, a post mortem was done and the vehicle was inspected. Will you take the suspect to court or not?

Mr. Kochalle: As soon as the investigations are complete the suspect will be taken to court.

Mr. Donde: Mr. Deputy Speaker, Sir, could we know who the owner of the vehicle is so that we can establish whether Dr. Kulundu is right? If you are investigating such an accident you should have the details of the owner of the vehicle and so on with you. Could you tell us who the owner of the vehicle is so that we can verify these things?

Mr. Kochalle: Mr. Deputy Speaker, Sir, as of now I do not have the name of the owner of the vehicle and I do not have information to confirm most of these facts which the hon. Member is telling us. The hon. Member can just come and tell us about that information so that we can continue with investigations.

Mr. Deputy Speaker: Order, Mr. Assistant Minister! If an accident occurred and it was reported, there must be details which the police took. Part of those details must include the owner of the vehicle. How are you investigating if you do not even know who owns the vehicle? What are you investigating?

Mr. Kochalle: Mr. Deputy Speaker, Sir, we are just investigating about the accident which---

Mr. Deputy Speaker: Order! I am sorry this Question must be deferred for a better answer. The Question is deferred to Wednesday next week.

(Question deferred)

Next Question!

Mr. Gatabaki: Mr. Deputy Speaker, Sir, before I ask the Question, could I move to the Front Bench as the Official Leader of the Social Democratic Party in Parliament? A proper notification has been made to the Speaker and Deputy Speaker to that effect.

Mr. Deputy Speaker: I did not hear you!

Mr. Gatabaki: Mr. Deputy Speaker, Sir, before I ask the Question, could I move to the Front Bench of the Opposition side in my capacity as the Official Leader of the Social Democratic Party in Parliament, for which proper notification has been made to your office and that of the Speaker?

Mr. Deputy Speaker: Yes, go right ahead.

(Laughter)

Question No.016

DECLINE IN NSE SHARE PRICES

Mr. Gatabaki asked the Minister for Finance:-

(a) whether he is aware of the massive collapse of share prices of companies quoted in the Nairobi Stock Exchange, leading to unprecedented losses by investors;

(b) whether he is further aware of the shrinking of the National Stock Exchange 20 Share Index, and;

(c) what are the reasons for the sharp decline of the National Stock Exchange.

The Minister for Finance (Mr. Obure): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am aware of the general decline in the level of share prices of the companies listed on the Nairobi Stock Exchange over the last several years.

(b) I am also aware of the sustained decline of the level of the NSE-20 share index which is a reflection of the general decline of the share prices of the companies constituting the index.

(c) There are a number of reasons which have contributed to this general decline in the level of prices. The companies listed on the Nairobi Stock Exchange represent the spectrum of the economy and are broadly categorised into the agricultural sector, commercial services sector, finance and investment sector and the industrial sector. You will, therefore, see that that basically covers the entire spectrum of our economy. Since the performance of the companies is closely intertwined with the performance of the economy, you can really see the reason why their share prices have gone down.

(ii) The declining profitability among the companies listed on the Nairobi Stock Exchange caused largely by declining demand for goods, resulting in lower profit margins, as a result of competition from imports.

(iii) The high level of interest rates in the economy over the last several years which has led to increased financing costs in various companies especially in the manufacturing sector. High levels of interest rates in the economy, particularly the risk-free Treasury Bills, make it attractive for investors to move their investments from shares to the high interest rate instruments.

(iv) The poor economic performance has further reduced the levels of savings in the economy. This means that people have to make choices because their savings are low. They have to make choices both at household and corporate levels. In most cases, these changes in investment priorities have resulted in investors choosing to preserve whatever little savings they have.

(v) The fourth reason which has contributed to the low levels relates to the 1997 so-called "tiger economies" of South East Asia where companies in that area suffered an economic meltdown. This economic crisis jolted the investor confidence, especially among the foreign portfolio investors leading to capital flight from all emerging markets. Kenya did not escape unscathed, as the few foreign portfolio investors in our market also joined in the trend of "flight to safety" thereby contributing to the declining share prices.

Mr. Deputy Speaker, Sir, these are some of the main reasons why this trend has continued to persist.

Mr. Gatabaki: Mr. Deputy Speaker, Sir, as I have done before, may I congratulate the Minister for this very comprehensive answer. If, indeed, the Treasury keeps giving the country these kind of answers, a lot of mistrust in the Government would not be there.

However, other economies like Kenya's intervene in various mechanisms like lowering the interest rates and we have seen that again and again in Britain and the United States of America. Why has the Government not intervened in lowering the interest rates? Secondly, why has the Central Bank of Kenya continued to be a trader rather than a regulator, thereby enabling banks to put their money in Treasury Bills and Government expenditures rather than in the core business of lending to the private sector and, thereby, spurring the economic growth of the country?

Mr. Obure: Mr. Deputy Speaker, Sir, what the hon. Member for Githunguri has outlined is, in fact, the major cause of concern and is one of the factors that have contributed to this state of affairs. The Government, indeed, recognises that and every effort is being made to ensure that we, as much as possible, avoid borrowing money from local markets and we are in the process of doing that.

Mr. Deputy Speaker, Sir, in addition, following the Poverty Reduction Strategy Paper (PRSP) consultations taking place around the country, the Government is in the process of trying to improve the quality of its expenditure so that whatever little resources are available locally are directed towards core poverty areas which will help to trigger the growth of the economy if you target your expenditure in those particular areas of infrastructure and so on. We believe this, plus the fact that we are going to try and keep away from local borrowing, will help to trigger some activity in the economy and, therefore, start moving the economy in the right direction towards recovery.

Mr. Deputy Speaker: Mr. Minister, the hon. Member is really asking you: "Why are you borrowing at such a high rate?" We are not saying you should not borrow in the local market. Why are you borrowing at such a high rate of interest?

Mr. Obure: Mr. Deputy Speaker, Sir, it is a question of the options available at the moment. We have been driven into doing that because of the fact that we have a deficit in our financing and we have no other option except to do that. If we had, in fact, moved along the lines envisaged initially, this state of affairs would not have arisen. So, this is really a bridging measure and we hope to avoid it, hopefully, in the very near future.

Mr. Donde: Mr. Deputy Speaker, Sir, the Minister is not answering the Question. Last Friday, the Central Bank asked for Kshs6 billion and the commercial banks had Kshs9 billion which meant that they could have given money at an interest rate of even 3 per cent and still the Central Bank paid over 10 per cent for risk-free Treasury Bills. So, if the banks are offering Kshs9 billion and the Government only wanted Kshs6 billion, could you explain why you still pay them interest at the rate of 10 per cent? Why can you not pay them interest at the rates of 3 per cent or 4 per cent?

Mr. Obure: Mr. Deputy Speaker, Sir, hon. Members will appreciate that considerable progress has been made in trying to stabilise the rate at which Treasury Bills are paid. You will recall that, in fact, the trend has been

going downwards for the last two years to the extent that we have reduced it from the overall 18 per cent or 19 per cent, where it was a few years ago, to around to 10 per cent. We believe that the measures being taken are prudent and we will continue to pursue those efforts so that in the long-run, we will come to the kind of levels hon. Donde is suggesting, but that will take time.

Mr. Mwalulu: Mr. Deputy Speaker, Sir, hon. Gatabaki's Question is based on economic terms, but the answer the Minister is giving points to the worsening economic situation in the country and yet we are talking about the PRSP. What is the success of the PRSP so far?

Mr. Obure: The PRSP process, which the hon. Member of Parliament is talking about, has been put into practice in the last few years and we have used that process in the preparation of the last two years' Budgets. We think it is an overall improvement from what we had before to the extent that it gives Kenyans a chance to identify and say which areas they would like the Government to invest using the little resources available. We believe that enhances the value for money and we think it is something that is successful. It also gives people an opportunity to decide on how they would like their money spent and I think we will pursue it.

Eng. Toro: Mr. Deputy Speaker, Sir, the problem with this Government is that it has good policy papers and it knows exactly what is supposed to be done. Unfortunately, it does the exact opposite. On the issue of the Nairobi Stock Exchange, I happened to be a victim of the falling stock exchange rates. If I quote the example of Firestone Company, when they floated their shares - I think it was done dishonestly - they were floated at Kshs32/25 and I bought considerable shares. As by yesterday, the price of Firestone shares had gone down to about Kshs7 per share. So, all the people who invested in Firestone shares suffered a huge loss.

Mr. Deputy Speaker: Ask your question!

Eng. Toro: Mr. Deputy Speaker, Sir, what is the future of the stock exchange as an industry? Secondly, what measures is the Government taking to ensure that the stock market recovers from the slumber it is in at the moment?

Mr. Obure: Mr. Deputy Speaker, Sir, we must be in a position to accept that the principle of free enterprise also entails an element of risk and profit-making. In the case which Eng. Toro has described, it is one where things have gone sour. This occasionally can be expected in a free enterprise market. I would like to inform the august House that the Nairobi Stock Exchange (NSE) is in the process of restructuring itself. For example, they are in the process of undertaking a market infrastructure development project in order to bring the market at par with international standards. Of course, this will involve implementation of the Central Depository and Automated System. We believe that this will speed up the rate at which transactions are conducted. If the hon. Member has evidence that there is any fraud taking place in the case he has referred to, there are mechanisms in which this can be addressed. The first, of course, is to report to the regulatory authority, which is the Capital Markets Authority (CMA). But we are in the process of improving the whole set-up and we believe that it will serve the investing public effectively.

On the question of what measures are being taken to arrest the declining performance of the NSE, that relates to the whole question of the efforts being made by the Government to revive and improve the economy. Once that is done, investors will be assured that the kind of experience being witnessed currently can be avoided.

Mr. Deputy Speaker: Mr. Minister, I think Eng. Toro's Question was a little deeper than that. The values of the shares and indexes are going down. What is being done so as to be prepared for a possible collapse?

Mr. Obure: Mr. Deputy Speaker, Sir, there is no possible collapse. I do not want to imagine that scenario. In fact, it does not exist. There is no question of a possible collapse. This economy is there and it is on the way up.

Mr. Keriri: Mr. Deputy Speaker, Sir, the Minister will agree with me that in normal circumstances when companies go public and their shares are quoted in the stock market, the likely scenario is for them to increase their value. The value increases as the time goes by. At present, when companies go public and they start trading at a certain price, the next week or month, that price goes down. Would the Minister agree with me that the Government and the NSE management lack the resources and ability to scrutinise the prospectus and all the other documents of the companies that intend to go public? I think there is that aspect of companies being allowed to go public when they are in bad shape. If he agrees, what is he going to do to get that one done; to get the resources and management to effect the scrutiny of these companies?

Mr. Obure: Mr. Deputy Speaker, Sir, I believe that with the coming into place of the CMA, there is now a strong regulatory institution to conduct the affairs of the equity operations. This is a relatively new organisation, but we are in the process of strengthening it. I believe they are slowly enhancing its capacity to be able to deal with these kind of situations. We must always accept the fact that, everywhere in the world, there is that element of speculation in stock markets. Occasionally, people over-value this and others enter into these markets with a view to making quick gains. But this cannot be avoided. It is the nature of this kind of business. But the regulatory body is constantly enhancing its capacity to be able to manage the affairs of the NSE in order to mobilise local resources for development.

Mr. Gatabaki: Mr. Deputy Speaker, Sir, we are not just talking about the fall of prices or the shrinking of the stock exchange; we are talking about fundamental profound change where stocks, like those of the Kenya Power and Lighting Company (KPLC) collapse from Kshs180 to about Kshs10. This is fundamental and profound shrinkage

and the consequences are enormous; billions of shillings have been lost to the investors. The Minister was in Washington the other day and we do not know what he came up with. We do not know whether the IMF is about to resume funding to Kenya. But the issue here is that so long as the Treasury, or the Central Bank of Kenya, continued to be an attractive source of investment; that the bank can freely invest and trade in Treasury Bills at very minimal risks, money will continue to flow to the Treasury Bills; banks will continue to invest in Treasury Bills rather than their core business and there will be so much attraction in Treasury Bills rather than any investment. What measures is the Government intending to take to intervene to prevent the slide and collapse of the economy? What specific measures are you taking to ensure that there is flow of money in the private sector and not in the public sector?

Mr. Obure: Mr. Deputy Speaker, Sir, we are very much aware of the consequences of the serious concerns expressed by the hon. Member. The hon. Member will be aware that we are already restructuring the composition of the Treasury Bills themselves by lengthening the maturity period from 91-day Treasury Bills to longer periods. This is one measure.

The second measure is that, we are basically in this situation because of our low rates of savings. The general average of any economy that is developing is that, it has a savings rate of about 25 per cent of its GDP. But in our situation in most African countries, it is in the range of 12 to 13 per cent. One of the reasons is that, you must be able to encourage savings to a higher rate in order to avoid this kind of situation. That is one of the measures we are taking to encourage the citizens themselves to embrace the culture of savings.

Thirdly, we are in this state of affairs because we have the level of external assistance to Kenya in terms of Official Development Assistance (ODA). The ODA has been on the decline in the last ten to 12 years. The level of foreign direct investment has been on the decline and the hon. Member knows that the Government is sparing no effort in engaging the development partners to resume the programme. Once that programme is resumed, it will improve the situation. It will not solve all our problems, but it will improve the situation. But we are in agreement that the ultimate solution will be to avoid borrowing to the extent we are doing at the moment. I believe the moment we do that, the kind of concerns the hon. Member for Githunguri is raising will have been overcome.

Mr. Gatabaki: On a point of order, Mr. Deputy Speaker, Sir. I think the Minister is misleading the House to the extent that the International Monetary Fund (IMF) and the World Bank told him, when he was in Washington DC, that there would be no resumption of disbursement of funds to Kenya so long as the Government continued not to honour its obligations. Also, there are prospects of the Government printing money for election purposes. Donors are frightened about the consequences of printing money to fund the elections. This Government did that in 1992 and 1997.

Mr. Obure: Mr. Deputy Speaker, Sir, this is totally unacceptable. The discussions we had with the IMF were between the Fund and ourselves. Since Mr. Gatabaki was not present at those talks, he is not in any position to report on the nature of discussions we held with the IMF. I should be the one to do that. The hon. Member is not even in a position to know what transpired during the talks. What he is engaged in now is mere speculation. As we have said previously, no such thing as what Mr. Gatabaki said was ever raised at our meetings with the IMF. Secondly, the Government does not entertain, whatsoever, any intention of printing money. I would like that to be very clear. We have no intention of printing money as Mr. Gatabaki has said.

Mr. Deputy Speaker, Sir, at this point, I would like to say that we held constructive discussions with the IMF. Whether the discussions will ultimately result in the resumption of aid to Kenya is not material. What we are saying is that the discussions were constructive. Whatever we are doing in relation to those discussions is for the good of this country. Whether the funding programme is resumed or not, we will continue to pursue what is good and what we have agreed with the IMF.

Mr. Deputy Speaker: Very well. Let us proceed to Mr. Kiunjuri's Question.

Question No.028

WITHHOLDING OF MR. GATHUA'S PENSION

Mr. Kiunjuri asked the Minister for Finance why the Ministry is holding the pension of Mr. Charles Gathua Njeri, A.P. No.93334.

The Minister for Finance (Mr. Obure): Mr. Deputy Speaker, Sir, I beg to reply.

It is not true that the Ministry is holding the pension of Mr. Charles Gathua. The correct position is that Mr. Charles Gathua is being paid his monthly pension through his Barclays Bank of Kenya account No.4047778, Nyahururu Branch, according to his instructions.

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, I would not have brought this Question here if the Ministry had been paying Mr. Gathua his pension. This matter was brought to my attention by the complainant himself. However, the Minister is correct that Mr. Gathua is now receiving his monthly pension dues. The Ministry started paying him his

dues when I filed this Question with the Clerk of the National Assembly. Could the Minister ensure that pensioners start receiving their monthly pensions immediately they retire from public service, to avoid inconveniencing their families?

Mr. Obure: Mr. Deputy Speaker, I have noted the point. We will ensure that all pensioners, including this specific one, will continue receiving their pensions as expected.

Mr. Deputy Speaker: Mr. Minister, there is a number of Questions coming up regarding pensioners who are not being paid. There must be something wrong in your Ministry.

Mr. Obure: Mr. Deputy Speaker, Sir, I agree with you entirely in that observation. I have also established that there is something grossly wrong with the Pensions Department. I have taken the necessary measures to address the situation. I have ordered a re-organisation of the Department. In fact, yesterday morning, I appointed a new Director. Being a *dot.com* generation Director, I hope that he will introduce the use of information technology in that Department, re-organise the Department and ensure that the kind of suffering pensioners are going through comes to an end once and for all.

Mr. Ndicho: Mr. Deputy Speaker, Sir, you have rightly told the Minister that there is something terribly wrong at the Pensions Department, which he also accepts. You know, the problem has been lack of computerisation of the operations of the Pensions Department. So, as the Minister prepares the Budget for the next financial year, could he ensure that some funds are set aside for the computerisation of the Pensions Department, so that if one retires, say, this morning, by the afternoon his dues are determined and his cheque issued to him, so that he can go home smiling? The cases we have handled here are just a small portion of the pending pension cases! There are millions of pensioners who are yet to receive their dues. Every hon. Member here has problems from his constituents regarding non-payment of pension by the Government. The Minister has the solution to this problem. Could he solve it?

Mr. Obure: Mr. Deputy Speaker, Sir, as I said, I am in full agreement with the sentiments you have expressed. Being a Member of Parliament myself, I am fully aware that even my own constituents go through the same process, which is a very sad experience. I said that we intend to revamp the Department by introducing information technology. In fact, the new Director of Pensions is an information technology expert. Resources will be availed for the purpose because we really intend to enhance service delivery from that particular Department. So, we will do exactly that.

Mr. Achola: Mr. Deputy Speaker, Sir, could the Minister explain how he intends to eliminate corruption in that Department? The Pensions Department is extremely corrupt. Nobody can have his pension processed unless he pays *kitu kidogo*.

Mr. Obure: Mr. Deputy Speaker, Sir, I am not aware of the corruption allegation being made here. However, I have no reason to doubt that corruption exists at the Department. That is why we are making these changes. We sincerely hope that the changes will bear fruit.

Mr. Otita: Mr. Deputy Speaker, Sir, whereas the Minister is revamping the Department, there are some very funny conditions given to pensioners. For instance, retirees are required to open bank accounts and meet other conditions before they can be paid. If one does not open a bank account, he is not paid. Such things should also be streamlined. So, could he ensure that these things are considered in the process of streamlining the operations of the Department?

Mr. Obure: Mr. Deputy Speaker, Sir, the issues raised by Mr. Otita are similar to those which were raised by Mr. Achola. All these issue are being looked into. One of the things we have had to do is to arrange for the pensioners countrywide to be paid at their nearest Post Offices rather having to received their money from the District Commissioners' offices and District Officers. We believe that this additional measure will enable pensioners to receive their dues faster.

Mr. Deputy Speaker: Could you ask the last question, Mr. Kiunjuri?

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, it is good that the Minister is coming up with all these measures, but could he give a time frame within which he intends to complete the streamlining the Department's operations?

Mr. Obure: Mr. Deputy Speaker, Sir, this is going to be a continuous process. As I said, instructions were issued with a fresh mandate to proceed to improve the Department and achieve the desired goals. It is not possible to give a time frame.

Question No.123

PAYMENT OF BENEFITS TO MR. KAGWANJA

Ms. Karua asked the Minister for Finance when the retirement benefits of Mr. James Kagwanja, P.No.78021355, formerly employed by the Office of the President, will be paid.

The Minister for Finance (Mr. Obure): Mr. Deputy Speaker, Sir, I beg to reply.

(a) My Ministry has not received the pension claim papers from the former employer of this particular retiree. However, the letter has been addressed to the former employer, to forward the relevant pension claim documents so

that the benefits can be processed.

As Ms. Karua knows, no pension can be processed in the absence of claim documents from former employees, or retirees. I have a document here, and I have personally taken some initiative on it. I believe it will help to speed up the papers.

Ms. Karua: Mr. Deputy Speaker, Sir, this answer is escapist. The Minister and his officers know that nobody retires before filling all the necessary papers, and the pensioner will not sit and wait knowing that our people are poor and need money. Nobody would agree to go home before filling these papers. Could he tell us when that letter was written, what date James Kagwanja retired and whether he or his officers have looked at his file to see whether these forms were filled? This is because I am aware; I was shown copies of the relevant forms.

Mr. Obure: Mr. Deputy Speaker, Sir, as I have said before, I have personally taken some interest. The papers that Ms. Karua is talking about are done at the place where the retired person was working. That is where this process starts from. Unfortunately, it has not started, and the papers have not been submitted to the Pensions Department. Therefore, the Pensions Department could not proceed with any work on it. I have ordered that a letter be written. In fact, that was after receipt of the Question by the former employer. That has been done. I have personally taken the issue with the former employer, and I said that, that cannot happen. I have been assured that the papers will be forwarded very soon to the Pensions Department.

Mr. Keriri: Mr. Deputy Speaker, Sir, we are faced with some problems which the Minister does not seem to have answers to. First, he says that he has not received the papers from this person. Then, he had written to the person telling him to send and fill his papers, and so on. Then, he tells us that he was supposed to have done it in the Ministry, but it has not sent papers to the Treasury, Pensions Department. It is confusing. Who is responsible for this type of thing? Do we have to have an employee waiting for a Ministry, which sits on the papers, until the Treasury or someone discovers that this man is not paid, or this woman is not paid, while the Treasury waits for the papers? What procedure - I know that the Minister says that he is going to have IT system in this Department - has he put in place to make sure that Ministries do not sit on papers that the pensioners are supposed to submit to the Treasury; to make sure that we do not come here all the time, asking you and then you going to the Ministry, thereafter, only after we have asked questions?

Mr. Obure: Mr. Deputy Speaker, Sir, I think there has been some confusion and misunderstanding. I personally came into contact with this matter when the Question by Ms. Karua was raised. I went to check and found out that at the Pensions Department the papers relating to this particular retiree had not been submitted there. So, I went back to the employer, the Ministry where he was working, and we found out that they had not completed the papers. We are asking them to complete these papers quickly so that they are forwarded to the Pensions Department for processing. That is the mechanism that exists today. We hope that, under the proposed reorganisation, the Pensions Department, together with the line Ministries, will come into some arrangement which will avoid these kind of delays.

Mr. Deputy Speaker: But in the meantime, what happens to this man? He has no salary and pensions.

Mr. Obure: Mr. Deputy Speaker, Sir, this is the kind of suffering and inconvenience we are trying to avoid. When his papers are finally received, he will be paid pension from the time he retired, which means that there will be lumpsum payment being paid to him, including the days when he did not receive the pension. But that does not alleviate the fact that he is suffering at the moment.

Mr. Deputy Speaker: But this House did pass a Motion moved by Mr. Musila, which required the Government to continue paying these people their salaries until the pensions are sorted out. Has that been done?

(Applause)

Mr. Obure: Mr. Deputy Speaker, Sir, I will have to familiarise myself with that.

Mr. Omingo: Mr. Deputy Speaker, Sir, I appreciate the fact that the Minister is agreeing that there is a problem in that Department. I took a personal interest after the hon. Member asked the Question. We have such numerous cases. Are we going to wait for Questions to be asked before pensions can be paid?

Mr. Deputy Speaker: Order! You have asked the question which the Minister answered earlier on! That, he is streamlining the Department. He is using new technology in order for these questions not to arise again.

Mr. Ndicho: Mr. Deputy Speaker, Sir, could the Minister explain why there is discrepancy and discrimination when it comes to payment of these benefits - pensions and the likes - between the senior people in the Government and junior people? For example, when Mr. Charles Njonjo retired, he went home with his cheque that afternoon. When Messrs. Philip Mbithi and G.K. Kareithi retired, they also went home with their cheques. Why is there discrepancy; that, the Government takes care of the senior people and the small people stay for ages without getting their money? Could you explain why there is that discrimination and discrepancy?

Mr. Obure: Mr. Deputy Speaker, Sir, I am not aware that there is such discrepancy, but the truth of the matter is that if there are any inequities, those are the ones that the newly-appointed team will be addressing.

Ms. Karua: Mr. Deputy Speaker, Sir, I appreciate the fact that the Minister is accepting that there is a lot of laxity in this Department. He said that the forms have not been forwarded from Mr. Kagwanja's last place of employment, which was the Office of the President, so that we know correctly whether the fault is with the Office of the President or Mr. Kagwanja, as portrayed by the written reply. Would the Minister agree to go back and check it? I will also supply him with photocopies so that he can bring a more accurate answer with regard to these Questions to the House; maybe, after two weeks, which will also assist him in the streamlining that he talks about. This is because I think this answer is designed to throw the blame back to Mr. Kagwanja who is innocent.

Mr. Obure: Mr. Deputy Speaker, Sir, we are all agreed that Mr. Kagwanja is absolutely innocent in these matters. We are saying that his former employer has not forwarded those forms. In fact, I have personally even gone to the extent of talking to them; to make sure that we need these papers quickly. So, Mr. Kagwanja has nothing to do with it. He is a victim, and these are the kind of people we want to assist by re-organising the Department.

Question No.143

LOSS OF EQUIPMENT AT MBOONI HEALTH CENTRE

Mr. Munyao asked the Minister of Medical Services:-

(a) whether he is aware that 30 per cent of the materials and equipment received at the Mbooni Sub-District Health Centre, which were a donation from a friendly country, have disappeared;

(b) whether he could consider sending a team of senior officers to ascertain the extent of the loss; and,

(c) what urgent measures he is taking to ensure that the people involved pay for the loss.

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

(a) I am not aware that 30 per cent of the materials and equipment donated to Mbooni Sub-District Health Centre have disappeared.

(b) A team of senior officers visited the hospital on 13th December, 2001 to investigate the alleged loss. Only a small number of items amounting to 0.06 per cent of the total number of items were found to be missing.

(c) A nursing officer has already been charged in court with the offence of stealing.

Mr. Munyao: Mr. Deputy Speaker, Sir, I am happy that the Minister did send a team of senior officers from the Ministry to go and investigate this matter. In order for this House to concur with the Minister that the loss was only 0.06 per cent, could the Minister lay on the table, the list of all the items that had been received from the donor and tell us the value of that equipment, so that we can ascertain the loss?

Mr. Mohamed: Mr. Deputy Speaker, Sir, I can table that list. But I have already supplied to the hon. Member the list of the items and their value.

Mr. Mwakiringo: Mr. Deputy Speaker, Sir, the Minister has admitted that a nursing officer has been charged in connection with the said theft. Could he tell us the court case number and when it will be heard; and what action he has taken against the said nursing officer?

Mr. Mohamed: Mr. Deputy Speaker, Sir, a nursing officer was taken to court, but I do not have the court case number right now. If hon. Members want me to provide the court case number, that is easy to provide.

(Mr. Mohamed and Dr. Wako consulted)

Mr. Deputy Speaker: Order, Dr. Wako! Although you are an Assistant to the Minister, you cannot do that on the Floor of the House!

Mr. Mohamed: Mr. Deputy Speaker, Sir, the document was too big and that is why I could not see the court case number. The court case number is Court file No.2573/2001.

Mr. Mwakiringo: On a point of order, Mr. Deputy Speaker, Sir. Is the Minister in order not to answer the second question I asked, as to whether action has been taken against the said nursing officer?

Mr. Mohamed: Mr. Deputy Speaker, Sir, that is automatic! Once a Government officer has been taken to court, he remains interdicted until the case is finalised.

Mr. Sambu: Mr. Deputy Speaker, Sir, whereas this happened in Mbooni, it is happening all over the Republic. Is the Minister aware that the Central Medical Stores, whose name has now changed to something else, is full of equipment and medicines meant for hospitals, health centres and dispensaries which are not being distributed? What action is he taking to ensure, with proof, that equipment and medicines meant for the districts are delivered in time?

Mr. Mohamed: Mr. Deputy Speaker, Sir, it is not true that medicines and items meant for district hospitals are lying at the Central Medical Stores. The items meant for district hospitals, dispensaries and health centres have

already been delivered.

Mr. Munyao: Mr. Deputy Speaker, Sir, the Minister confirmed earlier on that he has a list of the items I had asked for, but I have got only two pages of his reply. Could he lay the list on the Table for us to read?

Mr. Mohamed: Mr. Deputy Speaker, Sir, I personally brought that list and gave it to the receptionist. Maybe, it was not given to the hon. Member. But the list of the items is here and I beg to lay it on the table.

(Mr. Mohamed laid the document on the Table)

Question No.136

NON-PAYMENT OF DUES TO MR. GICHANGA

Mr. Deputy Speaker: Mr. Nyanja is not here?

The Assistant Minister for Local Government (Mr. Kiangoi): On a point of order, Mr. Deputy Speaker, Sir. I think it should be noted that the Ministry was represented in the House, ready to answer that Question!

Mr. Deputy Speaker: Order, Mr. Kiangoi! There is no Question before the House!

Mr. Nyanja is not here? The Question is dropped.

(Question dropped)

QUESTIONS BY PRIVATE NOTICE

LAWLESSNESS IN MAKUYU

Mr. P.K. Mwangi: Mr. Deputy 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 there has been a series of murders, robberies and other forms of lawlessness in Makuyu Division since February, 2002 to date, leaving four people dead and scores of people injured in Saba Saba, Kamahuha and Makuyu locations of Makuyu Division?

(b) How many people have been apprehended and prosecuted for the said crimes?

(c) What action has the Minister taken to restore security in the area?

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

(a) I am aware that there have been cases of murders, robberies and other forms of lawlessness reported in Makuyu Division since February, 2002 to date, that left four people dead and scores of people injured in Saba Saba, Kamahuha and Makuyu locations of Makuyu Division.

(b) Three people have been apprehended and prosecuted for the said crimes vide Kagumo Court CR274/7/2002.

(c) The Government has taken the following measures to restore security in the area.

(i) Intensified day and night patrols and beats with a view to preventing crimes from taking place.

(ii) Collection of criminal intelligence reports, including surveillance.

(iii) Strengthen ambushes and raids with a view to arresting the criminals.

(iv) Enhance participation by the public through community policing.

Mr. P.K. Mwangi: By the time I filed this Question, the number of murdered people stood at four. By now, the number has risen to six. The security situation in that area is alarming. Could the Minister tell us whether two of those people were murdered by police officers and whether the said police officers have been taken to court?

Mr. Kochalle: Mr. Deputy Speaker, Sir, I am not aware that police officers murdered two of those people as alleged by the hon. Member.

Mr. Thirikwa: Mr. Deputy Speaker, Sir, such cases are prevalent throughout the country. Is the Assistant Minister aware that most of the people who are involved in this kind of activity are either ex-servicemen, ex-policemen or ex-Administration Police officers? What is the Government doing to keep record and track of those ex-servicemen? They are the ones who have the knowledge. Even when they are arrested by the police, they manoeuvre their way out of the police stations before they are taken to court. What is the Government doing about it?

Mr. Kochalle: Mr. Deputy Speaker, Sir, security problems are prevalent throughout the country and we are making efforts to curb the same. We are very much aware of this problem and steps will be taken to address it.

Mr. Muchiri: Mr. Deputy Speaker, Sir, the Police Department makes intelligence reports of what happens all over the country. It is true that the country is in a state of insecurity. Hon. Members of Parliament are supposed to know what is happening in their constituencies. It is only Ministers who are supplied with intelligence reports. Could

the Office of the President now consider issuing each hon. Member of Parliament with a copy of crime and intelligence reports in the Republic within 24 hours?

Mr. Kochalle: Mr. Deputy Speaker, Sir, we cannot issue the reports within 24 hours, but as the hon. Member has requested, we will try and inform the hon. Members about their constituencies.

Mr. O.K. Mwangi: Mr. Deputy Speaker, Sir, insecurity is not only prevalent in Makuyu Division, but in the entire Maragwa District. There are allegations from members of the public that most of the crimes are committed by members of the police force. This House may be interested to know that when some of these four murders were taking place, members of the police force in Maragwa District were busy running after me because I was on a meet-the-people tour. What is the Assistant Minister doing to get rid of the members of the police force who are criminals? He cannot entrust them with the duty of arresting criminals when they are themselves criminals. I know of instances where policemen have shot people dead, and there is a pending Question in the Ministry in this regard. What is the Ministry doing?

Mr. Kochalle: Mr. Deputy Speaker, Sir, while noting that most of the policemen are doing their job nicely, I want to say that we cannot miss some officers who have some problems with the force. We will take every action to ensure that the concerned officers are taken to court.

Mr. Deputy Speaker: Order! By saying that you will take every action, you have not told the hon. Member what action you will take.

Mr. Kochalle: Mr. Deputy Speaker, Sir, the concerned officers will be taken to court and charged.

Mr. O.K. Mwangi: On a point of order, Mr. Deputy Speaker, Sir. Who will be taken to court? Is the Assistant Minister in order to evade answering my question as to what he will do to the members of the police force in Maragwa District?

Mr. Kochalle: Mr. Deputy Speaker, Sir, members of the police force in Maragwa District will not be removed from their stations, but those who have been involved in crime will be taken to court and charged with the offence.

Mr. Sambu: Mr. Deputy Speaker, Sir, hon. Members of Parliament are local people in their respective constituencies. They are Members of all district committees, for example, the District Agricultural Committees, District Education Boards and even District Development Committees which exist in no law. Could the Assistant Minister tell the House why hon. Members of Parliament are excluded from being members of District Security Committees (DSCs)? In which Act of Parliament are DSCs provided for, and which states that hon. Members of Parliament, who are local people in their areas and know the problems of the people, should not be members? We have District Commissioners (DCs) and Officers Commanding Police Divisions (OCPDs) who are "foreigners" in their respective areas of jurisdiction and are members of DSCs, when hon. Members of Parliament and the chairmen of county councils and municipalities are excluded from being members of DSCs. Why is this the case?

Mr. Kochalle: Mr. Deputy Speaker, Sir, that is a security matter. It is within the law that hon. Members of Parliament should not be members of DSCs. So, that question does not arise.

Mr. Sambu: On a point of order, Mr. Deputy Speaker, Sir. Could the Chair please assist us? Under which Act of Parliament are DSCs established? Are hon. Members of Parliament the cause of insecurity? The Assistant Minister has said that this is a security matter. Is he in order to mislead the House?

Mr. Deputy Speaker: No, he is not in order and he should answer the question. What Act establishes DSCs?

Mr. Kochalle: Mr. Deputy Speaker, Sir, the DSCs are provided for in the Kenya Gazette.

Mr. Oloo-Arango: On a point of order, Mr. Deputy Speaker, Sir. What do you do when an Assistant Minister manifests such ignorance of his work?

Mr. Deputy Speaker: Order! If that is your attitude, you just laugh it off. But, Mr. Assistant Minister, that is a serious issue. The gazettelement of a committee does not establish it by law. So, if there is no law, just say that there is no law. Hon. Members are saying that they are as concerned as the OCPDs and the DCs about security matters in their areas. Why are they excluded from providing their knowledge to help the security situation in the country?

Mr. Kochalle: Mr. Deputy Speaker, Sir, while noting that hon. Members really know about their constituencies, we will ensure that they are members of DSCs.

Mr. P.K. Mwangi: Mr. Deputy Speaker, Sir, people of Maragwa Constituency sleep outside their houses for fear of being clobbered during the night. Last week, a watchman guarding the premises of the Vice-Chairman, Co-operative Bank of Kenya, was killed by an armed gang. We know very well that the watchman was killed after he saw the people who killed the late Mr. Charles Kamande, one of whom was a police officer.

Mr. Deputy Speaker: Ask your question!

Mr. P.K. Mwangi: Mr. Deputy Speaker, Sir, could the Assistant Minister tell us when the person who killed Mr. Magochi, the watchman, will be taken to court? The officer concerned has been transferred from Saba Saba Police Station to Kigumo Police Station.

Mr. Kochalle: Mr. Deputy Speaker, Sir, when investigations are completed, the officer will obviously be

taken to court.

DENIAL OF VISAS FOR KENYAN STUDENTS TO CANADA

(Mr. Muite) to ask the Minister for Foreign Affairs and International Co-operation:-

(a) Is the Minister aware that Kenyan students who have paid for university education in Canada are being denied visas by the Canadian High Commission on flimsy grounds?

(b) In view of "a" above, what steps is the Minister taking to ease the plight of Kenyans wishing to go to Canada for further studies, to obtain visas?

Mr. Deputy Speaker: Mr. Muite not here? The Question is dropped!

(Question dropped)

NON-REGISTRATION OF MASTER
IRUNGU AS KCSE CANDIDATE

Mr. O.K. Mwangi: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Education the following Question by Private Notice.

(a) Is the Minister aware that Master Hiram Wainaina Irungu, a form IV student at Gaichanjiru High School, was expelled from school on 21st January, 2002?

(b) Is he further aware that the student was refused to register for this year's examinations and told to go and look for another school?

(c) Why was the boy expelled from school and not given a letter of expulsion and why was he refused to register for the exams?

The Assistant Minister for Education, Science and Technology (Mr. Awori): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am not aware that Master Hiram Wainaina Irungu was expelled from Gaichanjiru High School.

(b) I am also not aware that he was refused registration of examination.

(c) Under the circumstances, there is no action that I can take.

Mr. O.K. Mwangi: Mr. Deputy Speaker, Sir, with due respect to the Assistant Minister, whom I respect very much, I have got a written answer which states that the student was suspended from school and asked to take his parents to the school to discuss his unbecoming behaviour, reach an acceptable solution before he was allowed to continue with his education. However, he has not returned to school since 11th January, 2002. Now, the Assistant Minister has said that he cannot take any action because he does not know anything about this matter. The truth of the matter is that this student---

Mr. Deputy Speaker: Let us settle this issue first! Do you have a written answer?

Mr. O.K. Mwangi: Yes, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Is it signed?

Mr. O.K. Mwangi: Yes, Mr. Deputy Speaker, Sir. The written answer is signed by the Minister for Education, Mr. Kosgey.

Mr. Deputy Speaker: And it differs from the one which has been given by the Assistant Minister now?

Mr. O.K. Mwangi: Yes, Mr. Deputy Speaker, Sir.

Mr. Awori: Mr. Deputy Speaker, Sir, there is no difference between my first and second answers. It is simply that I did not want to go into details of quoting the numbers and what-have-you. I have already given the answer, which is as follows: The student has not been expelled because it is only the Director of Education who can expel a student.

The answer to the second question is that the student has not been refused registration. To give the details which the hon. Member is now demanding, indeed, on the 11th of January, 2002, the student was suspended and was asked to bring his parents to school. Up to date, he has not brought his parents to the school. With regard to registration of the student, registration of candidates continue until 10th May, this year. When the student brings his parents to school and discussions about his behaviour done, and if he gives a satisfactory explanation on his behaviour, he will then be reinstated in the school and be registered because there is still time for registration.

Mr. O.K. Mwangi: Mr. Deputy Speaker, Sir, the truth of the matter is that, the student was suspended on 11th January, 2002, and was ordered to go back to school with his parents. The student went back to school on the 21st of January, 2002, and the Principal told him that he did not want to see him. The Principal actually told the parents to go and look for another centre where he could register for his exams. The Principal warned them not to take the matter to higher authorities because he was going to give them a letter of introduction to the new registration centre. Is the

Assistant Minister agreeable that it is because of the high-handedness of the principals that students are expelled without the knowledge of the Ministry? Could the Assistant Minister now undertake to take this student back to school and get him registered for the examination because he has not been registered and, take disciplinary action against the Principal of that school, for that matter?

Mr. Awori: Mr. Deputy Speaker, Sir, in as much as I have got highest regard for my friend, the hon. Member, the student has not been staying in school. But, I stand here to give an undertaking that, if indeed, the student goes back to school with his parents and discusses the unbecoming behaviour that resulted in his suspension, action will be taken by registering him for examination because there is time for registration since the deadline is until 10th May, 2002.

Mr. Munyasia: Mr. Deputy Speaker, Sir, when a student is suspended by the school administration, he is usually given a time within which he should report back to school and appear before the Board of Governors. Could the Assistant Minister tell us which date the Principal of the school had given this student to report back to school and appear before the Board of Governors of that school?

Mr. Awori: On the 21st January, this year.

Mr. O.K. Mwangi: Mr. Deputy Speaker, Sir, the Assistant Minister had said that he was not aware that the student went back to school on 11th January, 2002. He has now changed that to 21st January, 2002. I am now informing him that the student went back with his parents on 21st January, 2002; and that is the time the Principal said that he does not want to see him and he did not give him a letter. That is why I am asking the Assistant Minister to undertake to get that student back to school, even if it means discussing the issue with the parents so that the student can go back to the school and get registered for the examinations.

Mr. Awori: Mr. Deputy Speaker, Sir, let me make this issue quite clear. Mr. Munyasia asked whether the school had given the student a deadline of going back to school, which was on 21st January, 2002. I have no information, whatsoever, that the student went back to school with his parents on 21st January, 2002. But I went further and gave an undertaking to look into the matter and, indeed, if it is true that the Principal refused to attend to the parents of that student, then disciplinary action must be taken against him.

Mr. Deputy Speaker: That marks the end of Question Time.
Next Order!

MINISTERIAL STATEMENT

DISTRIBUTION OF RIGS

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, I beg to give the following Ministerial Statement.

A week ago, Mr. Owino Achola wanted to know the number of rigs in the Republic of Kenya. The list is long, but I can give a breakdown of those rigs. There are 28 rigs in Kenya today; 14 of them are functional and, 14 are not functional. Ten of those which are not functional are repairable and four of them are not repairable.

Mr. Achola: Mr. Deputy Speaker, Sir, last week, when I raised that Question on this matter, I requested the Assistant Minister to return the rig that was meant for Migori District, to Migori District. What is the update on that issue today?

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, all I can remember is that, I was supposed to bring the list of rigs to Parliament. I was not aware that I was given the responsibility of returning the rig back to Migori District. As I had said, when there is a job to be done in Migori District, the rig will be taken there.

Mr. Deputy Speaker: Where are those 14 rigs located?

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy, Speaker, Sir, would you allow me to read out the list?

Mr. Deputy Speaker: It is okay. Proceed!

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, the functional rigs are situated at the following places:-

Isiolo, Homa Bay, Nakuru, Kakamega, Baringo, Makueni, Uasin Gishu, Garissa, Kericho, Wajir, Mombasa, Tiwi, Nairobi, Kisumu, Mandera, Tharaka, Marsabit, Mwingi, Nyahururu; and, Nairobi.

Those ones which can be repaired are situated in the following places:-

Nairobi, Kisumu, Mandera, Tharaka, Kakamega, Nyahururu, Nairobi and Mombasa.

The four which are going to be boarded are at Nairobi, Marsabit, Mandera; and, Mwingi.

Mr. Achola: On a point of order, Mr. Deputy Speaker, Sir, I think the Chair can recall that the Assistant Minister actually undertook to return rig R12 to Migori. Now, he says that he was not aware that he was requested to

do exactly that. Would I now state once more that we require the rig that was meant for Migori District, and which was a donation from the Japanese Government, to go back to Migori?

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, I did not undertake to return the rig to Migori. All I can remember is that I said I will bring the list showing the distribution of rigs in the Republic. Again, I stated very clearly that, if there is a job to be done in Migori, the rig will be taken there. But if there is no work to be done there, then there will be no need of taking the rig there. There is no need of---

Mr. Deputy Speaker: Mr. Assistant Minister, how can you say that there is no work for a rig when there is no water supply in the district?

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, he has talked about the rig for Migori District and I have said that there is no specific rig for any province or district.

Mr. Deputy Speaker: No, he made an allegation that, that rig was specifically donated for Migori and you were supposed to produce documents to disprove him.

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, that was not true. That equipment was not specifically donated for Migori District.

Mr. Deputy Speaker: Produce documents to disprove him!

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, I will bring them---

Mr. Mwakiringo: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to mislead this House? Mr. Achola said that the work is still there and even the engineers and the officials who were manning that rig were being paid from the Homa Bay kit. How can the Assistant Minister know that position better than the area Member of Parliament? I remember Mr. Achola saying that there is still work to be done in Homa Bay with that rig. Why can the Assistant Minister not return it?

Mr. Deputy Speaker: Order! You are now arguing! What is your point of order?

Mr. Mwakiringo: Mr. Deputy Speaker, Sir, is the Assistant Minister in order to mislead this House by saying that he did not understand that the rig was supposed to be returned to Homa Bay District?

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, to take an undertaking like that one is to accept that every province or district has been allocated a rig. I will not accept that. Therefore, I am not misleading the House.

Eng. Muriuki: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Assistant Minister to evade this question? Was the rig donated by the Japanese Government specifically for Migori District or not so that we can move forward?

The Assistant Minister for Environment and Natural Resources (Mr. Kofa): Mr. Deputy Speaker, Sir, I answered that question last week. I have said that there was no rig donated by the Japanese Government specifically for Migori District.

Mr. Achola: On a point of order, Mr. Deputy Speaker, Sir. I think my friend here is in a big problem. The Chair has asked him to bring papers to show that this rig was not actually donated by the Japanese Government to Migori District, and he has accepted that. But now, he is denying. I think the best thing for him to do is to go and get the documentation right so that he can prove me wrong and I will apologise to the House.

Mr. Deputy Speaker: Very well, Mr. Assistant Minister, you have agreed to produce that document. That is what will happen.

Let us move on to the next Order!

MOTION

INTRODUCTION OF PARLIAMENTARY BUDGET OFFICE BILL

Mr. Oloo-Aringo: Mr. Deputy Speaker, Sir, I beg to move the following Motion:-

THAT, this House do grant leave to introduce a Bill for an Act of Parliament entitled "The Parliamentary Budget Office Bill" to establish a Parliamentary Budget Office in the National Assembly to provide Members of Parliament with budget information to facilitate their participation in the making of the budget and in monitoring, evaluation and implementation of public expenditure and programmes and to strengthen the role of Parliament in the budgetary process, and for matters connected therewith and incidental thereto.

The national Budget is the most important policy document by the Executive Government. It is very important because it expresses the philosophic and economic basis of taxation and public expenditure as well as

national values of the Government. Although it is expressed in figures, numbers and programmes, it is actually a political document; it is a policy document of the Government of the country.

The national Budget tells us what the Government has done in the year and what it will do in the next year. It also gives us, both as Parliament and the people of Kenya, the measurements with which to assess the performance of the Government. What are some of the questions which the Budget addresses? The Budget will address the economic framework of the country, the level of taxation, the level of indebtedness of the Government of the country and socio-economic basis of revenue collection and distribution. The money which is distributed to Ministries and departments, and to each programme, translates Government policies and strategies into goods and services for our people.

Let me also say that the Government is elected during the general election. By that election, the Government is mandated to lead the country in the legislative and administrative processes. That is why the Government sits in front here to provide leadership in this House and the country. That is the mandate derived directly in a general election. This is also the mandate which the Government receives; to prepare the national Budget. It also empowers the Government to prepare and draft the Finance Bill and the Appropriation Bill.

If for some reasons, this Parliament rejected the national Budget, the Appropriations and the Finance Bills, the Government would not have money to run the country. Therefore, it would fail in its constitutional mandate. That is why, in many jurisdictions the Budget is so important that when it is rejected, it is tantamount to a vote of no confidence. This is because the Government cannot deliver; because it has no money and Parliament has rejected its programmes. The power we have in the House to terminate the tenure of the Government is the highest vote of censure which is what makes Parliament supreme over the Government.

Mr. Deputy Speaker, Sir, Parliament, too is elected during the general election, but with a different mandate. The first mandate is to make laws. As I mentioned earlier on, the Appropriation Bill and the Finance Bill can only be made by this Parliament. That is a good example. This Parliament approves public policies brought by the Government, but Parliament can also initiate public policies where the Government has failed. Many times we have come here to bring policy because the Government has failed. For many years, we told the Government to establish the Parliamentary Service Commission. The Government miserably failed the country. It took us, the hon. Members, to initiate that policy and create the Parliamentary Service Commission because the Government had failed to do its work.

(Applause)

Let me mention another relationship between the Government and Parliament. It is true that the Government has infrastructure of information throughout the bureaucracy in all the departments and Ministries. Therefore, it has the information on which to base decision on revenue. We are not taking that away from the Government, but we are saying that Parliament has a mandate to oversee what the Government is doing. You cannot oversee if you do not know; you cannot oversee from ignorance. At the moment, the Government takes advantage of our ignorance as well as the cumulative information they give us and sail through this House with matters we do not understand. This is the purpose of the Bill; to reconcile democracy and technicality; to bring together our capacity as Parliament to understand the Budget. This is not the only Parliament that has made this move. Most parliaments now have, within them, a budget office of experts in economic, budget and financial matters whose sole responsibility is to assist the Members of Parliament to understand the budget.

Mr. Deputy Speaker, Sir, you will be surprised that for years, this Government has been involved in the formulation and presentation of the Budget and implementation of programmes, but we only come in on the Budget Day. The Minister proudly tells us at the Table here that these things take effect with immediate effect, "from midnight tonight" and we have no idea what he is talking about. Sometimes some Ministers also do not have an idea of what they are talking about because they are presented with the Budget Speech in their own offices by their so-called technical experts.

Mr. Deputy Speaker, Sir, you made a beautiful speech in Safari Park Hotel when you said that the Budget in this country is a legacy of colonialism. It is shrouded in secrecy and mystery. Why should the Budget be shrouded in secrecy and mystery? Why? It is true because the Minister carries the brief case containing the Budget Speech to this House. But sometimes the Minister himself is reading it for the first time. Since the approval of the Budget is the responsibility of Parliament, then Parliament must establish its capacity to scrutinise the Budget and understand it. It must also demand for regular reporting. If this House gives me permission to bring this Bill, I want to assure hon. Members that I will have the first draft ready. What it will mean is that by the beginning of April, the Minister for Finance will be compelled to bring the draft estimates here before he makes the final estimates. We must examine the draft estimates so that we can question and interrogate the draft estimates. When we have done so, he takes our comments back with him so that the officers at the Treasury can take into account what our people have told us to tell him about the Budget. That is democracy. This secrecy is the problem in this country because it has been used to steal and promote corruption. We have to stop it. It is only Parliament that can stop it.

Mr. Deputy Speaker, Sir, what does this Bill require? It will set up a Budget Committee and a technical committee in the Parliamentary Service which we will be called the Budget Office, manned by trained economists, good financial analysts and lawyers, so that hon. Members can interrogate the Budget. If hon. Members want to know what goes on in their constituencies, they will consult those experts. Indeed, as the Minister brings the Budget here, these experts of ours will be superior to the ones in Treasury. That is how we can compete when we have information. But you cannot compete when they have all the information and we do not have any. Therefore, it will require that we establish within the Standing Orders, a Budget Committee mainly to, as it were, report to us on the Consolidated Fund management.

Mr. Deputy Speaker, Sir, the Budget affects our constituencies and our communities. Hon. Members represent these communities and constituencies. As was said earlier during Question Time, I am glad you raised the issue that you cannot tell us that we are irrelevant. We cannot be irrelevant if we are the ones giving you the money. If you empower us, it is good for you because we are all looking for good governance. It is only those who are afraid of good governance and who have been using this secrecy to do bad things who are afraid of this type of Motion.

Mr. Deputy Speaker, Sir, at present, the Departmental Committees have the power to scrutinise issues concerning portfolio departments and Ministries. But there is not a single committee that co-ordinates the estimates in the Consolidated Fund. We used to have a Parliamentary Estimates Committee. I recall I was a member for 20 years, but we did not meet even for one day. This was an Estimates Committee of Parliament which was set up in accordance with the Standing Orders, but which did not meet for 20 years. I left a very sad person.

Hon. Members: Why not?

Mr. Oloo-Aringo: That is why, through this Bill, I will fortify the Estimates Committee by an Act of Parliament. An Act of Parliament has one advantage; it compels the Minister to give information. I have even put a clause, which we shall debate, that Ministers who do not honour what we tell them will be imprisoned for one month. If we do not have "teeth" and the force of law to compel Ministers to give us answers here, we must put sanctions in place. If they do not report to us as we require in law, there is a clause which I have carefully put in to ensure that Ministers are taken to court and locked up.

Mr. Deputy Speaker: Order! Are you proposing a clause?

Mr. Oloo-Aringo: I am going to put it in, and I hope the House will give me support on that.

Mr. Deputy Speaker, Sir, the relationship between the Budget Office and the Budget Committee will be similar to the relationship between the Public Accounts Committees (PAC) and the Controller and Auditor-General. The Controller and Auditor-General is the technical arm of the PAC, as the Auditor-General (Corporations) is to PIC. They do the technical work, but the policy guidelines are with the PAC and PIC respectively. By establishing a Budget Committee, we shall all establish a Committee of this House which will be responsible for policies of the Budget as far as Parliament is concerned. But they will also have the technical arm which is called the Budget Office. It is my sincere hope that the Budget Office will have some of the best brains we can put together.

The Budget Committee, therefore, will have the backing of Parliament, but it will also be supported by the technical wing. It will make it possible for hon. Members to know what is going on in their constituencies, at any one time. It will also assist us in amending Bills and Motions which have monetary implications because they will be able to work out the money implications for hon. Members. At the moment, hon. Members are afraid to discuss the Budget. Immediately after the speech by the Minister, we suffer from lack of quorum, not because hon. Members do not want to discuss, but because they do not have the information. We do not elect to Parliament experts on the Budget. I am not an expert on the Budget, but I am an expert in other fields.

Hon. Members: Like which one?

Mr. Oloo-Aringo: Mr. Deputy Speaker, Sir, I know them. I also know that Prof. Anyang'-Nyong'o is an expert in many fields. He is internationally respected as a scholar. He is also good in public policy. But how many of us understand public policy like he does? He went to many universities and he is a professor. The rest of us were not elected because we are professors, but we were elected to represent the people. But once we come here, you must fortify us or give us the capacity to do our work effectively and well. That is what I am asking for.

Mr. Deputy Speaker, Sir, the creation, therefore, of Parliamentary Budget Office brings an important link between democracy and technicality. The Government, therefore, possesses the most comprehensive information and we do not want to take over from the Government the role of drafting the Budget. But we want to compel regular reporting, both in the making of the Budget and its implementation. I know my good friend, the Minister, is uncomfortable with the word "making", but I want to assure him that "making" does not mean we are going to draft the Budget. I am even ready to change the word "making" to formulation of the Budget, though it means the same thing. I know so because the Minister is an honest man. I knew him from our university days. I believe he is one of the few that still have integrity in this Government, and I am confident that he will support this Bill. But he should not be nervous. He should lead the Government to accept that we need an enlightened Parliament; a well informed Parliament.

Mr. Deputy Speaker, Sir, the Budget debate has suffered from lack of quorum. As I said, this is not because hon. Members want to stay away, but it is because of the technicality and the volume of information that is involved. If we have this Budget Committee, through the Ghai Commission, we shall even be able to overhaul the Constitution and provide more powers to this Parliament, so that we can properly supervise the Government as far as the Budget is concerned. Our problems in this country have arisen because we have allowed the Government to continue to do things in the same way until we have collapse. We do not have to wait until we collapse, we must begin to do something. That is why I congratulate Mr. ole Ntimama. He is one of the few with a lot of courage to tell it as it is. Many people are even afraid to speak the way I am speaking, because we are not supposed to see; we are supposed to be ignorant. We cannot promote ignorance. If we promote ignorance, we are sinking. No wonder we have reached this level of indebtedness. We are facing economic collapse because we refused to say the truth, and we shall be condemned for not saying the truth. It is for that reason that I am saying that we must also amend the Standing Orders to give Parliament powers, because, these Standing Orders are restricting our freedom as hon. Members. They are not used to enhance our freedom; they are used to control us. We do not want to be controlled. We want true freedom even here so that we can be able to scrutinise the Government fairly, but effectively. Mr. Deputy Speaker, Sir, the Government is made up of human beings who are my colleagues. I even saw some of them when they were young. What makes somebody suddenly so wise that when he becomes the Minister today, he is offering advice all over the country and giving warning everywhere? The other day he had a lot of problems, and suddenly he is giving hundreds of thousands of shillings in Harambee. Where has he suddenly got it from? Kenyans are asking that question, and they will soon demand an answer.

Mr. Deputy Speaker, Sir, Eng. Muriuki brought here a wonderful Motion about Harambee. But, indeed, people do not pay taxes to hon. Members of Parliament. They pay taxes to the Government. It is, therefore, the Government that has the responsibility to use that money to provide goods and services. But we are trying to substitute planned development with Harambee, and that is why we cannot achieve development. Why is it that after doing Harambee for many years, the economy has collapsed? Do we need British experts earning Kshs150 million to tell us that corruption is inherent in the Harambee movement; that, indeed, the issue is how we manage the Budget? That, indeed, our neighbouring countries like Uganda and Tanzania are not doing Harambee, but basing their development on the taxation and revenue which cannot replace Harambee?

In fact, there was some strange thing in this country; that even the Constitution was supposed to be a secret document. If you quoted it publicly and said: "Chiefs have no power", you were dragged to be detained. Imagine the depth of stupidity we had gone into in this country! And this is what this Bill is intended to do; to empower this Parliament and give it the capacity to scrutinise the Budget and to compel the Government to give information periodically to this House and to the people of Kenya, and to stop passing the buck. Who is taking responsibility for our economic collapse? Everybody is passing it on, either to the Opposition or a particular party, and yet it is us, collectively. Ignoring the institutions that we created in the Constitution has brought this country to the level where it has collapsed.

Mr. Deputy Speaker, Sir, we need support to create this Budget office. You will allow me, therefore, to ask my good friend, Mr. Donde, to second this Motion.

Mr. Donde: Mr. Deputy Speaker, Sir, it is a great honour, indeed, to be given this opportunity to second this very important mark and milestone in our country. This Parliament has been an institution which most of its citizens who elect us have lost confidence in the way we run our Legislature. One of the reasons why this has happened is because of the lack of the Budget Office. Before this Motion was brought before the House, we did a lot of research together with Mr. Oloo-Aringo in many countries that run this office. It is very clear that unless hon. Members participate in the process of Budget making, we are not truly responsible to the people who elect us to come to this House. Therefore, it is very important that we really look into this issue of having a properly run Budget Office in this Parliament. Indeed, as Mr. Oloo-Aringo has said, we are the ones who interact with the Kenyans who elect us to this House. We are the ones who know where the shoe pinches most. Every weekend, we go up to our constituencies and interact with the people who elected us to come to this House. At the end of the day, it is this House which approves the taxes that we levy on the people who elected us to come to this House. Therefore, it is only fair that we are given a chance to have a say on how that money which we approved is being used to assist the people.

Mr. Deputy Speaker, Sir, I think it is very important, because the situation in this country is that this House abdicated its responsibility to civil servants. This House has always been able to see the Budget the day the Minister comes here to present it, and then we are expected to rubber-stamp what the civil servants have done, and yet they are not responsible to the people of this country. We were elected so that we can ensure that this country achieves the development required in order to sustain the people of this country. The Budget of a nation is the most important item, and the Government carries the biggest expenditure in any economy. If that expenditure is not utilised properly on what it was meant for, then no other institution in that economy can be able to do the right thing. If we want to get it right, we must start from this Parliament, and particularly the Budget process.

As Mr. Oloo-Aringo has said, the presentation of the Budget is the most important and significant action any Government has, and yet this House has never been involved in the Budget making process. As a result, this Government has gone under in the watchful eyes of Kenyans. It has reached a situation where all Kenyans have lost hope in this Parliament. But I am glad to report that Kenyans are now beginning to see the Eighth Parliament performing. The establishment of this Budget Office will be a milestone and an encouragement to Kenyans that, indeed, now we know our responsibility to this nation. I believe the Government has studied carefully the importance of this Motion, and is going to give it the weight it deserves when the Minister responds.

Mr. Deputy Speaker, Sir, I would like to urge my colleagues to create within this Parliament, a strong Budget Office with all the experts who can help hon. Members to understand the process of Budget making and interact with the experts within Parliament, and be able to get all the information they require in order to make sure that the people who send us to this House receive the services that they deserve.

For sometime, we have lost the concept of what Government is. Most people think that the Government is there to tax its citizens to finance its own expenditure. The concept of Government is that we should put the people first. We should collect taxes in order to improve the lives of our people; ensure that our children go to school, and get proper education; citizens are kept in good health and those who are not able to work are assisted. We shall also make sure that those people who are old, and can no longer be able to look after themselves are taken care of. That is the responsibility of any responsible Government. We can only be able to achieve that if we do, through this House, agree that we must be in charge of the process of Budget making collectively, so that we can channel the money to all those areas that would improve the lives and standard of living of the people of this country. So, I can say that the Motion has come too late, but it is better late than never. We have now known that this is the right way to do it and Members must be equipped with all the information necessary to make the right decisions in the Budget process. We have experts in this country who can be hired and stay with us in our offices here and give advice. They will be able to let us know how to interact with the civil servants and how the process is done. It is a very great day for this nation; that we are able to speak on a very important issue in this country. I am sure that the people of this country are looking forward to the passage of this Motion, which will eventually culminate into passing of a Bill, which will have the force of law. I think the information that we have today is important and we should pass this Motion.

With those few remarks, I beg to second.

(Question proposed)

Mr. Muite: Mr. Deputy Speaker, Sir, I rise to support this Motion and say, at the very outset, that when a Motion like this one for the proposed Bill comes before this House, we, the elected Members of Parliament on both sides of the House, should approach a matter like this one as Kenyans. It should not be a contest between the Opposition and the Government. We should look at the merits of what the Motion is seeking to do. That is because, at the end of the day, we are all Kenyans. We all have children and we are not going to run away. We are going to be in this country. So, strengthening Parliament goes towards strengthening our country. This is not one of those issues that should be approached on partisan basis.

Mr. Deputy Speaker, Sir, if leave is granted, this Bill will make Parliament effective in achieving one of Parliament's most important functions; namely, the control of public expenditure. It would hold the Government accountable. No one is suggesting that the Government should not raise [taxes. No one is suggesting that the Government should not decide on how to spend that money, but we must subject it to scrutiny, so that the money which is voted for particular purposes is, indeed, spent by the Government of the day for that purpose only. If we had that sort of office, we would not be asking the questions which we are asking. The Minister for Finance is here and he will confirm if I am wrong that today, Kenya is saddled with a combined internal and external debt of Kshs600 billion! Yet, if you ask Kenyans where that money has gone to, they will not tell. What is there to show for it? Now, our children and grandchildren will be saddled with the repayment of the debt. But what is there to show for that debt? How have we, as a nation, benefited? Monies are borrowed and the burden of repayment is placed on the small-scale coffee growers in Kisii and other parts of the country. The burden of repaying is placed on the shoulders of a "Cucu" who goes to buy salt from a local shop. That is because sales tax and Value Added Tax (VAT) are there. That is the money that the Government collects to repay those debts. How much of the Kshs600 billion has been diverted and ended up in the pockets of a few Kenyans? If this Parliament was effective, that sort of situation would never have occurred.

Mr. Deputy Speaker, Sir, you remember that we had, in the previous Standing Orders--- Mr. Oloo-Aringo has mentioned about the necessity of revisiting the current Standing Orders in order to strengthen Parliament as an institution. The current Standing Orders were passed hurriedly at the end of the last Parliament, when there was a lot of acrimony, when Members of Parliament, particularly from this side of the House, discovered that they had been taken for a ride on the Inter-Parties Parliamentary Group (IPPG) package. That is when the current Standing Orders

were also hurriedly enacted and sneaked through. But you remember that the old Standing Orders, at least, had an Estimates and Budgets Committee. That is the Committee that was supposed to, at least, scrutinise financial matters. That Standing Order was deleted, removed and replaced with an ineffective Departmental Committee on Finance, Planning and Trade. But the requirement for the estimates to go through the Estimates and Budgets Committee was done away with. So, it is very timely that this lacuna or vacuum should be filled by an effective Office of Budget that is being sought to be established. Do not let matters relating to money sail easily in examination in a plenary like in the general assembly. They require a committee, so that people can sit in the comfort of an office, access experts, ask questions on each and every item, and then the chairman of that committee can come here and say: "My committee has gone through this; it has examined, asked questions, accessed expertise and this is in order and this is not; the Government has not been able to answer on this item." That is how this House could be guided in being effective.

A recent example is the recent Estimates, where, as the House, we were supposed to give authority to the Government to spend nearly Kshs12 billion of taxpayers' money through the Supplementary Estimates. Were we effective in scrutinising each item in those Supplementary Estimates? Did we go through each item? Have we compared how the Government has performed with regard to the money that we voted in the Budget in June, last year? I would say, when this office is set up, one of its functions should be to ensure that no Ministry should be given any funds before they account wholly and fully to the satisfaction of that office and this House. They should account for their expenditure in the previous Budget. They must satisfy the House and the committee that any shilling which was voted for a particular purpose was spent for that particular purpose. That is very important. It is of no use for us to go through these figures for three, four or five years through the PIC and PAC if nothing will be done about them. We do not want to go through these rituals year in, year out. We want the House to monitor how money is being spent on an ongoing basis. We do not want to be told here that money was diverted when we have no way of ensuring that such things do not happen.

If we had a budget committee office, it would be able to go to the Treasury and find out where the money to pay the contractors is coming from. There are many contractors who are being paid billions of shillings for work that was done a long time. They are even charging interest at exorbitant rates. The payment of contractors for road construction jobs remains one of the major loopholes through which the Kenyan taxpayer is being fleeced, and this is done in collaboration with certain powerful individuals. Today, there are many contractors being paid using the Treasury Bills. This tremendous amount of money is being used without the authority of this Parliament. This will only come to this House three, four or five years down the road.

The Government today has become immune to exposure. It is no longer embarrassed about exposure regarding its own wrongdoing. There were days when it was criminal to expose some wrongdoing on the part of the Government, but today, this Government has become very resilient in terms of exposure. They do not care. They have adopted the attitude of: "Wacha waseme; watafanya nini?" Therefore, new devices of checking the excesses have got to be created, and they should ensure that the Government does not pay that money. We must not wait for two, three or four years down the road to expose the Government. We want a situation where this office will effectively monitor the implementation of programmes and expenditure that are authorised by this House because that is why we were elected. The Government does not have its own money. It holds the resources on trust for the Kenyan people.

Mr. Deputy Speaker, Sir I beg to support the Motion as strongly as I can.

Mr. Twaha: Thank you, Mr. Deputy Speaker, Sir. I rise to support this very good Motion. As a matter of fact, I would like to congratulate Mr. Oloo-Aringo for his contributions to this Parliament from the beginning of 1998 when we came here. He has done a lot towards empowering this Parliament. I urge him to go on doing so as the Vice-Chairman of our Parliamentary Service Commission.

If we were to pass no other Motion in this House for the rest of our term except for this one, I think we will have done an excellent job as the Eighth Parliament. We ought to be proud of ourselves if we can get through a Motion like this one. We should follow it through by bringing a Bill to this House and passing it into law. The basis of democracy is the concept of "no taxation without representation". That is why we have this Parliament here where we are supposed to be representing the people out there all over the Republic. Unfortunately, we have been putting up a charade for the last 39 years since Independence by actually pretending to discuss the Budget here when things have already been decided. There is the guillotine concept where the debate is terminated and we can only make a token reduction of one pound which is of no significance except as a protest.

If we are to actually pass this Motion, bring the corresponding Bill into this House, enact it into law, and set up a budgetary office before the Budget is brought here formally for passing, we would have done an excellent job. If we do no other work for the rest of the financial year except passing this Motion, we will have done a wonderful thing. I think this is far more important than the much touted constitutional review process, which, in my opinion, is only being promoted by a lot of lawyers who were elected to this Parliament and who think in one way. The main priority for this country is not the Constitution, but the economy. People cannot eat the Constitution. They want delivery of goods and services, and we require an enabling environment for wealth creation and proper distribution of wealth. The

revenue realised by the Government should be distributed in an equitable manner for the benefit of *wananchi*.

I will give you an example. In my constituency, a contract was given for a sea wall which was costing Kshs44 million. When this matter was brought to the DDC, we discussed the specifications with the district engineer who told me that they would put rocks, one on top of the other, and have a wire mesh to hold the rocks together. This was to serve as a sea wall at a cost of Kshs44 million. Due to corrosion caused by the sea, those wires will collapse in a very short period of time and those rocks will all come tumbling down. It does not take a genius or engineer to know that those specifications were wrong. When we raised the issue of whether this wall should actually be cemented and not held together by flimsy wires at the DDC, we were told that the contract had already been awarded and the process for amending the contract is too lengthy and involving to be attempted. We should forget about the Kshs44 million.

If we were to know before hand that there is money allocated for such a project and how much is allocated to my constituency, I would go to my budgetary office here, be it County Hall or the Continental Building and I would be able to hold discussions with the relevant departmental heads before they award the contracts. I would also accost the Permanent Secretary and do something useful as an MP. If it is a case of taxation without representation, then the people of Lamu will not be aware of how the money is being spent on their behalf. Requesting for Kshs44 million just to put rocks on top of others and have a wire mesh hold them together is sheer theft. It does not cost Kshs44 million to put rocks together and have a wire mesh hold them. They could have amended the project to cost Kshs60 million, but cement the wall so that the *wananchi* can have something to be proud of. They can say that: "Kshs60 million was spent in Lamu and this is what we have to show for it." When those rocks come tumbling down, they will become an eyesore and they will not really keep the water out or hold the soil in. It is a total waste of money.

This is just one example I am giving to this House, but I am sure there are numerous examples throughout the Republic. I think it is very healthy and wonderful that Mr. Oloo-Aringo has brought this Motion to this House. It behoves all the Members of this House to support the Motion so that we can be a Parliament that earns its keep. We are being paid very well, but we should also do the work and eat the fruits of our work.

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

Mr. Khamasi: Thank you, Mr. Deputy Speaker, Sir, for giving me an opportunity to contribute on this very important Motion by Mr. Oloo-Aringo. One of the exercises that we go through in this House is to look at the PAC and PIC Reports which come to this House about three years late. What is contained in most of these reports is alarming. It is a question of money having been misappropriated almost by all Ministries and these Reports are done late. One reason for this is that there is no proactive reaction of looking at the budgetary process. If you want us to consider it in this way, you want to deny this House a chance of accepting this Motion on the creation of a Budget Office. A Budget Office will enable us to get involved in the budgetary process. I think it is important that both sides of the House support this Motion.

Mr. Deputy Speaker, Sir, Budget making is a very important process. It is the most important statement from the Executive Government, and because all of us as representatives of the people must get involved in it. It is a process where we tax Kenyans, appropriate money and distribute it to various departments. We are ignorant about this process as evidenced in the PAC and PIC reports.

Mr. Deputy Speaker, Sir, you will have noticed, while sitting in that Chair, that debates on the Budget always lack quorum. The main reason for this state of affairs is because many of the hon. Members of Parliament do not understand what goes on because they have not been involved from the word "go". So, there is very little interest in the Budget debates. We want to be equipped, and one way of doing so, so that we can be able to participate effectively in the budgetary process is the creation of the Budget Office where we shall have our experts to inform the hon. Members fully on what is going on.

Mr. Deputy Speaker, Sir, the idea of the Budget being shrouded in secrecy and mystery, as hon. Oloo-Aringo said, is something that is archaic. It should not be the case because these are monies that are being taxed from Kenyans, and it is their responsibility to know how they are going to be appropriated and used. Therefore, it is necessary that hon. Members of Parliament understand fully what goes on in the Budget process.

Mr. Deputy Speaker, Sir, as I am speaking now in April, 2002, a lot of things are still going on in the Ministry of Finance with regard to the Budget making. I am sure by June, which is two months from now, you will see hon. Obure coming to present the Budget in this House only if he will be lucky to survive because the turnover in terms of Ministers of Finance is something that has really perplexed all of us. If he will be lucky to come and present the Budget in June, we shall see him coming here with a briefcase and flowers capped very neatly, surrounded by a few Assistant Ministers as if somebody is going to snatch that briefcase from him. Even those Assistant Ministers do not understand what is contained in the documents in that particular briefcase which hon. Obure will be carrying. So, it is in this regard that I feel that it is necessary that we set up a Budget Office.

Mr. Deputy Speaker, Sir, it is not only this country that is starting this process. Look at our neighbours like Uganda, for example. If you look at our neighbours around like Zambia and so on, you will find that all of those countries have Budget Offices. I do not see why we should be lacking one. I do hope that hon. Members in the Front

Bench there are not calling in hon. Members using their mobile phones to come and oppose this Motion. This Motion is beyond partisan business. I do hope hon. Obure is preparing himself to stand up and say: "I stand to support this Motion wholly as presented by hon. Oloo-Aringo, because this is the modern way of doing things." We should not be lagging behind other countries in the region.

Mr. Deputy Speaker, Sir, I want to add that if this House passes this particular Motion, we should make the Ministers accountable for monies appropriated in their Ministries. We should be able to have penalties prescribed in that Bill so that anybody who does not adhere or comply with the rules should be penalised, so that this Government can be able to stand up and account for the monies which Kenyans pay in form of taxes. This is because, as of now, nobody cares about what goes on.

Mr. Deputy Speaker, Sir, for example, in the Kenya Roads Board (KRB) which channels monies to the District Road Committees (DRCs), where the accounting officers are the district engineers, what goes on there is shameful. You find that they quote about Kshs25,000 for grading one kilometre of a road when they award a contract to a private contractor. At the same time, the Ministry itself charges the same Kshs25,000. Where is the rationale? Here, you are paying Behal Singh Kshs25,000 for grading one kilometre of road, and yet when the Ministry equipment is used by its own employees to do the same job, they also charge Kshs25,000 per kilometre. Who is paying who? Is the money coming from the KRB and going to the Ministry of Roads and Public Works, while at the same rate, you are paying a private contractor? This is stealing. These are some of the things that we need to check thoroughly when we create a Budget Office, so that people can be accountable for the monies that Kenyans pay in terms of tax. Therefore, I call upon the Minister for Finance, when he will be replying to this particular Motion, to stand up and support it. I know that he has been very good when he was in charge of other Ministries. This time around, he should support this Motion.

With those few remarks, I beg to support.

The Minister for Finance (Mr. Obure): Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion.

Mr. Deputy Speaker, Sir, the permission being sought here is basically to provide the Mover the authority to bring a Bill to this House. Basically, this Motion is seeking to ensure that this Parliament gets involved in the process of Budget making, monitoring and evaluation, and also in making decisions relating to public expenditure, as well as matters related to the implementation of programmes. Section 100 of the Constitution states:-

"The Minister for the time being responsible for Finance shall cause to be prepared and laid before the National Assembly in each financial year estimates of the revenues and expenditure of the Government of Kenya for the next financial year."

Mr. Deputy Speaker, Sir, the point I am making is that if the Bill is passed---

Mr. Deputy Speaker: We have no Bill yet!

The Minister for Finance (Mr. Obure): If this authority is granted, it will contradict the spirit of the Constitution and the existing Exchequer and Audit Act. I also want to say that if such things were to happen, that this authority is granted and ultimately, we have this Bill passed in this House, it will effectively transfer the authority, responsibility and functions of the Treasury to the Budget Office in the National Assembly, which would have been created by this House. In essence, Parliament would have assumed some of the roles of the Executive in budget formulation, monitoring and evaluation, in addition to its legislative functions. I believe that will, indeed, be inconsistent with the democratic principle of separation of powers.

Mr. Deputy Speaker, Sir, in addition to that, I believe that we are going to engage in a function that will promote duplication of roles. At the moment, the Constitution and the Exchequer and Audit Act vest these powers on the Executive through the Minister for Finance. We already have an establishment doing that and resources are allocated year to year to enable that function to be conducted at the Treasury. The duplication of functions and decision making could, in fact, result in confusion and misunderstanding. I think this would be detrimental to the smooth management of the financial affairs of our country.

Mr. Deputy Speaker, Sir, instead of establishing another office, I think we should encourage and urge - and I believe there is sufficient goodwill in this House to do that, and we are prepared to do that at the Treasury - the Treasury to continue to liaise and involve Parliament in the process of Budget formulation. We are prepared to do that in many respects. We will continue to provide hon. Members, when required to do so, with all the information that they require, in order to assist us and the Government to maximise on the resources available. What we are seeking to establish here will, in fact, involve additional cost. It will involve establishing a structure in Parliament to deal with budget matters. It will also involve technical staff because budget preparation is a very technical process. I do not know whether we are at that stage where we want to allocate scarce resources for such a function, when, in fact, such resources can be used in meeting other urgent needs elsewhere.

Mr. Deputy Speaker, Sir, I fully understand the motivation for Mr. Oloo-Aringo in raising this issue. I have much respect for him. What he is seeking is, basically, to get involved in the Budget process. But we are already, as

Members of Parliament, very deeply involved in that process, first of all, through the Poverty Reduction Strategy Programme (PRSP). The PRSP, which is now the basis of formulation of our Budget, requires that the people themselves at the grassroots level participate, and we, in this House, are representatives of those people. We can attend those fora where this process is being debated and get our input included. The PRSP process goes up to the district level and again, as Members of Parliament, we participate at that level. It comes to the national level and those who are keen have the opportunity to participate and make their input through that process. The PRSP allows views of Members of Parliament, and all stakeholders everywhere in the country, so that they can give us priority on which areas they want the scarce resources available to be applied, and how they want the money to be used in order to get the best value for that money. So, there is that avenue which is open to all of us. I think we need to enhance our participation at that level.

Secondly, we do have avenues to do the monitoring and evaluation. In this House, we have the Public Accounts Committee (PAC), the Public Investments Committee (PIC) and the Finance, Planning and Trade Committee with which my Ministry works very closely. All these are avenues for monitoring and evaluating the Budget process. I believe that to establish another organ to perform the same functions will be duplicating the roles of both the PAC and the PIC as well. In addition, we will also be encroaching on the role of the Controller and Auditor-General, who is responsible for monitoring and ensuring that the resources are strictly used for what they are intended for. I think that we are trying to create an institution which we can ill-afford at the moment, whose cost we do not even know, because Mr. Oloo-Aringo has not indicated how much it will cost to establish an additional office. I think that we can hardly afford it at this stage.

Mr. Deputy Speaker, Sir, I fully appreciate the fact that hon. Members want to get involved in this process, but they have a more important function to perform; that of legislation. I think we need to reorganise the existing institutions of Parliament to ensure that they perform the kind of role that Mr. Oloo-Aringo wants to perform.

Mr. Deputy Speaker, Sir, in conclusion, I would like to say that this Parliament is, indeed, the supreme organ; it is the final authority in Budget matters. At the end of the day, it is this Parliament which will give approval to whatever estimates we come up with and, therefore, I do not know whether there is any urgent need at the moment to want a further role in the process of Budget formulation. I believe that the existing arrangement recognises Parliament as the ultimate authority on Budget and other financial matters of this nation. For that reason, and for fear that we are going to create an organisation which will duplicate functions which are already being undertaken by other organs, I find myself in a very difficult position to accept this Motion in the format in which it is.

With those few remarks, I beg to oppose.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): On a point of order, Mr. Deputy Speaker, Sir. I wish to seek guidance from the Chair because the Minister for Finance has already drawn the attention of the House to Section 100 of the Constitution, which states clearly that the preparation of the Budget is the responsibility of the Minister for Finance. We all know that it is the Executive that prepares the Budget. The leave being sought through this Motion is for the introduction of a Parliamentary Budget Office so that hon. Members can be provided with Budget information to facilitate their participation in the Budget-making process. Surely, the aspect of hon. Members participating in the Budget-making process contradicts the constitutional provision regarding the process.

In addition, the Minister has drawn our attention to the fact that the actual monitoring of the Budget falls within the framework of work of the Controller and Auditor-General.

Mr. Deputy Speaker: Order! Order, Prof. Saitoti.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): So, I am seeking your indulgence on whether we should continue doing that.

Mr. Deputy Speaker: Hon. Members, this Motion was filed quite a while ago, and went through the normal processes of approval.

Hon. Members: Yes!

Mr. Deputy Speaker: Order! Order! It was finally balloted by the House Business Committee before being brought to the House for debate. If there was any problem with this Motion, it should have been raised earlier. The Chair should not be ambushed now with questions that should have been asked and answered earlier. This Motion is properly before the House, and we shall continue debating it.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): On a point of order, Mr. Deputy Speaker, Sir. I did not intend to ambush the Chair. If that is the impression I have created, I apologise. Indeed, the Motion came before the House Business Committee for balloting but, perhaps, that aspect of the Constitution may not have been looked into. It has now been raised on the Floor of the House. We have had many cases of this nature previously. If an issue of the Constitution comes up, we always seek for it to be looked into. That is all I was asking.

Mr. Deputy Speaker: Prof. Saitoti, the Standing Orders should have provided for the argument you have

raised. I have searched for such a provision but I have not found one.

The Minister for Tourism and Information (Mr. Musyoka): On a point of order, Mr. Deputy Speaker, Sir. While it is not my intention to at all join issue with the Chair, I wish to respectfully make reference to Section 3 of the Constitution. It is true that this Motion went through the various processes, including scrutiny by the House Business Committee. Indeed, the House Business Committee is a Committee of this House. It is, therefore, my humble submission that any ills which get committed by a Committee of this House can be curable when those matters come before the House. Section 3 of the Constitution reads as follows:

"This Constitution is the Constitution of the Republic of Kenya, and shall have the force of law throughout Kenya and, subject to Section 47, if any other law is inconsistent with this Constitution, this Constitution shall prevail and the other law shall, to the extent of the inconsistency, be void."

Mr. Deputy Speaker, Sir, that is the position. What we would probably want to suggest is that an interpretation be given to Section 100 of the Constitution vis-a-vis this Motion. If it is still found to be in order, since the House Business Committee is a Committee of this House; so that we do not ambush the Chair, the Motion can, if it is found to be proper and not inconsistent with the Constitution, still come before the House.

Hon. Members: No, no, no!

Mr. Deputy Speaker: Order! Order, hon. Members. Mr. Minister, the same Constitution gives this House the power to make its rules. If there is a rule which does not comply with the Constitution, we should change it. We should not resort to the Constitution to interpret the procedures of this House because the Chair has not got the ability to interpret the Constitution. This Motion was moved, seconded and proposed, and hon. Members began to debate it in the presence of the Minister for Finance. If he had objected to this Motion being brought forward at an appropriate time, I would have then decided that the Motion be deferred, so that we could go to the next Motion. So, if you want that done, you can only do it upon a Motion.

The Minister for Finance (Mr. Obure): On a point of order, Mr. Deputy Speaker, Sir. In the light of your advice on the matter and the possible conflict of this Motion with the provisions of the Constitution, I beg to move that this Motion be deferred so that proper interpretation of it can be obtained.

Hon. Members: On a point of order! On a point of order!

Mr. Deputy Speaker: Order! Order! I think I have misled the House. The Minister has already contributed to this Motion.

Hon. Members: Yes!

Mr. Deputy Speaker: Really, what we have before us is not a Bill but a Motion. So, if there is need to exclude from the Bill certain clauses which will contradict the Constitution, we will do it at that point in time.

The Minister for Finance (Mr. Obure): On a point of order, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Order! So, we have to continue with the debate on this Motion, and not the Bill. If some hon. Members are uncomfortable with it, let them vote against it.

So, let us proceed.

Dr. Omamo: Mr. Deputy Speaker, Sir, I take it that we are debating not the Bill but the Motion. I have once said here that whenever we debate something that the House likes and has fallen in love with, we spend minimal time on it. This is probably the third time Mr. Oloo-Aringo has brought something to the House that catches the imagination of hon. Members. I really think that this Motion should be debated fully to give the opportunity to the Minister, and to *wananchi* as a whole, to gauge how hon. Members feel about the Budget. To me, the Budget is for development of the whole country. The Budget in this country sometimes appears to be a Budget for the development of voters, instead of being for the development of taxpayers. There is a big difference between money being allocated to benefit voters and money being allocated to benefit taxpayers. For many years, the Minister for Finance has never negotiated for a donation from a donor for certain areas, for road construction or the development of a beach, and yet people in those areas are also taxpayers.

Mr. Deputy Speaker, Sir, the sentiment of this Motion is real. It touches all corners of the country. Development under the present arrangement starts with the DDC; proposals start from the DDC. Priorities for different districts are made at the DDCs, and I am sure that the Minister for Finance will agree with me that an hon. Member sitting in the DDC and participating in formulating priorities for development of that district is often surprised, mesmerised and hypnotized when things reach the national level. So, priorities are not there.

(Applause)

Who is responsible in formulating these priorities? It is the Ministry, the Government and the Executive! Agreed! But what we are asking is: We would like to know and to be informed why this is being done, when priorities

and decisions are being made as to where irrigation projects, power, *et cetera* should go. This is because, to me, my observation is that sometimes hon. Members are taken for a ride; decisions are being made without careful consideration. In my opinion, Parliament is there to approve. If we have a Budget Office, we shall be better informed. The debates would be more lively and informative. We do not want to usurp the activities and functions of our Ministers, but we would like to be informed ahead of time. If there is anything obviously wrong, we must be in a position to point it out.

I want to give you an example of what happened in actual life. There are three biological associations that are known to us. There is the symbiotic association where both parties benefit. There is also the parasitic association when one party benefits at the expense of another. We have seen this in the Budget; some areas benefitting at the expense of others.

(Applause)

The Minister for Tourism and Information (Mr. Musyoka): On a point of order, Mr. Deputy Speaker, Sir. I hate to interrupt the usual eloquence of the Member for Muhoroni, Dr. Omamo. When we raised some objection to this Motion, and I want to refer the House to the provisions of Standing Order Nos.50 and 45--- The Standing Order No.50 indicates at what stage a Motion may be withdrawn. It reads out as follows:-

"After the Question has been proposed on a Motion, the Motion shall be deemed to be in the possession of the House and cannot be withdrawn without the leave of the House."

I want to agree with you that this is properly before the House. The same cannot be withdrawn without the leave of the House. It is that leave that we are seeking in terms of Standing Order No.45; that, a Motion may be moved without notice. If you look at the provisions of the Standing Order No.45(b), a Motion for the adjournment of the House over a debate may be moved without notice. So, we seek your intervention.

Mr. Deputy Speaker: Order! Very good! Under Standing Order No.45, you are merely authorised to move a Motion, but you cannot move it under that. You have to move it under Standing Order No.21.

MOTION

ADJOURNMENT OF DEBATE UNDER STANDING ORDER NO.21

The Minister for Tourism and Information (Mr. Musyoka): Mr. Deputy Speaker, Sir, I stand guided. Therefore, under that order, may I move the Motion that the debate on this Motion be adjourned.

Prof. Anyang'-Nyong'o: On a point of order, Mr. Deputy Speaker, Sir. The Minister is intending to move a Motion of adjournment on this Motion on the pretext that it contradicts the Constitution. Is it in order for him to mislead the House that the Motion contradicts the Constitution when it says very clearly that the Minister shall cause to be prepared? The term "cause to be prepared" does not preclude the participation of hon. Members in creating an institution to help the Minister to cause the Bill to be prepared. Is it in order?

(Applause)

Mr. Deputy Speaker: Order! As I had ruled earlier on, this House cannot argue for the merits and demerits of the Constitution because that belongs to another forum. But if an hon. Member wishes to propose to some future occasion the further discussions of a Question already proposed, he or she may do so under Standing Order No.21. If read together with the Standing Order No.45, any hon. Member has the right to do so without notice. So, you are quite in order.

An hon. Member: He has not done so!

Mr. Deputy Speaker: Well, I am asking him to do that!

The Minister for Tourism and Information (Mr. Musyoka): Mr. Deputy Speaker, Sir---

Mr. Murathe: On a point of order, Mr. Deputy Speaker, Sir. Before this House is a Motion in which the Government can declare their position and interests. It has become the habit of this Government to ambush---

Mr. Deputy Speaker: Order, Mr. Murathe! What is your point of order?

Mr. Murathe: Mr. Deputy Speaker, Sir, the hon. Member himself never stood up under that Standing Order. It is now the Chair which is guiding the hon. Member to rise under Standing Order No.21 in order to suspend this Motion.

Mr. Deputy Speaker: Order, Mr. Murathe! I think there is no question, but it is also my responsibility to

guide the House. If the hon. Member is using the wrong Standing Order, I must point it out to him. The Member for Mwingi North, otherwise known as the Minister for Tourism and Information, did move a Motion. This Motion does not have to be seconded. I will now put the Question.

*(Question, that the Debate on Motion
be deferred, put and negatived)*

(A number of hon. Member stood up in their places)

Hon. Members: Division! Division!

Mr. Deputy Speaker: Order, hon. Members! I will do the count in order to find out whether they meet requisite number. Well, they have the numbers. We need 20 hon. Members in the House. Therefore, there will be division. Ring the Division Bell.

(The Division Bell was rung)

Mr. Deputy Speaker: Order!

DIVISION

(Question put and the House divided)

(Question negatived by 36 votes to 25)

AYES: Mr. Achola, Dr. Anangwe, Mr. Awori, Dr. Godana, Messrs. Haji, Hashim, Khaniri, Kiangoi, Kochalle, Kombe, Leshore, Marrirmoi, W. C. Morogo, Mudavadi, Musyoka, Ng'eny, Ntutu, Obure, Okemo, Otula, Prof. Saitoti, Messrs. Sajjad, Shambaro, Shidiye and Dr. Wamukoya

Tellers of the Ayes: Messrs Njakwe and Sajjad.

NOES: Prof. Anyang'-Nyong'o, Messrs. Donde, M.M. Galgallo, Gatabaki, Gitonga, Githiomi, Kamanda, Kariuki, Khamasi, Kibicho, Kihara, Kihoro, Kimeto, Mbitiru, Munyasia, Murathe, Murungi, Eng. Muriuki, Messrs. Mutiso, Muya, Mwakiringo, Mwalulu, Mwiraria, Nderitu, Njakwe, Oloo-Aringo, Dr. Omamo, Messrs. Omingo, Opore, Parpai, Sambu, Shakombo, Thirikwa, Waithaka, Wamae and Wanjala.

Tellers of the Noes: Messrs. Parpai and Kombe.

Abstention: Mr. Twaha.

(Debate on the original Motion resumed)

Mr. Deputy Speaker: Proceed, Dr. Omamo!

Dr. Omamo: Mr. Deputy Speaker, Sir, I will forgive the Member for the interruption. I would like to thank the Chair for giving me this opportunity to finish what I was saying. I had mentioned the two associations in biological life. I mentioned the symbiotic association which benefits both parties, and when you detect this in a Budget, you are very happy. I also mentioned the parasitic association which benefits only one party and not the other party.

The third association which I will mention is the most important as far as Parliament is concerned. The third association is the commensalic association. This is an association where the different parties eat on the same table; food is on the table. For Members of Parliament, the Budget is the food basket and if it is on the same table and the Members see it, it is very easy to see if one hand is taking the lion share while the other does not. That is why it is important for Members of Parliament to be familiar with all the tricks of how to eat on the same table on a commensalic situation. If there was a commensalic situation earlier on, in my constituency, Miwani Sugar Company would not have gone under. I would also like to point out that Muhoroni Sugar Company would not have gone under to necessitate the Government to appoint receivers for the two sugar factories. We would have known where the money went. The Government gave some money with one hand, and other people were eating from the other hand. One hand gave the money and the other hand "ate", while the beneficiaries who were wananchi were starving. With a Budget Office, at least somebody would raise a voice and ask what has happened to that money. For example, the money meant for the rehabilitation of Muhoroni Sugar Company is being "eaten". Who is "eating" it? If the Minister for Agriculture knew a manager was "eating" it, he would say so and we would put a stop to it.

Mr. Deputy Speaker, Sir, I really think the heat that is being generated about this Motion is totally

unnecessary. We should accept this Motion as it is. Let us allow the Bill to be brought to the House and debate it so that future Parliaments will benefit.

Mr. Munyasia: On a point of order, Mr. Deputy Speaker, Sir. Would I be in order to ask the Mover to reply?

Mr. Deputy Speaker: Order! Hon. Members, you must understand your rules. You passed a Motion at the beginning of this Session that Private Members' Motions shall last for two hours. To be fair to the House, I intend to add 15 more minutes to make up for the time that was consumed by the division.

Dr. Omamo: Mr. Deputy Speaker, Sir, there is a lot of anxiety about hon. Members who want to contribute, with those few remarks, I beg to support the Motion.

Prof. Anyang'-Nyong'o: Mr. Deputy Speaker, Sir, I stand to support the Motion and to congratulate my dear friend, Mr. Oloo-Aringo, for working so hard to strengthen this Parliament.

Mr. Shidiye: On a point of order, Mr. Deputy Speaker, Sir. Prof. Anyang'-Nyong'o is my good friend, but the way he is dressed looks unparliamentary. He is dressed in pyjamas. Is he properly dressed?

Mr. Deputy Speaker: Order! I believe that issue was raised yesterday and the Speaker ruled that since we have been aping Anglo-Saxons for such a long time, we might as well ape West Africans. So, we must first ape the culture that is nearer to us. However, there was one small matter that was not settled; that was whether Prof. Anyang'-Nyong'o was wearing something or anything beneath that elegant gown. I cannot ask him to show proof, but I will take his word for it.

Proceed, Prof. Anyang'-Nyong'o.

(Laughter)

Prof. Anyang'-Nyong'o: Mr. Deputy Speaker, Sir, indeed, if I were to show proof, I would, in our Luo culture, be cursing you. So, I will not do that.

I would like to congratulate Mr. Oloo-Aringo and to really request the voters in Alego-Usonga Constituency to re-elect him to the House so that he can continue with this good job.

The Budget really is a very important process. The Motion before the House does not in any way contradict the Constitution because what we have is a Motion, not a Bill, at this stage. When we come to the stage when the Bill is before the House, then the matters the Minister was raising could be raised. In any case, the relevant Section of the Constitution the Minister was referring to states: "The Minister shall cause to be prepared--- By including hon. Members in preparing that Budget, the "causing of the preparation" is not in any way jeopardised or undermined.

Secondly, Mr. Deputy Speaker, if you went to United States of America, you will find that the process of Budget making is a continuous relationship between Congress and the White House. Indeed, if you remember well when Washington was shut down sometime ago, it was precisely because there was a battle between the White House and Congress in the preparation of the Budget, and it looked as if there was disagreement in what was proposed in the Congress. That disagreement gave President Bill Clinton the opportunity to have a relationship that cost him dearly. Nonetheless, the process was important because the Budget is a means of giving the Government the opportunity to create wealth. We have a very adversarial relationship in the Budget process, where simply the Government is raising money and spending it. The Budget is a way by which the Government can cause wealth to be created. Mr. Oloo-Aringo said something very important; that the Budget must incorporate values and economic framework, and socio-economic basis for revenue collection and distribution. That means that the Budget should be a basis by which the Government can create wealth. Were hon. Members of Parliament to be involved in this process, it would be enriched because most of us have ideas about how to create wealth in this country, and not just to consume it.

Mr. Deputy Speaker, Sir, for example, were this Government to build a dual carriageway from Mombasa to Kisumu, that would cause a lot of jobs to be created. It would give a lot of business to people who are in the cement and bitumen industries. If a dual carriageway were to be build from Nairobi all the way to the Sudanese border, you do not know how many people would begin investing in Sudan and, therefore, having many more trucks travelling all the way from Sudan to Mombasa. Not only jobs would be created, but wealth would also be created. That can only happen in a process of Budget making where many minds are involved. The Minister has already said that the PRSP is a process by which they are involving people in the Budget making process. What is wrong with Parliament being involved in that process too, by creating an office that gives Parliament information and capacity, and the capability to be involved? That is all that the Motion is asking for.

Mr. Deputy Speaker, Sir, I think we should not engage ourselves in this adversarial relationship, whereby, if the House is being empowered to help the Government do its work better, the Government thinks that the House is usurping its responsibility. This is not the case. In any case, it may easily be the fear of the other side of the House that, maybe, they have not consulted with the Chief Executive well enough to read his mind or read his lips. That should not

be the fear of the hon. Members on the opposite side of the House. This side means very well, because we want to serve this country better.

Mr. Deputy Speaker, Sir, the taxation policy of this Government has cost this country dearly. For example, Coca Cola Company moved its operations from Kenya to South Africa because there was a disagreement about taxation with the Government. I am no fan in the drinking of Coca Cola products, but I believe that having more Coca Cola Company operations in this country will create more jobs and create more wealth in this country. If there is, indeed, poor taxation policy by the Government; withholding tax, no incentive tax and so on, then they should give us the opportunity to have more input in developing a taxation policy in this country through the Budget making process.

Mr. Deputy Speaker, Sir, I have always said - I remember I said it when the Minister for Finance was Mr. Mudavadi - that the philosophy of taxation in this country should be revised. Taxation should not be used to penalise production or investment. It should be used as an incentive for production and investment, and to encourage labour productivity rather than to get more money from workers. By encouraging labour productivity, you introduce a philosophy of taxation that encourages employers to give incentives to workers to produce more in order to be productive. What happened in this country this week, when the Government clobbered its own servants when they raised a very genuine issue on industrial labour relations, was very sad. The workers were being clobbered when the same Government had already published in the Kenya Gazette the same demand of the workers. This is why I am saying that taxation, industrial policy and relations are things that go into the Budget making process, and this Parliament through Mr. Oloo-Aringo, wants to establish an institution within Parliament that will give it the ability and the capacity to be engaged in the preparation of the Budget, such that when the Budget comes before the House, it is a richer document.

Mr. Deputy Speaker, Sir, if the Minister thinks that this Bill will encroach on his powers, all he needs to do is to allow the Motion to pass, and when Mr. Oloo-Aringo is preparing the Bill, the two of them could sit down together and tell Mr. Oloo-Aringo the content of Bill that the Government wants. If the Minister thinks that this Bill will be in contradiction with the Parliamentary Service Commission, he should allow Mr. Oloo-Aringo the benefit of doubt and then to they sit together and look at the Parliamentary Service Commission Act and this Bill and harmonise the two. But at this point in time, it speaks loudly of our foolishness to begin being adversarial on an issue that, to me, is so clear.

The Minister for Tourism and Information (Mr. Musyoka): On a point of order, Mr. Deputy Speaker, Sir. Is it in order for my very good friend, Prof. Anyang'-Nyong'o, to use unparliamentary language? Although he says the word "foolishness" collectively, I am sure he means this side of the House. Is he in order to use unparliamentary language?

Mr. Deputy Speaker: It cannot be in order because he, himself, is not foolish!

Prof. Anyang'-Nyong'o: Mr. Deputy Speaker, Sir, what I meant is that it speaks loudly of our lack of clear understanding if for something which is so much in the interest of the people of the country; so much in the interest of this House; so much in the interest of making the Government perform its job better, we sit here and oppose it. This country will think that we do not know our job; that we do not know what is good for us; that we are robbing Paul to pay Mary! It does not make sense! So, I am appealing to the Government to rise up to the occasion and support this Motion by Mr. Oloo-Aringo.

Mr. Deputy Speaker, Sir, finally, one of the things that is really very disastrous in this country is that we have capital being tied up in unproductive investments. When people fear that their money will not produce more money, they invest it in dead capital. Dead capital are things like the real estates that we have in this country, that do not fetch as much value back as they should. The internal rate of return as it were, is extremely low. Why is that the case? It is because the people are insecure. The other dead capital that we have in this country is people investing so much in security. If the money we invest in security was invested in productive enterprises, this country would produce wealth in a marvellous way. Look at the amount of money we spend creating fences around our homes. Look at the amount of money we spend on all kinds of security agencies in this town. That money could be used in building hundreds of hundreds of health clinics for our people. What we need to do to improve the security situation in this country is to have more confidence in our Government.

But if the Government itself is not interested in raising confidence in itself by opposing a Motion like this, then, of course, people will look at the future in a very big way. It is extremely important that we make the future more predictable in this country. A future can only be predictable in this country if the country sees institutions like Parliament performing their jobs competently and properly. One of the things that Mr. Oloo-Aringo has been committed to ever since he came back to this House in 1998 is to make this House perform its job competently and properly. I do believe, and I am speaking very sincerely, that this Motion is aimed at making this House, vis-a-vis the Budget, to make a proper and competent input that will help the nation of Kenya produce more wealth.

With those few remarks, I beg to support.

Mr. Deputy Speaker: Order, hon. Members! It has been brought to my attention that, in fact, we did consume not 15 minutes but 30 minutes from when the first point of order was raised. So, I intend to add another 25 minutes because this Motion would, ordinarily, have ended at 12.25 p.m. So, we have another 25 minutes of debating time to go, but it will not be today.

ADJOURNMENT

Mr. Deputy Speaker: Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until this afternoon, at 2.30 p.m.

The House rose at 12.30 p.m.