

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 16th October, 2002

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Papers were laid on the Table:-

The Report of the Departmental Committee on Finance, Planning and Trade on the Finance Bill, 2002.

(By Mr. Mkalla)

The annual Report and accounts of the Agricultural Finance Corporation (AFC) for the year ended 30th June, 2000, and the certificate thereon by the Auditor-General (Corporations).

The annual Report and accounts of the Kenya Trypanosomiasis Research Institute for the year ended 30th June, 2000, and the certificate thereon by the Auditor-General (Corporations).

The annual Report and accounts of the Pest Control Products Board for the year ended 30th June, 2000, and the certificate thereon by the Auditor-General (Corporations)

The Annual Report and accounts of West Kenya Rainfed Rice Development Project for the year ended 30th June, 2000, and the certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister for Agriculture
and Rural Development (Mr. J.D. Lotodo)
on behalf of the Minister
for Agriculture)*

The annual Report and accounts of Jomo Kenyatta University of Agriculture and Technology for the year ended 30th June, 2001, and the certificate thereon by the Auditor-General (Corporations).

Annual Report and accounts of Maseno University College for the year ended 30th June, 1999, and the certificate thereon by the Auditor-General (Corporations).

Annual Report and accounts of Egerton University for the year ended 30th June, 1999, and the certificate thereon by the Auditor-General (Corporations).

Annual Report and accounts of the Teachers Service Commission for the year ended 30th June, 2000, and the certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister for Agriculture
and Rural Development (Mr. J.D. Lotodo)
on behalf of the Minister
for Education)*

The annual Report and accounts of the National Social Security Fund (NSSF) for the year ended 30th June, 1999, and the certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister for Agriculture
and Rural Development (Mr. J.D. Lotodo)
on behalf of the Minister
for Labour)*

The annual Report and accounts of the Kenya Tourist Board for the year ended 30th June, 2001, and a certificate thereon by the Auditor-General (Corporations)

*(By the Assistant Minister for Agriculture
and Rural Development (Mr. J.D. Lotodo)
on behalf of the Minister for
Tourism and Information)*

NOTICE OF MOTION

VOTE OF NO CONFIDENCE IN THE GOVERNMENT

Prof. Anyang'-Nyong'o: Mr. Speaker, Sir, I beg to give notice of the following Motion:-
THAT, in view of the continued unwarranted interference in the work of the Constitution of Kenya Review Commission by the Judiciary and the Executive, contrary to the provisions of the Constitution Review Act; noting the concern that the Cabinet is no longer working in harmony as required by the Constitution; and the failure by the President to appoint a Vice-President as stipulated in the Constitution, thereby exposing the country to autocratic governance and uncertainty, particularly at this time of eminent transition, this House, in accordance with Section 59(3) of the Constitution of the Republic of Kenya, resolves that it has no confidence in the Government of Kenya.

ORAL ANSWERS TO QUESTIONS

Question No.511

POOR ROAD NETWORK IN TETU

Mr. Muya asked the Minister of State, Office of the President:-

- (a) whether he is aware that Tetu Constituency, which falls under Officer Commanding Station (OCS), Nyeri, is poorly served because of poor road network and inadequate police transport; and,
(b) when he will post an OCS to the divisional headquarters.

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

(a) I am not aware that Tetu Constituency is poorly served. Despite the poor road network and inadequate police transport, the police continue to diligently serve the constituency from Gichira Police Post. The Nyeri Police Station vehicle is often used to patrol and to perform other duties in the constituency.

(b) An Officer Commanding Station (OCS) will be posted to the divisional headquarters as soon as Gichira Police Post is upgraded.

Mr. Muya: Mr. Speaker, Sir, I am surprised at the answer given by the Assistant Minister. He has said that Tetu Constituency is properly served by Nyeri Police Station and Gichira Police Post.

Over the last ten years, a lot of crimes have been committed in that area, including murders, robberies and burglaries, yet no criminals have been apprehended and prosecuted. Last August, I was attacked by robbers in my residence. Another person in the neighbourhood was attacked by robbers and left for dead.

Up to now, no criminals have been apprehended, yet the Assistant Minister has said that the area is very well served by the Nyeri Police Station.

Mr. Speaker: Mr. Muya, will you ask your question?

Mr. Muya: Mr. Speaker, Sir, I would like the Assistant Minister to tell us why nobody has been apprehended and prosecuted in a court of law for the crimes that have been committed in the area for the last ten years.

Dr. Anangwe: Mr. Speaker, Sir, I would be happy to be informed of the specific cases which the hon. Member has referred to, so that we can pursue the matter. Plans are under way to upgrade Gichira Police Post in Tetu Constituency to a full police station. It is then that an OCS will be posted to the station.

Mr. Thirikwa: Mr. Speaker, Sir, could the Assistant Minister tell this House why the police post has not been upgraded to a police station? He has said that after the police post is upgraded to a police station, an OCS will be posted there. What has been lacking for the police post to be upgraded to a police station? Who is supposed to upgrade Gichira Police Post to a police station?

Dr. Anangwe: Mr. Speaker, Sir, may I clarify the point that the existence of Gichira Police Post signifies that there are policemen in the area. These policemen are well trained to tackle crime. As regards the upgrading of the police post, it is a tedious process. The upgrading has to be recommended by the sub-District Development Committee, then by the District Development Committee and then the issue taken to the Kenya Police Headquarters for implementation. That process of recommending it for upgrading has already been undertaken, and in due course, the right decision will be taken so that this particular police post is upgraded to a police station.

Mr. Speaker: Last question, Mr. Muya or you are happy?

Mr. Muya: No, I am not happy, Mr. Speaker, Sir.

Mr. Speaker: Then ask your question because I want Question Time to end early. As a matter of fact, I will not go up to 3.30 p.m. because of the Procedural Motion appearing on the Order Paper just before the Committee of Supply. So, please, understand.

Mr. Muya: Okay, Mr. Speaker, Sir. Tetu is the only constituency within Nyeri District which does not have a police station and the Assistant Minister would like to make us believe that recommendations have not been made in the past to have a police station at Gichira. Could the Assistant Minister inform us how soon we are going to have a police station there?

Dr. Anangwe: Mr. Speaker, Sir, I have already said that recommendations have already been made by the sub-DDC to the DDC and they have already been passed to the Police Headquarters. Now, what is being awaited is the final decision which has all sorts of implications on resources. So, as soon as this is catered for, then the Police Commissioner will readily upgrade the Gichira Police Post to a police station.

Mr. Speaker: Next Question, Mr. Kiunjuri!

Question No.507

ELEPHANT MENACE IN LAIKIPIA

Mr. Kiunjuri asked the Minister of State, Office of the President:-

(a) whether he is aware that a rogue elephant killed Mr. Stephen Muiru Gathura at Withare sub-location, Sirma Location of Lamuria Division, Laikipia District; and,

(b) if he could direct the owner of Ol Pejeta ranch to fence off the ranch.

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

(a) Yes, I am aware that a rogue elephant killed Mr. Stephen Muiru Gathura at Withare sub-location, Sirma Location of Lamuria Division, Laikipia District.

(b) The Government cannot compel a private land owner with a title deed to his or her land to fence off the land. However, the land owner is collaborating with other stakeholders and the local warden to extend the fence.

Mr. Kiunjuri: Mr. Speaker, Sir, this answer is an abuse. In the first place, the land owner has been allowed by this same Government to harbour dangerous animals like lions, elephants, buffaloes and others in his own territory. We have provisions of law that we cannot ignore. We have the Kenya Wildlife Service Act (KWS) Act and other enabling Acts which must be followed to allow anybody to harbour these kind of animals in his or her own land. Is the Assistant Minister denying that there are no existing conditions which must be fulfilled to allow any person to harbour these kind of animals? Are you denying that? Do you want to tell this House that there are no laws which exist to the contrary?

Dr. Anangwe: Mr. Speaker, Sir, indeed, the law does provide the proper arrangements under which such ranches should operate. However, may I also inform the hon. Member that the killing of people by elephants or wild animals is not an everyday occurrence, which suggests that the measures that are in place have so far worked, except in this particular case. Ol Pejeta Ranch is linked to the KWS offices by a radio network. There is also an outpost at Ngobit with three rangers, and two rangers are currently at Ol Pejeta Ranch. Nanyuki station received reinforcements of range forces this year to assist in the problem of animal control in the district. A mobile problem animal control unit has also been created at Nanyuki to assist in elephant control. KWS has received a Land Cruiser vehicle from the Laikipia Wildlife Forum which will be used in elephant management in the area. So, adequate measures have already been put in place to ensure that occurrences of this nature which lead to loss of life do not persist.

Mr. Imanyara: Mr. Speaker, Sir, it is astonishing to hear an Assistant Minister of the Government say that a private person cannot be compelled by the Government to take precautions to safeguard the life of a Kenyan, particularly in a case where it is considered that a rogue elephant has killed an innocent Kenyan. Laikipia, which I happen to know well, falls within the jurisdiction of the District Commissioner. Even the District Security Committee meets regularly to review these issues and gives directions. Is it in order for an Assistant Minister to stand up in

Parliament and tell the House that they cannot compel a private land owner to fence off his land when we know the purpose of the Government is to do precisely that; to protect the lives of Kenyans?

Dr. Anangwe: Mr. Speaker, Sir, I have already stated that adequate measures have been put in place and it is not a normal occurrence for fatal events of this nature to occur. I have already described the measures in place, including the ones which the hon. Member has already alluded to by the security committee taking the requisite measures to ensure that the lives of Kenyans are protected. That notwithstanding, indeed, a question of a private land owner being obliged to fence is like any other private individual. We can debate about it, but I would be very happy to hear you make a specific reference to that particular law.

Mr. Wamae: Mr. Speaker, Sir, I think the Assistant Minister is taking this matter very lightly. When a person applies to KWS to be allowed to maintain wild animals, there are conditions attached to the licence for him or her to maintain those wild animals. Could the Assistant Minister ensure that for all those farms which have been allowed to keep wild animals, there should be a condition that they must fence them using an electric fence so that animals do not stray outside their boundaries?

Dr. Anangwe: Mr. Speaker, Sir, indeed, there are conditions attached to the issuance of a licence in order to operate a private ranch of this nature, and so far those conditions have been fulfilled and every step is being made to ensure that they are enforced. However, in the future, in light of these lapses, we anticipate that we should be able to strengthen that particular aspect so that lives are not lost in this manner.

Mr. Kiunjuri: Mr. Speaker, Sir, it should be noted that the owners of Ol Pejeta Ranch also practise farming and they have been able to fence 10,000 acres so that they can grow wheat to enable them harvest it without the interference from those animals. However, they cannot fence areas where the common *mwananchi* plants his seasonal food to feed his own family. That is too selfish of them and they are being encouraged by this Government. For the whole of last week, elephants have been terrorising the area again, specifically in Ndaiga Location. We cannot harvest anything because this Government is protecting individuals. Could this Assistant Minister state categorically whether he is going to compel the ranchers to fence off their land or we, private citizens, take action? Why are you discriminating against the common *mwananchi* at the expense of a few rich private owners?

Dr. Anangwe: Mr. Speaker, Sir, I have already stated that the land owner is collaborating with the other stakeholders and local wardens to ensure the extension of that fence. So, the question of compelling that particular land owner does not arise.

Mr. Speaker; Next Question, Mr. Murungi!

Question No.514

TERMINAL BENEFITS FOR MR. MWONGERA

Mr. Speaker: Mr. Murungi is not here? The Question is dropped.

(Question dropped)

Mr. Speaker: Next Question, Dr. Ochuodho!

Dr. Ochuodho: Mr. Sir, before I ask Question No.525, I would like to inform you that I have not received a written reply.

Question No.525

SALE OF KR ASSETS

Dr. Ochuodho asked the Minister for Transport and Communications:-

- (a) whether he could table a list of all assets of the Kenya Railways Corporation disposed of over the past six years, showing their description, title, amount and buyer; and,
- (b) how the money raised in (a) above has been used.

The Minister for Transport and Communications (Mr. Mudavadi): Mr. Speaker, Sir, I beg to seek the indulgence of the House that we are still compiling the full details and so I am not yet ready with the answer. I will be ready to answer it by Tuesday next week.

Mr. Speaker: Dr. Ochuodho, what is your reaction?

Dr. Ochuodho: Mr. Speaker, Sir, this Question was submitted more than six months ago. These guys have

been fleecing the Kenya Railways resources. For the Minister to tell us they are not ready---

Mr. Speaker: Dr. Ochuodho, since the answer to this Question is not ready, what can we do about it?

Dr. Ochuodho: Mr. Speaker, Sir, can I be given a good reason why the answer is not available, since it was a very straightforward Question unless they are trying to hide something?

The Minister for Transport and Communications (Mr. Mudavadi): Mr. Speaker, Sir, we are not hiding anything because the Question here requires us to get details for the last six years, and that is why I am saying that I need a little more time and I hope that the House can grant me this so that I give a proper answer on Tuesday.

Mr. Speaker: Very well. The Question has been deferred to Tuesday.

Dr. Ochuodho: On a point of order, Mr. Speaker, Sir. Kenya Railways Corporation is long computerised. Six months is more than enough even if you wanted details for ten years.

Mr. Speaker: Dr. Ochuodho, we are now flogging a dead horse as it were.

Dr. Ochuodho: Mr. Speaker, Sir, they know that next week we will not be here.

Mr. Speaker: Who told you?

Dr. Ochuodho: Mr. Speaker, Sir, the Chair told us last week that he does not know when we are not going to be here!

Mr. Speaker: How do you know?

(Question deferred)

Next Question, Mr. Mwalulu!

Mr. Gitonga: On a point of order, Mr. Speaker, Sir. I do not want to question your ruling, but you have dropped the Question by Mr. Murungi before calling it for the second time---

Mr. Speaker: Yes, because I do not have time. I want to encourage hon. Members to come in good time and that is the only thing I will do.

Next Question, Mr. Mwalulu!

Question No.516

ADJUSTMENT OF MR. MRAMBA'S SALARY

Mr. Mwalulu asked the Minister

for Education why the Teachers Service Commission (TSC) continues to pay Mr. Eric Harrison Mramba, TSC No.363033, an untrained teacher's salary, while he was promoted to SI Grade in 1997.

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

Mr. Eric Harrison Mramba, TSC No.363033, was being paid an untrained teacher's salary while he was promoted to SI Grade in 1997, due to an oversight by the TSC. However, the anomaly has been detected and since then, his salary has been adjusted to that of an approved teacher status and all salary arrears have been backdated to reflect his promotion to SI Grade since 1997.

Mr. Mwalulu: Mr. Speaker, Sir, I came from the constituency the other day and I was with this particular person. If there is any action taken, he should have informed me, but he told me he had not received his salary since he was promoted. Could this Assistant Minister tell this House when this correction was made?

Mr. Poghismo: Mr. Speaker, Sir, I have a copy of the Pay Change Advice (PCA) that reflects that he is not just being paid the SI Grade salary, but he has since been promoted to approved teacher status and all that has been reflected. There is a copy of the PCA here.

Mr. Speaker: What date was it effected so that we can move forward?

Mr. Poghismo: Mr. Speaker, Sir, it is a photocopy and it reflects that the letter of promotion was done in April. The effective date of action was July, 2002.

Mr. Mwalulu: Mr. Speaker, Sir, July is two months ago and I am talking about yesterday when I was with this particular person. If he has not received his pay, then it means something is wrong. Could this Assistant Minister give an undertaking here that he is going to pursue this matter and make sure that this person is paid? He seems to have been misled by the field officers.

Mr. Poghismo: Mr. Speaker, Sir, I will forgive my friend if he does not know what a PCA is. The PCA means something has been done about it. It is just a matter of time before it gets to him. This is actually effective and you can be assured that he is going to get his salary.

Mr. Mwakiringo: Mr. Speaker, Sir, this is a very serious matter. Could the Assistant Minister give us the cheque number and the amount if that payment was effected in July?

Mr. Poghiso: Mr. Speaker, Sir, before you get a cheque, the process is such that the effective date, the promotions and the figures are all put here. I just brought you the PCA to show you that this has been taken care of. If you want the cheque number and everything else, when it is ready, we will make it available, but I would rather the cheque goes to the person himself rather than coming here.

Mr. Speaker: Next Question, Mr. Sifuna!

Question No.376

ELECTRIFICATION OF BUMULA DIVISIONAL CENTRE

Mr. Sifuna asked the Minister for Energy:-

(a) if he is aware that Bumula Divisional Centre, hospital, schools and shopping centre, have no electricity; and,

(b) when he will provide electricity to Khasoko Secondary School, Nasyanda and Mungore markets, Mungore Secondary School in Khasoko Location and Bumula Divisional Centre.

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

(a) Yes, the Minister is aware.

(b) Khasoko Secondary School, Mungore Market and Mungore Secondary School in Bumula Constituency are programmed, among other projects, to get electricity supplied under the French funding. The authority for the acquisition of way-leaves has been granted and this exercise is expected to take about two months. It is anticipated that the construction work will commence in January, 2003, and it will take about one year to complete. The other projects; Nasyanda Market and Bumula Divisional Centre, will be considered for connection under the Rural Electrification Programme (REP). But they require the requisite recommendation and priority ranking from the Bungoma DDC. This consideration will also depend on the availability of funds, which is currently a major constraint in the implementation of the programme.

Mr. Sifuna: Mr. Speaker, Sir, arising from the Assistant Minister's reply, for the last three years we have been recommending that electricity should be supplied to Nasyanda and Bumula markets, and up to now nothing has taken place.

Could the Assistant Minister tell this House the criteria he used to supply electricity to Khasoko Secondary and Mungore Market, which were not on the programme?

Mr. Sasura: Mr. Speaker, Sir, it is not true that those projects were not in the list. As a matter of fact, I have the Bungoma DDC approval as per the four projects I had mentioned. But we will not be able to fund all the projects in Bumula at ago because this programme will be spread across the whole country. So, when we get funding, we will go for the other projects also and not all of them at the same time.

Mr. Imanyara: The generation and supply of electricity is governed by a law passed by this House. Could the Assistant Minister tell us what provision in the Electric Power Act provides that applications must be referred to the DDCs before action is taken? He has indicated that the matter must go to the DDC. I am asking him to tell the House what provisions of the law require him to refer this matter to the DDC.

Mr. Sasura: Mr. Speaker, Sir, I will not specifically say that it is the Electric Power Act that requires the approval by the DDC. But as a matter of involving the public in the programme, we need to go through the districts and get the views of the people through the DDC, which is the head organ. They need to tell us which projects are prioritised by the people of that respective district.

Mr. Munyasia: Mr. Speaker, Sir, since the Assistant Minister admits that the Bungoma DDC has already recommended that Bumula and Nasyanda markets be supplied with electricity, why does he still insist in his answer that for these two projects to get electricity, they will, again, require the recommendation of the Bungoma DDC? Why does he want the exercise repeated when we have told him we want electricity?

Mr. Sasura: Mr. Speaker, Sir, I did not say that these two projects in Bumula missed power supply because of that particular requirement. There are some other requirements that we look at. Among others, is the cost of the project. We normally go for the project with the lowest cost when we have so many projects listed. The DDC ranking is just one of the requirements. It is not true to say that these two projects were not funded because of that requirement.

Mr. Sifuna: Mr. Speaker, Sir, Bumula Divisional Centre Hospital was prioritised three years ago. Year after year, we have been requesting that the KPLC supplies us with electricity at this particular divisional centre. Could the Assistant Minister now tell us what extra requirements he wants in order to supply electricity at Bumula as the DDC

had recommended?

Mr. Sasura: Mr. Speaker, Sir, the Bungoma District Development Committee did not only prioritise projects in Bumula alone. We have projects in other areas like Kimilili, Kanduyi, Sirisia and the rest. We cannot only give priority to Bumula Constituency. The major constraint is funding, as I had stated earlier.

Mr. Speaker: Questions by Private Notice!

QUESTIONS BY PRIVATE NOTICE

TERMINAL BENEFITS FOR RETRENCHED CIVIL SERVANTS

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

(a) Is the Minister aware that the 669 civil servants in Nyeri District who were retrenched by the Government two years ago have not been paid their benefits?

(b) Is he further aware that many of their children have dropped out of school for financial reasons?

(c) When will the benefits be paid to the retrenchees and to all the others who have been retrenched?

Mr. Speaker: Where is the Minister? Is it Mr. Sunkuli or Mr. Haji to answer the Question?

The Minister of State, Office of the President (Mr. Sunkuli): Mr. Speaker, it is Mr. Haji to answer the Question.

Mr. Speaker: Where is he?

Hon. Members: He is there!

The Minister of State, Office of the President (Mr. Sunkuli): Mr. Speaker, Sir, the House could forgive him because he was appointed yesterday to take over that department.

Mr. Kiunjuri: On a point of order, Mr. Speaker, Sir. We know that Mr. ole Ntimama resigned, and there was no handing over. This could be the reason why Mr. Haji does not have the answer. Could he tell the House whether Mr. ole Ntimama handed over to him everything?

Mr. Speaker: As a matter of fact, Mr. Kiunjuri, there is really nothing that a Minister hands over to the next Minister; he just moves out and the other one moves in.

Hon. Members: Then let him answer!

Mr. Wamae: On a point of order, Mr. Speaker, Sir. Is it in order for Mr. Haji, the Minister of State, Office of the President, who is responsible for answering this Question to continue sitting down and chattering when you have asked him to answer the Question?

The Minister of State, Office of the President (Mr. Sunkuli): Mr. Speaker, Sir, I stood on behalf of the Office of the President, to which the Question is addressed, in order to clarify the position. I wish to take this opportunity to ask your indulgence and that of the House, so that we can prepare an answer for tomorrow.

Mr. Kihoro: On a point of order, Mr. Speaker, Sir. Having four Ministers in one office causes more confusion and less delivery of service. Maybe this is the time for the guillotine to fall on one of them.

Mr. Speaker: What are you saying?

Mr. Kihoro: Mr. Speaker, Sir, the guillotine should fall early on some of them.

Mr. Speaker: Order, Mr. Kihoro! Do you know the guillotine was used to chop off people's heads? I am sure you do not want any Minister's head to be chopped off.

Mr. Kihoro: Mr. Speaker, Sir, I have a written answer, if only the Minister could read it.

Mr. Speaker: Mr. Haji, what is the position?

The Minister of State, Office of the President (Mr. Haji): Mr. Speaker, Sir, I was only sworn as a Minister this afternoon, and, therefore, I am not in a position to answer the Question at the moment. I would like to apologise to the House and promise to answer the Question tomorrow.

Mr. Speaker: Hon. Members, let us give him that indulgence! It his first time round! The Question is deferred to tomorrow afternoon.

(Question deferred)

Mr. Munyasia: On a point of order, Mr. Speaker, Sir. When Mr. Wamae was referring to Mr. Haji, he said that he was sitting there "chattering". Is the word "chattering" parliamentary? Should he not be asked to withdraw?

Mr. Speaker: Mr. Wamae, did you ever state in this House that an hon. Minister was sitting down chattering? What is "chattering" by the way?

Mr. Wamae: Mr. Speaker, Sir, he was exactly doing that. When you were talking, he was not listening; he was just talking to the person next to him. He was chatting and not chattering.

The Minister of State, Office of the President (Mr. Sunkuli): On a point of order, Mr. Speaker, Sir. Mr. Haji and I would like once again to apologise to the House and to say that, in fact, the Question was not supposed to be answered by Mr. Haji. It is supposed to be answered by Mr. J. Nyagah. He is ready with the answer.

Mr. Speaker: Order! I am not a pendulum to swing forth and backwards. I am a very firm person; once I make a decision I have made it, and I stick with it. Next time the Office of the President should not bring their own confusion to me. Sort out your issues out there.

The Minister for Environment and Natural Resources (Mr. Ruto): On a point of order, Mr. Speaker, Sir. Mr. Kihoro made a very scaring statement about guillotining Ministers and he did not withdraw or apologise to the House. The last time we heard of leaders being guillotined was during the French Revolution. What does he mean when he says that the guillotine should fall on the Ministers? He made such a serious statement.

Mr. Speaker: Order! Order! Guillotine went out of fashion in the 17th Century, and you should know that. I corrected him. I am sure he probably meant that you would probably lose your position much earlier than expected.

Next Question!

DEATH OF MR. KIBE

Eng. Toro: Mr. Speaker, Sir, I beg to ask the Minister for Foreign Affairs and International Co-operation, the following Question by Private Notice.

(a) Under what circumstances was Mr. Charles Kibe, a humanitarian worker employed by World Vision, killed in Sudan on Monday, July 29, 2002?

(b) Could the Minister state the whereabouts of Mr. Andrew Omwenga, a colleague of Mr. Kibe, who was taken hostage by the killers?

*(Mr. Kenyatta was applauded
as he entered the Chamber)*

Mr. Speaker: Who is answering this Question?

An hon. Member: Project!

Mr. Speaker: Who is that? Who are you? You know my rulings on this issue, and it is not a joking matter. Let us be serious. Where is the Minister for Foreign Affairs and International Co-operation? Sorry, Eng. Toro, could the Question be deferred to tomorrow?

Eng. Toro: Mr. Speaker, Sir, this is the third time this Question is appearing on the Order Paper. It was also on the Order Paper yesterday, and to date, I have not received any answer. It was also deferred last week.

Mr. Speaker: Well, let us see if they will come tomorrow. I will defer it to tomorrow!

(Question deferred)

Mr. Speaker: Next Order!

PROCEDURAL MOTION

EXEMPTION OF BUSINESS FROM STANDING ORDER NO.142(1)

The Minister for Transport and Communications (Mr. Mudavadi): Mr. Speaker, Sir, I beg to move:- THAT, this House orders that the business of the Annual Estimates, fiscal year 2002/2003, be exempted from the provisions of Standing Order No.142(1) to the extent that the number of Allotted Days in respect thereof be reduced from 20 to 16 days.

Mr. Speaker, Sir, in moving this Motion, I would like to let hon. Members of the House know that we discussed this particular issue within the Business Committee, and we resolved that we bring this Motion so that the issue of the Annual Estimates can be dealt with, bearing in mind that the last Allotted Day should be by 31st October, and yet by reducing them from 20 to 16 days, we are only reducing by four days. This is not unique.

In fact, in 1997, a similar Procedural Motion was moved in August after the House had deliberated on several

Votes. This is a standard procedural issue which I would like the hon. Members to support.

At the same time, within the Business Committee, we agreed that there were other important issues that need to be handled, such as the election rules which we would like to be debated tomorrow. These are very critical because they will have a serious implication to the Electoral Commission if this House can also prepare aspects of the election rules, and we hope that this can be done tomorrow.

Secondly, I would like to add that we felt that we have been able to handle quite a number of Votes and yet there is a lot of pending business which the House can deal with such as the Finance Bill and Appropriation Bill which are yet to be brought before the House for debate. We concurred within the House Business Committee that the House now resolve that this Procedural Motion be done and we can guillotine the Votes so that we can tackle other business.

Mr. Speaker, Sir, I beg to move and I would like to seek the indulgence of the House so that they can support this Procedural Motion.

Mr. Speaker: Do you have any Seconder?

The Minister of State, Office of the President (Mr. J. Nyagah): Mr. Speaker Sir, I stand to second what my colleague the Minister for Transport and Communications has stated. Because of the many pending issues that the House needs to go through before we go home, it is critical that we get as much time as possible to deal with them. This will only be possible if we undertake the exercise of guillotine this afternoon so that we can tackle other very important national issues.

I, therefore, second my colleague.

(Question proposed)

Mr. Ndicho: Mr. Speaker, Sir, I stand to support this Motion.

(Loud consultations)

Mr. Speaker, Sir, I have got the right to support or oppose the Motion. Before these people came here I had a lot of peace, but now I am having a lot of problems.

Hon. Members: Which people!

Mr. Speaker: Order! May I say the following: Every hon. Member has unfettered right to say what he or she pleases. No Member has a right to hinder another Member from expressing his or her view. So, will you, please, keep the peace?

Proceed.

Mr. Gitonga: On a point of order, Mr. Speaker, Sir. Is hon. Ndicho in order to call hon. Members here "these people"?

Mr. Speaker: You should withdraw that remark. They are not "people". They are hon. Members.

Mr. Sungu: On a point of order, Mr. Speaker, Sir. On that score would it not be in order to ask Mr. Ndicho to cross over to the other side, instead of him getting personal? He should withdraw those remarks.

Mr. Speaker: He is probably less nomadic than you are.

Proceed.

Mr. Ndicho: I think I am safer here than where he used to be. I was saying that it is true that this is not a strange matter in this House. This being an election year, there are so many pending Bills and Kenyans and Members of Parliament are eager to see them passed. Even though we may not have the time to finish all those very important Bills and Motions, it is important that we pass some of the most important Bills, like the ones that are concerned with giving the Government money to run this country.

Mr. Speaker: Order! Hon. Members, you will have to be very brief because we have very little time. I will give three minutes for every hon. Member.

Proceed.

Mr. Ndicho: Mr. Speaker, Sir, I was saying that it is important that we pass some of the most critical Bills and Motions before we go away. This did not happen last year because in 1998 and 1999, we went all the way up to November. The tensions that might come up during this election year call for soberness. Whether there is an election or not, it is important that the Government carries out its duty of serving the people of this nation. An election is an event, but the process of development and serving Kenyans is a continuous one. I concur with what the Deputy Leader of Government Business, Mr. Mudavadi, said because I was here in 1997 when this Motion was brought to the House much earlier, and there was no fuss about it because we were preparing for bigger things.

Mr. Speaker, Sir, I stand to support this Motion and say that it is crucial that we give the Government money to run various departments and also to make sure that there is continuity in running the affairs of this Government.

Finally, I ask my hon. colleagues that as we approach the general election, let us do it in peace. Let there be no acrimony. Whatever is happening is an event. The process of our (inaudible) is a continuous one.

Mr. Speaker: Your time is up! Mr. Kiunjuri!

Mr. Kiunjuri: I stand to oppose this Motion, Mr. Speaker, Sir. We also have other very crucial matters pending not only before this House, but also before the nation. We already have a crisis with the teachers. Over 240,000 employees are already---

Mr. Speaker: We are in Guillotine. Be relevant!

Mr. Kiunjuri: They are already out and those are issues that must be addressed before we deal with other issues in this House.

Secondly, we can also extend the sittings of this House to enable us scrutinise these Votes one by one. So, we are proposing that instead of guillotine, we extend the sitting hours to enable us scrutinise the pending business. That is an option that we have. The Minister has not mentioned anything to do with the Constitution, and yet this issue is fundamental. We require a new Constitution before this House adjourns.

Mr. Speaker: Order! You are irrelevant. I will cut you short if you do not stick to the issue at hand.

Mr. Kiunjuri: Mr. Speaker, Sir, what I am saying is that in as much as these Bills are important - we require the Finance Bill - we also know that once we vote for the Finance Bill, we will have no control over this House again and one person can decide to dissolve it. Before we do that, we also want to address other issues. We require that time; so, let us extend the sitting hours.

Thank you, Mr. Speaker, Sir.

The Minister for Lands and Settlement (Mr. Ngala): Mr. Speaker, Sir, I would also like to support this Procedural Motion. It is quite important for us to take into consideration what the House Business Committee has brought before this House. I think we have a duty as Members of Parliament to respect what the House Business Committee does for us. The guidance that they have given us to deliberate and approve the remaining Votes is very necessary. Since this is an election year, it is important to pass these Votes because they pertain to very important issues that will facilitate the election. There are issues like salaries and financing the elections. I think it is important that we give this Motion due regard and pass it without too much fuss.

I beg to support.

Mr. Kihoro: Mr. Speaker, Sir, I will also be brief and say that no good reason has been given as to why the debate on the Votes should be shortened. The reason that was given, that is the question of debating the election rules, is prejudicial to the work that is involved in making the new Constitution. It was implied in the statement by the Minister that if we are going to debate the election rules immediately after tomorrow, it means that we should go into elections.

Mr. Speaker, Sir, going into the elections with the present Constitution is totally unacceptable to the people of this country. So, let us have five days of full debate.

(Question put and agreed to)

Hon. Members: Division! Division! Division!

Mr. Speaker: Well, you have the numbers! We require 20 Members to seek a division. You have more than the requisite number. Could you tell me how many they are, as a matter of fact?

(The Clerk at-the-Table counted the Members)

Order! You may now sit down. The required number is 20 and those standing are 24 and, therefore, you have made the numbers. Therefore, I order that the Division Bell be rung.

(The Division Bell was rung)

Order, hon. Members! Five minutes are up! I will now order that all the doors be closed, even the one behind me. I further order that the Bar be now drawn! The process is complete and no Member will be allowed to come in or go out.

(Members pointed at Mr. Kiunjuri)

who stood behind the Chair)

Mr. Kiunjuri is still within! I wish to announce the Tellers. The Tellers for the AYES are Messrs. Ndwiga and Kombe. The Tellers for the NOES are Messrs. Mwalulu and E. Morogo. When I put the Question, you will proceed to vote. Those for the AYES will proceed to my right. Those for the NOES will proceed to the left. You know the rules. After 15 minutes, I will announce that 15 minutes are up and anybody who will not be within that balloting booth will be disqualified from voting. After a further period, I will summon the House for balloting. You are not obligated to vote either way. If you wish to abstain, proceed to the Table and record your name. I will put the Question and after that, you will proceed to vote.

(Question put and the House divided)

DIVISION

(Question put and the House divided)

(Question carried by 48 votes to 44)

AYES: Messrs. Arap-Kirui, Choge, Ekirapa, Ethuro, Githiomi, Haji, Jirongo, Kalweo, Kamolleh, Kariuki, Keah, Col. Kiluta, Messrs. Kenyatta, Kimani, Kitur, Kochalle, Kombe, Koske, Lengees, Leting, Lomada, Maizs, Manga, Maundu, Mkalla, Mohamed, Morogo E.T, Moroto, Mudavadi, Mugalla, Mukangu, Muiruri, Ndambuki, Ndicho, Ngala, Ntutu, Capt. Ntwiga, Messrs. Nyagah J., Okemo, Dr. Omamo, Messrs. Poghisio, Sambu, Shambaro, Shidiye, Sunkuli, Dr. Wako, Dr. Wamukoya and Mr. Weyrah.

Tellers of the Ayes: Messrs. Ndwiga and Kombe.

NOES: Dr. Awiti, Messrs. Ayoki, Galgallo M.M., Gitonga, Imanyara, Kanyauchi, Karauri, Kathangu, Khamasi, Khaniri, Kibicho, Kihoro, Dr. Kituyi, Messrs. Kiunjuri, Muihia, Muite, Munyao, Munyasia, Munyes, Eng. Muriuki, Messrs. Musila, Mutiso, Muya, Mwakiringo, Mwalulu, Mwangi O.K., Mwenje, Nderitu, Ndwiga, Ngure, Nyagah N., Dr. Oburu, Dr. Ochuodho, Messrs. Ojode, Onyango, Orengo, Osundwa, Otula, Sankori, Shitanda, Sungu, Thirikwa, Eng. Toro and Mr. Wamae.

Tellers of the Noes: Messrs. Mwalulu and E. Morogo.

ABSTENTION: Nil.

COMMITTEE OF SUPPLY

*(Order for Committee read being
16th and Last Allotted Day)*

MOTION

THAT MR. SPEAKER DO NOW LEAVE THE CHAIR

Vote 30 - Ministry of Energy

(The Minister for Energy on 15.10.2002)

(Resumption of Debate interrupted on 15.10.2002)

(Loud consultations)

Mr. Speaker: Order, hon. Members! The end of the Division is not the end of the business of the House! The House continues and we must now proceed! I think the Minister was on the Floor.

Mr. Minister, could you now proceed?

The Minister for Energy (Mr. Okemo): Mr. Speaker, Sir, I beg to move that Mr. Speaker do now leave the Chair.

Yesterday, I made my concluding remarks after very valuable contributions from hon. Members. I would like to emphasise the concern which was expressed---

(Loud consultations)

Mr. Speaker: Order! Order, hon. Members!

Mr. Munyasia: On a point of order, Mr. Speaker, Sir. I was in the House when it rose. If my memory is right, the Minister completed his reply yesterday. So, he cannot continue. We should go to the Committee Stage.

Mr. Speaker: Order! Having consulted Mr. Imanyara who was on the Chair and the Clerk-at-the-Table, I am informed that substantially the Minister had addressed himself, but he had actually not moved. So, he is still lawfully on the Floor of the House. In fact, he still has 25 minutes to move if he wishes. But he is still lawfully on the Floor of the House.

The Minister for Energy (Mr. Okemo): Thank you, Mr. Speaker, Sir, for your protection and guidance. I was commenting that the main concern that had been raised by hon. Members who contributed to the debate was to do with, first, rural electrification; and, on the petroleum sub-sector, it was do with the independent dealers, the African small-businessman, whom hon. Members were concerned with and felt that he was not being sufficiently protected.

Mr. Speaker, Sir, I did give assurance to the House that the small businessman in the petroleum sector, in fact, is getting sufficient attention, particularly in the provision of loading and off-loading facilities so that he can compete with the major oil companies.

So, I would like to conclude by saying that the Ministry of Energy is currently engaged in reviving the energy policy and putting in place a legal framework that will make it possible for the energy sector to provide efficient services to *wananchi*.

With those few remarks, I beg to move.

(Loud consultations)

Mr. Speaker: Order! Order, hon. Members!

(Question put and agreed to)

*(Interruption of Business
Pursuant to Standing Order 142(7))*

[Mr. Speaker left the Chair]

IN THE COMMITTEE

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

The Temporary Deputy Chairman (Mr. Imanyara): Order ! Order, hon. Members! Order, Mr. Mbela! Hon. Members, you are aware that this is the *guillotine* procedure and, therefore, we will start with the Ministry of Energy and, thereafter, move to every other Ministry immediately after that.

Vote 30 - Ministry of Energy

THAT, a sum not exceeding Kshs578,362,930 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 30 - Ministry of Energy

(Question put and agreed to)

Vote 36 - Ministry of Lands and Settlement

THAT, a sum not exceeding Kshs843,072,340 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 36 - Ministry of Lands and Settlement

(Question put and agreed to)

Vote 21 - Ministry of Environment and Natural Resources

THAT, a sum not exceeding Kshs2,405,057,120 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 21 - Ministry of Environment and Natural Resources

(Question put and agreed to)

Vote 02 - State House

THAT, a sum not exceeding Kshs343,361,615 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 02 - State House

(Question put and agreed to)

Vote 03 - Directorate of Personnel Management

THAT, a sum not exceeding Kshs1,194,851,870 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 03 - Directorate of Personnel Management

(Question put and agreed to)

Vote 04 - Ministry of Foreign Affairs
and International Co-operation

THAT, a sum not exceeding Kshs1,596,594,215 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-Vote 04 - Ministry of Foreign Affairs and International Co-operation

(Question put and agreed to)

Vote 05 - Office of the Vice-President and Minister for Home Affairs, Heritage and Sports

THAT, a sum not exceeding Kshs2,359,079,580 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 05 - Office of the Vice-President and Minister for Home Affairs, Heritage and Sports

(Question put and agreed to)

Vote 07 - Ministry of Finance and Planning

THAT, a sum not exceeding Kshs4,731,156,995 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 07 - Ministry of Finance and Planning

(Question put and agreed to)

Vote 08 - Department of Defence

THAT, a sum not exceeding Kshs7,146,654,500 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 08 - Department of Defence

(Question put and agreed to)

Vote 14 - Ministry of Transport and Communications

THAT, a sum not exceeding Kshs894,599,890 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 14 - Ministry of Transport and Communications

(Question put and agreed to)

Vote 15 - Ministry of Labour and Human Resource Development

THAT, a sum not exceeding Kshs837,072,160 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 15 - Ministry of Labour and Human Resource Development

(Question put and agreed to)

Vote 16 - Ministry of Trade and Industry

THAT, a sum not exceeding Kshs973,091,900 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 16 - Ministry of Trade and Industry

(Question put and agreed to)

Vote 25 - Office of the Attorney-General

THAT, a sum not exceeding Kshs199,802,285 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 25 - Office of the Attorney-General

(Question put and agreed to)

Vote 26 - Judicial Department

THAT a sum not exceeding Kshs475,424,425 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 26 - Judicial Department

(Question put and agreed to)

Vote 27 - Public Service Commission

THAT a sum not exceeding Kshs58,484,415 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 27 - Public Service Commission

(Question put and agreed to)

Vote 28 - Office of the Controller and Auditor-General

THAT a sum not exceeding Kshs138,888,645 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 28 - Office of the Controller and Auditor-General

(Question put and agreed to)

Vote 29 - National Assembly

THAT a sum not exceeding Kshs1,678,485,355 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 29 - National Assembly

(Question put and agreed to)

Vote 33 - Electoral Commission

THAT a sum not exceeding Kshs2,329,654,500 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 33 - Electoral Commission

(Question put and agreed to)

Vote 45 - National Security Intelligence Service

THAT a sum not exceeding Kshs1,500,000,000 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003, in respect of:-

Vote 45 - National Security Intelligence Service

(Question put and agreed to)

The Minister for Energy (Mr. Okemo): Mr. Temporary Deputy Chairman, Sir, I beg to move that the Committee of Supply do report to the House its consideration of the Resolution and its approval of the same without amendment.

(Question put and agreed to)

(The House resumed)

[Mr. Speaker in the Chair]

REPORTS

REMAINING VOTES IN COMMITTEE OF SUPPLY ON SIXTEENTH AND LAST ALLOTTED DAY

Mr. Speaker: Mr. Imanyara, you may just make it the sum voted and the Vote without the formal words.

The Temporary Deputy Chairman (Mr. Imanyara): Thank you, Mr. Speaker, Sir.

Vote 36	Ministry of Lands and Settlement	Kshs843,072,340
Vote 21	Ministry of Environment and Natural Resources	Kshs2,405,057,120
Vote 02	State House	Kshs343,361,615
Vote 03	Directorate of Personal Management	Kshs1,194,851,870
Vote 04	Ministry of Foreign Affairs and International Co-operation	Kshs1,596,594,215
Vote 05	Office of the Vice-President and Ministry of Home Affairs, Heritage and Sports	Kshs2,359,079,580
Vite 07	Ministry of Finance and Planning	Kshs4,731,156,995
Vote 08	Department of Defence	Kshs7,146,654,500
Vote 14	Ministry of Transport and Communications	Kshs894,599,890
Vote 15	Ministry of Labour and Human Resource Development	Kshs837,072,160
Vote 16	Ministry of Trade and Industry	Kshs973,091,900
Vote 25	Office of the Attorney-General	Kshs199,802,285
Vote 26	Judicial Department	Kshs475,424,425
Vote 27 -	Public Service Commission	Kshs 58,484,415
Vote 28 -	Office of the Controller and Auditor-General	Kshs138,888,645
Vote 29	National Assembly	Kshs1,678,485,355
Vote 33	Electoral Commission	Kshs2,329,654,500
Vote 45	National Security Intelligence Service	Kshs1,500,000,000

The Minister for Energy (Mr. Okemo): Mr. Speaker, Sir, I beg to move that the House doth agree with the Committee of Supply in the said Resolutions.

The Minister for Transport and Communications (Mr. Mudavadi) seconded.

(Question proposed)

(Question put and agreed to)

Mr. Speaker: Next Order!

BILL

Second Reading

THE FINANCE BILL

The Minister for Finance (Mr. Obure): Mr. Speaker, Sir, I beg to move that the Finance Bill be now read a Second Time.

First of all, I would like to express my sincere gratitude to the hon. Members of this august House for the

seriousness with which they devoted themselves during the debate on the Financial Statement for this fiscal year. I take seriously the views which have been expressed all along during the debate, and I would like to assure the House that their contributions, particularly those made at the Departmental Committee on Finance, Planning and Trade are very useful and constructive, and have been taken very seriously.

As I pointed out when presenting the Financial Statement in this august House, our economy grew by a modest 1.2 per cent last year. Although this was only a modest growth, it was significant in the sense that it demonstrated that we are, indeed, on the recovery path after the unprecedented negative growth rate of 0.3 per cent in the previous financial year. The Budget which I presented, and the Financial Statement in particular, is aimed at not only building upon improvements made in the previous year, but also to address the key issues necessary for sustaining the economic recovery. Our objective is to concentrate on strategies which will raise the level of investment, capital formation and savings. In that way, we will assist the economy to turn around.

I would like, in particular, to record my sincere thanks to all Kenyans for their patience and understanding during these difficult times when the donor community withheld external support. While the Government is facing this critical situation with determination, I would like to assure the House that the current policy measures in place will continue to foster stable micro-economic investment, as it is already demonstrated through the achievement of low inflationary trends, stable and declining interest rates and a stable exchange rate. I would also like to add that we have built an adequate and comfortable level of foreign exchange reserves.

With the withholding of the external donor support, the Government has had to rely on domestic borrowing. Unfortunately, this pushed up the interest paid on domestic debt to about 12 per cent of the Government Recurrent Expenditure during the last financial year. Unfortunately, also, domestic debt was highly concentrated in short-term Treasury Bills. This has now been restructured and we continue to sustain the restructuring in order to move away from short-term Treasury Bills to longer-term Treasury Bonds of one year and longer. This will ease the pressure on borrowing from the domestic market to finance the interest payment in the short run.

We all appreciate that we have been facing huge challenges, and one of the biggest challenges that this country faces today is the high level of poverty. Fifty six per cent of our total population lives below the poverty line. This problem is not made any easier by the high levels of unemployment. To address these concerns, we require to improve investor confidence through maintenance of a stable micro-economic environment, as I have already indicated. We also need to urgently rehabilitate our infrastructure and create adequate support to our key economic sectors. The proposals that are contained in the Finance Bill, under the various revenue Votes, are committed to supporting the manufacturing sector in order to enable it play a leading role in economic recovery. As you know, the Bill contains provisions which reduce duty to zero on all imports of raw materials and capital equipment. This is intended to provide huge incentives to the manufacturing sector. We believe that the manufacturing sector has a potential to create jobs and assist in poverty reduction initiative. To protect the manufacturing sector, we have now in place an anti-dumping committee to ensure that goods are not dumped into this country to compete unfairly with the locally produced goods.

We have also put in place a strong mechanism to police on counterfeit goods, so that we can provide our manufacturers with a level playing ground. We want to ensure that our industries are as competitive as possible, *vis-a-vis* industries in other countries. Some of the proposals contained in this Bill include the proposal to reduce excise duty on residual or furnace oil used to run energy generation turbines, boilers and furnaces and tea factories in particular. The Excise Duty on residual oil was reduced by 50 per cent, which is fairly substantial. In order to discourage the export of raw hides, skins and steel scrap, and in the process encourage value addition and capacity utilisation of our tannery industry installations, I have introduced an export duty of 20 per cent on raw hides, skins and steel scrap. I expect this measure to assist in the revival of the existing tanneries, and also assist in value addition using the local raw materials and recycling of steel scrap.

There was a mistake that was committed in the sense that at the initial stage, we indicated that Value Added Tax was to be imposed on the price of bread. I would like to assure hon. Members that this was a mistake that was not intended, and as soon as it was identified, corrective action was taken. I would like to assure the House and members of the public that VAT does not apply to the price of bread, which is a basic commodity for Kenyans, particularly those living in urban areas. A lot of measures aimed at encouraging improvement in the level of investments, savings and capital formation have been taken. We realise that this is critical for the revival and the growth of the economy. Therefore, the Bill before us contains a wide range of the initiatives that are intended to provide incentives to encourage Kenyans to save more, so that the savings can be used and made available as credit to the business community and Kenyans at large.

Mr. Speaker, Sir, I like to underscore the important point on the revival of the Kenyan economy. Indeed, the destiny of our country is in our own hands. The sustainability of the economic recovery is a challenge to us all and needs to be addressed with concerted efforts by all of us in this House and all Kenyans at large. Therefore we, the leaders, have the duty and responsibility individually and collectively, to support efforts aimed at economic recovery. I, therefore, appeal to hon. Members to support these measures and work together to sustain the economic recovery

which began last year.

With those few remarks, I beg to move.

The Minister for Transport and Communications (Mr. Mudavadi): Mr. Speaker, Sir, I stand to second this Bill and state that I think it is important that Parliament gives due consideration to this Bill because we all know that the business community, in particular, is very anxious to know what are the tax levels that affect either the raw materials or affect any imports or inputs they may require for various programmes. Equally, we also know that manufacturers would like to know the VAT levels that will apply for their business. It is, therefore, important that this House scrutinises every clause of the Finance Bill and gives it support.

Mr. Speaker, Sir, at the same time, I just want to remind Members that what is being presented in the Finance Bill was also brought out effectively during the Minister's Budget Speech which was circulated and the main highlights of the taxation measures were indeed contained in that Speech. So, what we have here is a procedural aspect where the details of what he gave in his Speech would now be available for further scrutiny by all Members. So, I believe it is important that this House handles this matter very responsibly so that we can give the necessary direction to our economy when it comes to aspects that relate to taxes. We also know that it is important because it will provide the basis for which the Government will in turn raise revenue to be able to then in turn put across for various expenditures.

With these few remarks, I beg to second.

(Question proposed)

Mr. Mwiraria: On a point of order, Mr. Speaker, Sir. Since the establishment of Departmental Committees, this House has been receiving reports of the Committees as part of Parliament's work. The Departmental Committee on Finance, Planning and Trade received the Finance Bill on the 3rd of July, 2002 following a Motion moved by the Minister for Finance, pursuant to provisions of Standing Order No.101(1). The Committee has had many fruitful meetings with the Minister but it has not yet completed its deliberations.

Mr. Speaker: Order, Mr. Mwiraria! You are actually misleading the House! I have, in front of me, the Report of the Departmental Committee on Finance, Planning and Trade laid on the Table this afternoon and duly signed by hon. Simeon M. Mkalla, MP, Chairman, Departmental Committee on Finance, Planning and Trade and dated today, the 16th of October, 2002. So, you are actually out of order. So, can you now contribute if you want?

Mr. Mwiraria: Mr. Speaker, Sir, well, the Report was laid on the Table of the House today. My question is whether the hon. Members have had the benefit of reading it. However, the reason I was making the point, and I want to be understood, was that we have been discussing---

Mr. Speaker: Are you contributing or are you on a point of order?

Mr. Mwiraria: Mr. Speaker, Sir, I am contributing.

Mr. Speaker: Very well. Now, you have the Floor!

Mr. Gitonga: On a point of order, Mr. Speaker, Sir. If the Report was laid on the Table of the House today, do you not think that this is an ambush on the part of the Government on this side of the House?

Mr. Speaker: Order, Mr. Gitonga! The Departmental Committee is not a Government department. It is not a Government Committee. It is a committee of the House duly chaired by hon. Mkalla and containing, as it does, Members from both sides of the House. Mr. Gitonga, by the way, I do not want to understand you to mean that your colleagues in the Departmental Committee are dishonest to the House. It would be a terrible imputation on your colleagues.

Proceed, Mr. Mwiraria!

Mr. Munyasia: On a point of order, Mr. Speaker, Sir. Would I be in order to appeal to you to use your good offices to give Members of Parliament a chance to read the Report that was laid on the Table of the House only this afternoon? We have not had the chance to look at it. So, could you allow us the benefit of having to look at that Report before we continue with this debate?

Mr. Speaker: Order, Mr. Munyasia! You know my powers. I have no power to stop a debate in the middle, but I will facilitate you to receive a copy of the Report. I appeal to Departmental Committees to ensure that they do file their reports within the stipulated time because, ordinarily, they have to do it within seven days which elapsed on 10th October. They should have been here and it is good to sense obviously that Members do see it. However, you see we are continuing with the debate. Nobody has said we are closing this debate.

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Is it in order that a very prominent member of the Departmental Committee on Finance, Planning and Trade is not aware about the existence of a report which is produced by a committee chaired by the Government Whip? Is it a wonder that this confusion arises?

Mr. Speaker: Order! Mr. Michuki, honestly in all fairness, for you to stand up there without evidence to accuse a Committee of the House of using underhand methods is truly unfair. In any case, how does the Speaker know what Member of a committee attends what committee and when?

In any case, even now in this House on the side you are sitting, we are discussing what you are terming a very

important Bill, but where are they? Are they going to ask this House that you discuss this Bill in our absence? Is it not their responsibility to be here? Is it not the responsibility of every member of the committee to attend committee meetings? You have the time.

Mr. Mwiraria has the Floor and let him speak all his time. You will have your time and express all your misgivings when you have the Floor, but do not ask me to condemn Members of the committee.

Mr. Mkalla: On a point of order, Mr. Speaker, Sir. It is very disappointing to note that we had six meetings of the Committee and those Members who are talking have not been attending the meetings since they began. Therefore, they cannot accuse the Committee on that.

(Applause)

Mr. Speaker: Very well! Let us stop this. You are just removing your own clothes now, so put on your garments!

Proceed, Mr. Mwiraria!

Mr. Mwiraria: Mr. Speaker, Sir, I rise to contribute to this debate. But as part of my contribution, let me start off by thanking the Minister and his staff for taking time to discuss the Finance Bill with the Committee. But I still want to add that our deliberations were not completed, and that, today, at 12.30 p.m., the Committee was scheduled to meet, but that meeting was scuttled. We do not know why. I went to attend the meeting only to learn that it had been postponed. I understand it is because there was a grand luncheon for all KANU MPs and that is why the Chairman cancelled the meeting.

Having made those points, Mr. Speaker, Sir, let me---

Mr. Speaker: Order! Order! As the Speaker, I get very disturbed and sad to hear accusations to committees of the House; that they are not doing their work procedurally. Mr. Mkalla, what is your response to this?

Mr. Mkalla: Mr. Speaker, Sir, indeed, there was a meeting at 12.30 p.m., which was supposed to discuss the Pension and Staff Retirement Benefits Act; one of the things we are supposed to do. But the Minister then was busy looking at the final document that he was going to present here. He did apologise that he could not make it. That is why we postponed the meeting. Actually, we did go through it yesterday with some of the hon. Members and all there was for me was to present the Report here, which I did.

Mr. Speaker: Very well! Now, let us proceed! I hope that settles the matter.

Mr. Mwiraria: Mr. Speaker, Sir, I do not want to dwell on that subject any more. But let me start off by commenting on some of the points made by the Minister regarding the import of the present Finance Bill. It is true that attempts are being made to keep out counterfeit goods from the Kenyan market. Unfortunately, the efforts made to date have not succeeded at all. Kenya continues to get batteries which are copies of the Eveready Batteries. Kenya continues to get toothpastes which are copies of Colgate with names which look very close to those ones and with packaging which looks very similar to what our goods have, and this has really weakened our industries. The counterfeit goods coming to the country duty-free are sold cheaply and they replace our goods in the market. I would urge the Minister not only to have the Kenya Bureau of Standards (KEBS) checking the goods, but to introduce checks at the points of entry into this country.

Mr. Speaker, Sir, I notice that the residual or heavy oils which are used for the manufacture of goods have had duty reduced on them. That is a welcome move. But the cost of electricity in this country continues to be, perhaps, one of the major bottlenecks in the manufacturing sector. It is a cost that has almost crippled our industrial sector. The question which the Minister should attempt to answer is what the Government is doing to reduce the cost of electricity which has been increasing by leaps and bounds.

Mr. Speaker, Sir, with regard to the attempts to assist shoe manufacturers in Kenya, the only effort made by the Government so far has been to introduce a 20 per cent duty on raw hides. Presumably, this is supposed to stop the export of raw hides from Kenya. But Kenyan raw hides, even with the 20 per cent duty on, are getting out of the country because the tanneries in the country have stopped working. Most of them are operating at a quarter of their capacity because they have no market for their tanned goods. Many of the tanneries used to process raw hides and sell them as wet-blue. But this is no longer possible for reasons that the countries which used to import our wet-blue have access to raw hides and as such they process them themselves.

Mr. Speaker, Sir, turning to some of the aspects of the Finance Bill, there is the provision in the Bill to increase charges or duty on old second-hand cars. It is being referred to as Anti-dumping Tax. This country has been made so poor by the KANU Government that very few people can afford new cars. Whether we like it or not, Kenya has become a "mitumba country"; in Kenya, *mitumba* have a very important role to play. Many of the Kenyans, who could not afford cars, can today drive around in second-hand cars. Second-hand cars which come from outside, even when they are a few years old, are much better than a five year old car which has been driven on the battered Kenyan roads and which are full of potholes and corrugations. For that reason, I think the Minister should drop this tax altogether to allow *wananchi* to import second-hand cars even if they are ten years old cheaply and at affordable prices.

The excuse given that the added tax is intended to collect revenue for the Government is really not adequate. In any case, should Government be collecting revenue from the poorest in the middle class cadre? Do we really want to stop people who can marginally own a car from owning one?

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, we want to see a thriving motor industry in Kenya. There was a time the assembly plants in this country were doing very well and, at that time, the local counterparts added to the vehicles being assembled, had gone up to 40 per cent. Today, the Government appears to have relaxed the regulations regarding the assembly of motor vehicles, so that you see vehicles coming in with foreign tires, batteries and exhaust pipes. My request is that we have to combine the importation of vehicle parts which we cannot make internally with the manufacture of parts which Kenya can make even better than those coming from abroad.

Mr. Temporary Deputy Speaker, Sir, in this House, you have had opportunity to complain against the ringing mobile phones. In this year's Budget, the Minister raised tax on the use of mobile phones. This is turning out to be a very expensive affair to users of mobile phones, including hon. Members who perhaps need them more than other Kenyans. Although the Minister had attempted to allocate the revenue coming out of this exercise to various projects, such as Rural Electrification Programme and the National Aids Control Council, in some of the projects, the amount of money which he expects to raise out of this source is so negligible that I would urge that he drops this tax altogether. Communication is a very important part of daily life, and we should do everything in Kenya to facilitate easy communication, particularly telephone and mobile phone communication.

Mr. Temporary Deputy Speaker, Sir, I am aware that these days, the Ministers of Finance of Kenya, Uganda and Tanzania consult before they impose taxes. I am also aware that the mobile phone tax was introduced in all the three countries. My plea to the Minister is that, in agreeing to the other proposals the other East African Community Ministers are putting forward, he should take into account the peculiar, distinctive Kenyan condition. Our mobile phones still continue being expensive than those in Tanzania, for reasons which, perhaps, the Minister could explain to us.

Mr. Temporary Deputy Speaker, Sir, I would like to comment very briefly on the need for the Minister to do more than just encouraging saving. At the moment, the section in this Bill dealing with encouraging Kenyans to increase savings is not likely to make any impact. For this reason, I would urge the Minister to look at the reasons why Kenyans are not saving these days as much as they used to do before. One of the reasons is the fact that banks have made it their duty to crib off the best money from savings. In any case, banks pay very little to those Kenyans who save money. Could the Minister, as part of his effort to encourage Kenyans to save, get the banks to look at their interest rates on savings, because this is the only way you can encourage them to save?

Mr. Temporary Deputy Speaker, Sir, the Finance Bill also contains an increase in tax on kerosene. With the destruction of forests, and almost all sources of firewood and charcoal, paraffin is becoming a very important consumer item to the ordinary *mwananchi*. It is the only means of lighting in the rural villages. It is the only source of life, particularly for children in many of the schools in this country. Given the poverty facing Kenyans today, I would urge the Minister to consider the removal of this tax.

Mr. Temporary Deputy Speaker, Sir, there is a clause in the Bill; Clause 19, where the Minister wants to discourage the export of scrap metal.

As the country moves towards heavier industrialisation, we will need industries to recycle the scrap metal. For this reason I want to commend this move because it is promoting the start of a serious industrialisation process in our country.

The Minister for Finance has set up a Committee to look at the exportation of raw hides. Since the intention of the Minister's Committee is to save the tanning and shoe industry, I would urge the Minister to expand the terms of reference of that Committee to cover importation of cheap shoes. In fact, I would call it the dumping of very cheap shoes from outside. The Committee should also find out what the problems of our shoemakers such as Bata and other local shoe companies are with a view to assisting them to get back to full production so that they can increase employment of our sons and daughters who are now languishing at home without jobs.

Another sector which is almost facing collapse is the cement industry. The reason for this is that importation of cement clinker machines has not been zero-rated. At a time when the nation should be looking at building concrete roads, we should be encouraging the expansion of the cement industry. For this reason I would urge the Minister to zero-rate clinker machines coming in for use by our two major cement companies at Bamburi and Athi River.

Let me sum up by saying that the nation of Kenya is today facing perhaps the worst economic depression in known memory. Although the Government purports to show a 1 per cent, 1.2 per cent or 1.8 per cent, this growth rate

is way below the growth of population. The net result is that the ordinary *mwananchi* is getting poorer and poorer by the day. For this reason the half measures contained in this Finance Bill are not likely to make any impact at all. We would urge the Minister to take the bull by the horns and accept that he has not dealt with the banking industry fairly. He has allowed them to exploit customers in this country.

If you deposit a cheque in a bank in Kenya today, they will tell you that it takes three days to clear. If you issue a cheque in Mombasa tomorrow, it will be cleared the day after from the account of the person who is issuing the cheque which means banks hold customers money for two days to trade with. Why should we give them this privilege of exploiting all Kenyans including Government Ministers on that side? Why should we allow them to continue charging very high interest rates which make it impossible for poor Kenyans, like me, to borrow and do any business? The time has come for the Minister to take the bull by the horns and the biggest bull is the banking sector.

Much as I would have wanted to support this Bill, I must say, I beg to oppose.

The Assistant Minister for Transport and Communications (Mr. Keah): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to the Finance Bill. I will begin by saying that this country is suffering from a high level of poverty and we always look at the Finance Bill, together with other measures put in place by the Government, as mechanisms that will go a long way towards alleviating that poverty. Therefore, I would like to suggest, as practicable as possible, that in the course of the year the Ministry does take certain steps to ensure that he puts in place measures that will assist in the alleviation of poverty in so far as the economic policies guided by the Finance Bill are concerned.

I will begin with the Customs and Excise and I want to agree with Mr. Mwiraria particularly as there is a small cement company in my constituency that has been having problems in terms of buying a clinker from the sole producer that is Bamburi Cement. I understand now that the issue has been resolved because of some consultative talks between the key players in the cement industry. They have agreed to charge a duty of 15 per cent on clinker instead of the previous duty of 35 per cent. They also agreed that as long as the major producers do not meet the entire demand of the smaller companies such as Athi River, the Minister will try and reduce this and zero-rate clinker. This is a good agreement and I want to commend the Minister for that mediation within the industry because this would have meant that 600 employees at Athi River would have lost jobs. At a time like this when elections are near, I would be hard put to explain why 600 employees have lost their jobs in Kaloleni leave alone the fact that there is already a big problem of unemployment in the country.

In so far as second-hand vehicles are concerned, I would want to plead with the Minister to re-examine this ten-year second-hand vehicle importation requirement because there are some ten-year old cars and beyond which are still in good condition. I think each vehicle should be put through the inspection agencies such as SGS, Cotecna and Bureau Veriters to verify their roadworthiness before they are imported into the country. Whether a car is more than ten years old, as long as it is roadworthy, it should be allowed into the country. I would like the Minister to look into this issue again and perhaps permit this importation, even on a selective basis. Still under Customs, we want to encourage investment in the production of as many spare parts as we can in this country and as many manufactured goods as we can in this country. Therefore, I want the Minister to really screen the Completely Knocked Down (CKD) kits that are imported into the country to make sure that they do not carry with them plenty of spare parts which are then off-loaded into the market. A good example is one company called Auto Springs which almost went out of production simply because they manufacture auto springs. The CKD kits are usually imported with so many of these and they are off-loaded into the market. That practice should stop! I would like the Minister and his staff to police that kind of bad behaviour, so that we can create employment in this country. With regard to Income Tax, I want to touch on the issue of retirement benefits and, particularly, on the issue of pensions. I know that the Ministry has been doing its best to improve on the payment of pensions. But, as I speak here today, there are some teachers and employees from other Ministries who, after four or five years after retiring, have not yet been paid either their lumpsum or the monthly pension. I think it is totally unacceptable that a Government servant or employee, who has worked so hard for over 20, 30 or 50 years, and when he or she retires, it takes four to five years before he or she can get the pension. That must stop!

Mr. Temporary Deputy Speaker, Sir, Value Added Tax (VAT) on mobile phones should be looked into. Mobile phones are no longer a luxury but an important communication tool. To that effect, I know that the Minister wants the revenue, but could he look into that, so that I do not pay Kshs100 per minute - that is what we are paying at the moment--- For a Kshs500 scratch card, you hardly talk for five minutes. That should be looked into because they are reaping where they have not sown. I know that they have to recover the very heavy investment that they have made, but it must be made cheap. I also want the Minister to look into other areas as far as the VAT is concerned, in order to make life a little bit more comfortable for the already impoverished *wananchi*.

Mr. Temporary Deputy Speaker, Sir, I have one point that I want to emphasise on in this Finance Bill. We have discussed about sources of revenue. The traditional sources of revenue are taxation, VAT and Customs and Excise duties. We find that those traditional sources of revenue are hardly adequate to cater for the voluminous expenditure that we have for not only Recurrent Expenditure, but also Development Expenditure. When, in fact, the

World Bank, International Monetary Fund (IMF) and bilateral friends have stopped giving us loans, it is time we looked at other sources of revenue. It should not just be taxation. Taxation is not the only source of revenue. I have recommended before, and I want to recommend to the Minister again, to bring a Sessional Paper to the House for us to look into the merits of "operate and transfer" as another source of revenue, particularly for capital development expenditure. This is probably one of the few countries in the world today that is not utilising that methodology. Travel outside to the United States of America (USA) and elsewhere and you will find that, as you travel along certain roads, there are toll stations because the roads have been built by private investors. I am talking about a Sessional Paper because that will lay the rules of play in terms of the methodology of "build, operate and transfer". There has got to be some kind of understanding. Otherwise, we can also be taken in for a ride. It is better to have private people build roads, construct water systems and let them recover the cost over a period of time say, perhaps, ten to 15 years. At the end of it, we have a system and a service which we can bequeath to our children and grandchildren, rather than wait for the IMF and the World Bank, who toss us around and play with us like puppets on strings. I have in mind the second water system to the Coast Province, that is the Mzima Springs. For ten years, there have been talks and evaluations and yet, the money is not forthcoming from the World Bank. Why should we wait for the World Bank and yet, there are people who could construct that water line, charge for ten to 15 years and, after they have recovered their investment and profit, we are left with a water supply system? I want the Minister to seriously look at the "build, operate and transfer" system as a mechanism and source of financing the Government expenditure from now henceforth. That is the only way we can overcome the problems posed by the bilateral partners withholding of money. We have been starved of funding by bilateral donors, World Bank and the IMF for the last five years. Only trickles come in. Why should we continue waiting for them when, in fact, there are people like the Japanese, Chinese and others who are ready to come in, build, operate and transfer the assets to us? It is not just the Mzima Springs Water Supply for the Coastal area. We can also move on to roads. We want a second road system from Mombasa to Malaba. It can be done in sections on that basis. We want development of a by-pass road to the South Coast, so that we can open up tourism in that area. We do not have the funds, but we can do it on a "build, operate and transfer" basis.

Mr. Temporary Deputy Speaker, Sir, I would like to touch on the issue of expenditure in the whole Finance Bill and the budgetary system. We need to really re-examine ourselves in our expenditure control systems. This is because, particularly in the districts, you will find those people are not accountable for what they spend.

Mr. Temporary Deputy Speaker, Sir, regarding the AIE holders, we would like to see more and more elected leaders involved in obtaining reports about expenditure within the districts. I also want in this particular regard to comment on capital expenditure in the districts. You will find in the head office which is in charge of certain big roads and projects, the local engineers are not in charge. When you ask them, they say this is being controlled by headquarters in Nairobi. We want to devolve that; we want to decentralise, and that is why we wanted *Majimbo*.

Finally, on the accounts, we are three years late with our audited accounts. I think it is high time the Minister seriously looked into the possibilities of liaising with the Controller and Auditor-General in having the accounts of Ministries brought up to date so that we look at current accounts rather than look at the old accounts which are three to four years back. I would like to stop there and give my colleagues a chance to speak.

Otherwise, I support this Bill.

Mr. Obwocha: Thank you, Mr. Temporary Deputy Speaker, Sir.

I would like to make very brief comments on the Finance Bill, 2002. I would like to start with the licensing of banks. The responsibility of licensing banks lies with the Central Bank of Kenya (CBK). They are supposed to look at the balance sheets of these banks before giving them the licences for each year. But those of us who are able to read these balance sheets find them interesting. If you look at the balance sheet for the following banks, their share capital is below Kshs300 million, which is a requirement for them to obtain licences from the CBK. The share capital of Daima Bank Limited is Kshs38.366 million; for the Fidelity Commercial Bank Limited, it is Kshs236.75 million. The Euro Bank Limited share capital is Kshs30.94 million, and the Paramount Universal Bank Limited share capital is Kshs268.3 million. Finally, the share capital of Dubai Bank Limited is Kshs296.3 million. All these are below the Kshs300 million requirement by the CBK. You and me know that guarantees that are given by these banks can be very dangerous. If you are given a banker's cheque for goods bought from you, you may end up risking your goods against that banker's cheque, and if that banker's cheque is not honoured by those banks, you would have lost.

Guarantees given by these banks are extremely dangerous; they are not bank guarantees because these people are operating below the minimum of Kshs300 million. Mr. Minister, what are you doing? You are exposing us to danger. Banks are supposed to comply with the law. I believe that Mr. Obure is here, and let him look at the balance sheets of all banks. Let the banks meet the minimum requirement. Otherwise, their bankers' cheques are going to be useless. He also knows that some of the parastatals have banked their money here. Now, that money belongs to us; that money is in danger. In any case, I believe that one of these banks has a case against it that is going on, which I do not want to comment on. So, this is a very serious matter that the Minister for Finance must take up.

I would also like to comment on the amendment of section 5 of the Income Tax Act, Cap.470, on these retirement benefits including pensions. One, what is the logic of taxing pensions that is paid to workers? This money

that they earn is already taxed. The only thing that you can tax is the revenue that they generate, if they are invested. After the Government pays these workers, why does it ask them to pay tax on those lump sum money again if we are not punishing these workers twice?

Recently, some of us received letters from retired workers. The service men and women from military are getting a mere Kshs500. Between you and myself, you can admit--- Mr. Obure does not go for lunch for Kshs500. His lunch is between Kshs3,000 and Kshs5,000 or Kshs10,000 every day. How can you pay a worker only Kshs500 a month, a man who has devoted his entire life working for this country?

The Minister for Finance (Mr. Obure): On a point of order, Mr. Temporary Deputy Speaker, Sir. The Member for West Mugirango should not try to give any impressions to Kenyans that the Minister for Finance goes for lunches which cost Kshs5,000. That is not correct.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I know the Minister for Finance does not go for lunch at Gikomba, or at our *Nyama Choma* place. He normally goes to Hotel Inter-Continental. It is obvious how much lunch costs there; so, it is self-explanatory. It is not me who is imputing any improper motive. I am only saying that his lunch is more than the amount of money paid to ex-service men and women, who are getting a mere Kshs500. Could the Minister look at this issue? Could he bring an amendment to the Pensions Act? Let us give them some little money; let them survive. If God has allowed them to survive after working for us, who are we to deny them life?

I want also to comment briefly on the VAT. The rates of the VAT obviously are just too high. The 18 per cent is still too high. What this Ministry is supposed to do is to strengthen the administration of the VAT. That is all they require. They do not require the 18 per cent; they only require 10 per cent, and they can get all the money. From last year and the previous year, we have said that businessmen in this country keep two sets of books; one, to show to the KRA and the other one to show the actual earnings. So, the officers of the Income Tax normally inspect the wrong books. Could the KRA take up the issue of revenue collection in so far as the Value Added Tax (VAT) is concerned so that this country can earn money? We are capable of collecting over Kshs300 million in a year; not the Kshs160 million that they are collecting here, or looking for money from Washington every year, and that money is not there. They have put us into a debt that we cannot pay. The current CBK statistics puts the Kenyan debt, both foreign and domestic, at Kshs610 billion. Where are we going to get that kind of money to repay? If we are not going to strengthen our revenue collection, then, we have no business talking about improving the economy of this country.

Finally, because I would like others to contribute, I would like to say that the management of the Treasury in this country is one of the most important aspects that should be looked into by the new Government after we have had the General Elections and we have a Government in a place.

The economy of this country cannot grow if there is no money to run this country. In order for our economy to register a positive growth rate from the negative 0.3 per cent, the Government should have people who collect money. If we have got to move from negative to positive growth rate, we must collect money. That can only be done if the Treasury is streamlined.

This Government has been talking about poverty eradication. If the Minister for Finance sets aside Kshs10 billion every year to be shared by youth and women groups and all the groups which can help reduce poverty at the village level, it can be distributed in 20 districts every year. Each district would get Kshs500 million. If you put in place a scheme in which you will cover 20 districts in the first year and another 20 districts in the second year, and finally, another 20 districts in the third year, what poverty will be left in this country? The Government will only spend Kshs10 billion in the first, second and third year and wipe out poverty completely. It is because of lack of planning that there is rampant poverty in this country. I just pity these people because we will send them to the Opposition next year.

(Applause)

I would like to urge them to prepare themselves to criticise us when we are on that side of the House because they have actually failed to plan for this country. They have failed to plan for the little money we have.

Mr. Temporary Deputy Speaker, Sir, the final point I wanted to make is about the exemption of duty on vehicles. The exemption of duty on vehicles for some officers, as we know, has been abused. But to tell hon. Members of Parliament, Permanent Secretaries and university lecturers who have been enjoying this facility to pay duty and then claim it from the Government, it is an impossible thing. Where will the Government get that money from if it is unable to pay even the teachers? The Government does not have the money. If the Government genuinely wants to exempt some people from paying duty on the vehicles they import, it should do that wholeheartedly. The Government should give exemption without putting those restrictions. This is because, in the final analysis, it will not have the money to reimburse these individuals.

I would like to leave a word of caution to them; there are 250,000 teachers, and if we put four dependants who can vote with each teacher, that is one million people. Or, if the teachers will rebel and vote for one person, you can be sure that this Government will not be in place.

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

Mr. Mkalla: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Report I have just tabled today.

On behalf of the hon. Members of the Departmental Committee on Finance, Planning and Trade, and pursuant to the provisions of Standing Order No.101(3), I would like to take this opportunity to present to the House the Report and recommendations of the Committee on the Finance Bill, 2002.

The Finance Bill, 2002, was referred to the Departmental Committee on Finance, Planning and Trade on 3rd July, 2002 upon a Motion moved by the Minister for Finance, pursuant to provisions of Standing Order No.101(1). The Minister for Finance, accompanied by the Commissioner-General and senior officials from both the Treasury and the Kenya Revenue Authority (KRA), Minister for Information and Tourism accompanied by the management of the Catering Levy Trustees (CLT), Minister for Trade and Industry accompanied by the management of the Kenya Bureau of Standards and the stakeholders in the motor industry, attended the sittings of the Committee and discussed various aspects of the Bill in detail. The Committee held a total of six sittings. I would like to allay the fears which were expressed by my two colleagues on the other side of the House; that we have not had serious meetings. In all the six meetings, the two hon. Members of Parliament did not attend any of them.

Mr. Mwiraria: On a point of order, Mr. Temporary Deputy Speaker, Sir. I am prepared to go and get minutes to show that I attended meetings where the Minister and his Customs and Excise officials were present when we were going through this Report. So, I do not want the hon. Member to give the impression that I did not attend any meeting.

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Mkalla, were you suggesting that Mr. Mwiraria did not attend any meeting?

Mr. Mkalla: Thank you, Mr. Temporary Deputy Speaker, Sir. I said this because he was suggesting that we did not hold meetings, which is not true. We held six meetings. Shall I proceed, anyway. I do not think we should break---

Mr. Mwiraria: On a point of order, Mr. Temporary Deputy Speaker, Sir. Should the hon. Member continue to mislead the House by saying that I did not attend any of the six meetings?

Mr. Mkalla: Mr. Temporary Deputy Speaker, Sir, I have said that he did attend one meeting out of the six meetings, which is 14 per cent of the time we spent. I have put this in writing here. The Committee deliberated on the Finance Bill, 2002 and made the following---

Mr. Munyasia: On a point of order, Mr. Temporary Deputy Speaker, Sir. To resolve this particular difference, is it not the usual thing for the Reports tabled in the House to have minutes of the meetings they held attached? This is because the allegation we have from Mr. Mwiraria is that this Report was supposed to be confirmed yesterday, but it was not. The Chief Whip for the new KANU is coming up with a Report which has not been approved by the other Committee Members.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. I am an objective arbitrator. Actually, we met yesterday with the Minister and confirmed this Report. We also met this morning except there was confusion as to where the meeting was being held. Let the two gentlemen hold their horses until I rise to contribute.

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Mkalla, let me say that the Departmental Committee Report was laid on the Table this afternoon, and it is available to hon. Members.

Mr. Mkalla: Thank you, Mr. Temporary Deputy Speaker, Sir. Let me now go into the details of this particular Report. First, I would like to refer to Clause 11. The effect of the amendment is that Excise Duty will be charged on airtime for the usage of cellular mobile phones. The Committee was informed that the revenue realised from airtime tax will go into a specific fund managed by a trustee and dedicated for the following purposes: rural electrification, training for micro-finance enterprises, procurement of HIV/AIDS drugs and scholarships to HIV/AIDS orphans. The Committee did observe that a colossal sum of money has been paid to the Kenya Power and Lighting Company (KPLC) as a levy for rural electrification without much being done in the rural areas. The National AIDS Control Council is also unable to account for the money already given for matters related and connected to HIV/AIDS.

Mr. Temporary Deputy Speaker, Sir, the market has not responded positively to the reduction or exemption of tax on the mobile phone handsets and scratch cards as the mobile service charges are still high. There is no proper financial structure to advance or provide for credit facility to micro finance enterprises. Both the Safaricom and Kencell mobile service providers are making substantial profits such that they should absorb the 5 per cent airtime tax, instead of passing it onto the consumer.

Mr. Temporary Deputy Speaker, Sir, on Clause 16, the amendment provides for both fine and imprisonment for the adulteration of petroleum products. The Committee observed that the Judiciary has always been compromised, hence there has been deterrent measures to make it less attractive, and more punitive to adulterate petroleum products.

On Clause 23, the amendment expands the definition of hotels to ensure that restaurants and accommodation services, by any name, are covered within the definition. The Committee observed that there are many people who own

private buildings and do provide accommodation and restaurant services locally, by receiving payments abroad, hence escape the tax net. In fact, the Departmental Committee on Finance, Planning and Trade, visited Lamu during its visit to the Coast Province, and did find that there is a house which is owned by some people from outside the country, and is used as a lodging, whereby taxes are paid abroad and the monies never come into this country. This is something which we would like the Minister for Finance, in collaboration with the Minister for Tourism and Information, to check so that we do not lose any monies as a result of people who avoid paying taxes to the Government.

The amendment in Clause 27 empowers the Minister to limit the remission of tax donations for the poor and the destitute. However, the Committee observed that, it will be very difficult to determine deserving charitable organisations and the Minister for Finance needs to tell us exactly how he will determine these deserving institutions so that we can ensure that there will be no foul play.

Mr. Temporary Deputy Speaker, Sir, with regard to Clause 44, the amendment requires all employees to file Income Tax returns. The Committee observed that this is likely to be abused by the Administration Police and the Provincial Administration personnel, who are likely to harass people at the village level, under the pretext of enforcing the law.

On Clause 53, the amendment proposes to transfer the levy collection function from the Catering Levy Trustees (CLT) to Kenya Revenue Authority (KRA). The Committee observed that: One, retrenchment of staff is very unpopular, especially during an election year and the proposal by the KRA to absorb a few members of staff from the CLT after the transfer of levy collection function begs a lot of questions as to the fate of 138 members of staff. Two, in the proposed transfer of the levy collection function, the Finance Bill, 2002, appears to be addressing the monetary gains for the budgetary deficits and not other intricacies. Three, further; the data availed by the CLT and the KRA to justify collection efficiency is conflicting. The KRA did give us some information which was not in conformity with the information given by the CLT and, therefore, there is something wrong there.

There are bureaucracies in transferring the Levy Fund from the CLT to the KRA which will affect the development of the tourism industry. It is only through the collection of the levy by CLT that the industry is assured of continued control and use of the funds to the satisfaction of the sector.

It appears that the KRA is operating under capacity in order to justify additional burden of levy collection without absorbing the 138 CLT staff. There is no legal justification that one Authority, established under an Act of Parliament, should administer the functions of another Authority, established the same way, without the amendment of the Act.

Mr. Temporary Deputy Speaker, Sir, Clause 54 deals with the question of the amendment which seeks to raise second-hand motor vehicles tax charges by 15 per cent. On this particular clause, we find that the increase is big, yet the per capita income has declined over the years, while there is weakness in the monitoring mechanisms on the usage of the revenue collected from the bus stands.

Most importers are economically disadvantaged and inconvenienced by the current ban on importation of vehicles over eight years old. Over 25,000 units are already ordered and are stuck in Japan, partially paid for and awaiting shipment. This, therefore, means that money which is supposed to be for Kenyans is actually locked outside the country and there is nothing happening to it because the vehicles have just been locked out in Japan.

Mr. Temporary Deputy Speaker, Sir, the additional Excise Tax of 10 per cent on all passenger vehicles has impacted negatively on public transport; with many Kenyans employed in this sector losing their source of employment. There is no justification by the Kenya Bureau of Standards (KEBS) to reject or prohibit the importation of second-hand vehicles, which meet all technical and mechanical inspection requirements, except age. The Mahindras were bought as new fully-built units, but they are now all grounded, hence making age irrelevant. Buses built in Kenya--

Mr. Omingo: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to read the whole text of the Report he tabled? Is he suggesting that hon. Members cannot read?

Mr. Mkalla: Mr. Temporary Deputy Speaker, Sir, I am only referring to specific points, I am not reading the whole Report.

The Temporary Deputy Speaker (Mr. Imanyara): Order! Order, Mr. Mkalla! I think the hon. Member has a valid point. You did lay this Report on the Table of the House and you do not have to read it word-for-word because it is going to take the rest of the day!

Mr. Mkalla: Mr. Temporary Deputy Speaker, Sir, I would like to be brief, and say that, the proposed amendments in the Finance Bill, 2002---

The Temporary Deputy Speaker (Mr. Imanyara): Order! Mr. Mkalla, also make copies available to the Ministers' Bench.

Mr. Mkalla: Yes, Mr. Temporary Deputy Speaker, Sir.

The Finance Bill, 2002, has not been passed by Parliament and, therefore, it is wrong for the KEBS to subject poor Kenyans to punitive measures.

I would also like to say that the Kenya Auto-Bazaars Association (KABA), which is owned by indigenous

Kenyans and, while the New Motor Vehicles Dealers Association is owned by foreigners, there is need for us to be more careful so that we make sure that the KABA are given a chance to do business and, in fact, create employment for our people in this country.

Mr. Temporary Deputy Speaker, Sir, we would like to see a situation where we have an improvement of the Kenya Ports Authority (KPA) facilities to attract more business and generate more revenue. We would like to see a situation where there is enhanced KRA activities, like the scanning machines which would improve revenue collection. What happens at the Port of Mombasa is that, they literally open the containers, which takes a lot of time and, therefore, there are a lot of delays in releasing these containers from the Port of Mombasa because of the procedures followed.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Could the Chair allow that hon. Chairman of the Departmental Committee on Finance, Planning and Trade, to make proper reference to his document? Why is the Chair curtailing him from making proper reference to a Report prepared by his Committee?

The Temporary Deputy Speaker (Mr. Imanyara): Mr. Angwenyi, I do not think that the hon. Member has complained about being curtailed. Continue, Mr. Mkalla!

Mr. Mkalla: Thank you very much, my dear colleague, Mr. Angwenyi.

Mr. Temporary Deputy Speaker, Sir, we would also like to see a situation where tourism promotion is actually done adequately, in the new market, by the Kenya Tourist Board (KTB), so that we can attract more tourists, who could easily come from China. If Kenya got just 1 per cent of the tourists from China, we could earn a lot of money, which would be just enough to reduce the poverty level in this country.

We would like to make certain recommendations which, I am sure, the Minister for Finance has taken on board. One, is that the revenue realised from the airtime charge, from the users of cellular phones, should not be spread into too many uses as suggested by the Minister because this would have very little impact. We would like to see a situation where this money is collected for that purpose and is earmarked for programmes, one at a time; possibly, we would recommend that it be used for HIV/AIDS, or rural electrification programmes.

Mr. Temporary Deputy Speaker, Sir, there is need to license more mobile phone services providers since the level of competition between the two operators has made the mobile phone services very expensive.

There is also a comment which was made by Mr. Keah on Athi River Mining Company. This company has not been getting clinker even though they had made an agreement with Bamburi Cement Factory and Athi River Mining Company to supply some 8,000 tonnes of clinker per annum. The Bamburi Cement Company has not been able to fulfil that particular contract. They have been trying to strangle this company by not supplying. As a Committee of the House, we recommended that clinker which is a raw material for Athi River Mining Company be zero-rated. We thank the Minister for the action he has taken. He has reduced it to 15 per cent and also for the understanding that Bamburi Cement Factory will supply clinker to Athi River Mining Company without fail.

Mr. Temporary Deputy Speaker, Sir, the Government should grant Income Tax exemption to retrenchees and retirees and encourage them to invest in the stock market.

I would also like to comment on the Hotels and Restaurants Act which has not been amended since 1972. There is need to amend that particular Act to ensure increased efficiency of the CLT. This will raise revenue and reduce costs instead of transporting the collecting functions to the KRA. Such amendments would broaden the base of collection of the 2 per cent levy, including tour and travel operators. We also would like to see a situation where the Ministry grants authority to enter, inspect and carry out the assessment of the records for such establishments.

We would like to see also the authority to attach defaulters' accounts in case of loan default as provided under the VAT, Income Tax and Customs Acts. If the levy collection function is to be transferred to the KRA, then there is need to amend or repeal the CLT Act. Since the CLT Act has not been repealed, the collection functions should remain with the CLT until such time when that particular Act has been repealed or amended. In consolidation of revenue, the KRA should target big institutions like the National Social Security Fund (NSSF) and the Ministry of Lands and Settlement before targeting small ones like the CLT.

We are also recommending that all the importers should pay duty at the port of entry. Currently, only the new motor dealers enjoy warehouse bonding facilities where they can keep their new vehicles for more than six months without paying duty while the second-hand car dealers are supposed to pay this duty at the time of importation. We feel this is unfair treatment and we must bring uniformity so that there is a level playing ground for business.

Mr. Temporary Deputy Speaker, Sir, on the Excise and Customs Department, we would like to recommend that duty on new locally assembled vehicles be zero-rated. We are supporting that recommendation because we believe it will create better business for our purposes. With regard to the VAT, we are saying locally assembled vehicles be zero-rated on VAT to encourage affordability. We normally find that when VAT is actually put at 18 per cent, then it becomes impossible for ordinary Kenyans to be able to buy these vehicles and they will not be able to drive good vehicles.

We are also suggesting that all passengers' vehicles of about five sitting capacity be VAT exempt. Currently, we are talking of passenger vehicles of above 26 passengers. So, we are suggesting that we bring it down to five. This

will make passenger carrying vehicles or *matatus* affordable. It will increase the fleets, reduce transport costs and congestion. It will also be a boost to tourism and agricultural sectors.

Mr. Temporary Deputy Speaker, Sir, on the question of the Registrar of Motor Vehicles, there is need to eliminate annual road licence fees and introduce it as part of the fuel levy fund. The Road Safety Levy Fund should be applicable to all motor vehicles registered in Kenya or be done away with. There should also be a uniform registration fee for all motor vehicles; be they new or used.

In conclusion, the Committee recommends that the House adopts the Finance Bill 2002 together with the recommendations contained in the Committee's Report.

May I take this opportunity to thank hon. Members of Finance, Planning and Trade Committee for their valuable contributions during the deliberations on the Finance Bill. I would also like to thank the Minister for Finance and his team.

Mr. Omingo: Mr. Temporary Deputy Speaker, Sir, thank you for giving me this chance to contribute to the Finance Bill. When the Minister was presenting the Budget, he made several references to taxation measures and laws which were aimed at enhancing revenue collection. Taxation without representation does not serve any purpose to the Kenyan community. I will give an example of the Kenya Roads Fund. This Fund is administered by hon. Members.

(Loud consultations)

Mr. Temporary Deputy Speaker, Sir, I need your protection because, you cannot get what I am saying!

The Temporary Deputy Speaker (Mr. Imanyara): Order! Hon. Members, please, give Mr. Omingo an opportunity to be heard. Please, consult in low tones.

Mr. Omingo: Mr. Temporary Deputy Speaker, Sir, I was saying that taxation without representation is not good for Kenya. I am talking about a situation where we have constituencies road funds administered by hon. Members. This particular administration of road funds has done a lot of good to members of the public because they have seen what has been done in their constituencies. I think it is important to involve our people in the administration and disbursement of public funds.

The reason why there is a high default rate in tax payment is because though we pay taxes, we do not get the necessary services. For example, we buy drugs for hospitals and our roads are full of potholes. The benefits of paying taxes are really not visible. That is why many Kenyans do not enjoy paying taxes with a smile. Let me now turn to tax administration---

(Loud consultations)

Mr. Temporary Deputy Speaker, Sir, I still cannot be heard because hon. Members are holding loud consultations.

The Temporary Deputy Speaker (Mr. Imanyara): Order! Hon. Members, it is only fair to consult in low tones. Please, give the hon. Member an opportunity to be heard.

An hon. Member: We cannot hear him!

Mr. Omingo: You cannot hear because English is a foreign language and some of you never went to good schools.

As I was saying, administration of tax is really the key to meeting the desired targets. I am looking at a situation where the tax managers are not well taken care of to meet the tax targets, because of corruption. I have in mind the diverse salary scales of the employees of the Kenya Revenue Authority (KRA).

(Prof. Ongeru consulted with Mr. Okemo)

Mr. Temporary Deputy Speaker, Sir, could Prof. Ongeru let the Minister for Finance listen to what I have to say?

The Minister for Public Health (Prof. Ongeru): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member on the Floor in order to dwell on my name instead of dwelling on the Finance Bill?

The Temporary Deputy Speaker (Mr. Imanyara): Order, Prof. Ongeru! You were consulting very loudly. So, please, consult in low tones.

Mr. Omingo: Mr. Temporary Deputy Speaker, Sir, the Minister does not understand finance issues. That is why he cannot even listen to me.

I was talking about poorly remunerated employees of the KRA. So, they are not motivated to increase their effort in revenue collection. I was talking about the KRA's diverse salary scales. The KRA staff are categorised into lower cadre, second level cadre and upper level cadre, who are on a super salary scale. I suggest that the Minister pays all the KRA staff adequate salaries, so that they can be motivated to work harder. We are talking about benefits to

employees. It is unfortunate that employees of the KRA collect so much revenue, but they do not enjoy any benefits. So, the Minister should look into this aspect. He will perhaps propose an amendment to the Bill at the Committee Stage to address this issue.

Mr. Temporary Deputy Speaker, Sir, the Minister has banned the importation of vehicles which are more than ten years old. This brings us to the issue of the well-to-do versus the poor. It is because of the cost implications that people resorted to importing second-hand cars. Banning the importation of vehicles which are more than ten years old amounts to denying those people, who cannot afford new cars, the right to own motor vehicles. Really, that is not fair because a car today is not a luxury but rather a necessity. The 18 per cent Value Added Tax (VAT) that the Government charges on goods and services is far above the rate charged in other East African Community countries. That is why investors are relocating to those countries, where they charge less tax. So, in terms of improving the level of compliance, we suggest that the Minister reduces the VAT rate from the current 18 per cent to 10 per cent. That will result in an increase in the compliance level and solve the problem of some business persons trying to avoid paying taxes; the burden on businesses will be reduced.

The Minister has amended Clause 28 of the Bill so as to increase the write-off period of bad debts from three years to five years. Currently, we are experiencing a delay in refunds applied for by traders who qualify for the same. Traders who export commodities incur expenses in the form of input tax, but there is no output tax. So, they are entitled to a refund. However, in Kenya, the period of time it takes for one to get his refund is a little too long. If one applies for such a refund but three years down the line is not paid, what will make such a person compliant? The older the debt, the riskier it is.

So, Clause 28 should be amended further to even reduce the three-year period instead of increasing it to five years. Therefore, the Minister should let the period remain three years, as it was previously, or even reduce it to two years, because the older a debt, the less the chances of its recovery. So, traders should be encouraged by giving them back their money after they have incurred expenses. The other disadvantage of increasing this period is that it will discourage foreign exchange earnings. If somebody has exported some goods and is supposed to get a rebate for the input tax he has incurred, for the purpose of foreign exchange, why should we take a whole month or two months before we pay the trader? That is quite unfair.

Mr. Temporary Deputy Speaker, Sir, the KRA has taken advantage of the revised VAT Act, which provides that one should account for certain imported services and then claim the input VAT on the same. The net effect of this process is zero. Unfortunately, if one does not commit the clerical error of entry in and entry out, one ends up paying billions of shillings. Again, this is a case of somebody taking advantage of the ignorance of traders.

If you account for the input VAT and the output VAT on imported services, you will not pay any taxes. However, because somebody does not do that due to lack of information, a trader is penalised heavily. Some traders have had to close down their businesses because of VAT on imported services.

The Minister for Finance owes Kenyans an explanation on the disappearance or illegal transfer of Kshs256 million of the National Social Security Fund (NSSF). How can we be sure that our investments in whatever portfolio are safe if they can disappear in broad daylight, without trace in their book entries? Worse still, nobody is accountable. After such incidents, all that we hear is transfer of the involved chief executives. So, when the Minister replies to this debate, he should tell Kenyans what happened to the NSSF Kshs256 million, who transferred the money to the ailing bank and why. That is important for the purpose of restoring Kenyans' confidence in investing in Government securities.

Mr. Temporary Deputy Speaker, Sir, Clause 45 talks about the Commissioner of the Income Tax being entitled to down-load information from taxpayers' records without exception. This could spread beyond the revenue implication kind of transaction. So, I would like the Minister to tell us how he intends to circumvent the issue of loss of confidence in secrecy of private information because of the Commissioner's right to down-load it.

Mr. Temporary Deputy Speaker, Sir, if we do not put a limit to the kind of information expected to be supplied by a trader to the Commissioner, people will be malicious; they can access the most confidential information of a trader and pass it over to his competitors. So, the Minister should state how he intends to manage the confidentiality clause. There should be assurance that once such information is down-loaded, it will remain only with the Commissioner, and that it will not be accessed by anybody else.

Under Clause 54 of the Bill, the Minister has indicated his intention to increase duty on second-hand vehicles to 15 per cent because of inflation.

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

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

You cannot justify an increase in taxes owing to inflation. What is the Minister saying in this regard? Is he suggesting that inflation can justify legislation? Is he legitimising inflation or using it as an excuse to increase taxes? This is not what Kenyans want. You cannot legitimise inflation in order to increase taxes. This is one of the most primitive ways of doing things.

Mr. Temporary Deputy Speaker, Sir, the Minister for Finance needs to be commended for having waived tax on bread. We were going to take offence against that but, now that he has waived the tax, we will consider looking into the Finance Bill when it comes to Committee Stage, and pass it. I want to take issue with the Minister for Finance because he has blatantly refused to review the 10 per cent increase on the price of paraffin or Kshs1 increase. The Government brags about professional co-ordination between various Ministries, but these professionals do not care what happens after the price of kerosene is increased; they do not care whether kerosene is affordable or not. When kerosene is not affordable, this impacts negatively on the policy of the Ministry of Environment and Natural Resources. If Ministries co-ordinated professionally, which I believe they do not, professionals should have advised the Minister on the short and long-term effects of the Kshs1 increase, and the effect it has on the reafforestation policy of the Government. If I cannot afford to buy kerosene, I will resort to using firewood as a source of energy. The use of firewood impacts negatively on the policy of the Ministry of Environment and Natural Resources. I do not understand what these professionals do. We intend to employ professionals in some of these Ministries. We need to have professionals in the various Ministries. We need to have professional civil servants who will advise Ministers properly. When we look into our taxation policy, we find that our people are over-taxed. A Kenyan pays the Value Added Tax, Income Tax, pays for licences, training levies and the City Council rates. What happens to the people who are not registered as taxpayers? That is why we are saying that we require a better policy of networking so that we can register more traders, widen the tax net and in effect reduce taxes.

Capt. Ntwiga: On a point of order, Mr. Temporary Deputy Speaker, Sir. I think we are repeating ourselves. I beg to move that the Mover be now called upon to reply.

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

The Temporary Deputy Speaker (Mr. Muturi): Mr. Angwenyi, before you rise on a point of order, let me get a clarification from Capt. Ntwiga. Capt. Ntwiga, have you moved the Motion that the Mover be now called upon to reply?

Capt. Ntwiga: Yes, Mr. Temporary Deputy Speaker, Sir. I have moved that the Mover be called upon to reply.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. This is a very important Bill. It seeks authority to tax our people. So, we must express the feelings of our people in this House and we must be given adequate time to do so. We do not want to have these type of people who have been planted in this House!

The Temporary Deputy Speaker (Mr. Muturi): Order, Mr. Angwenyi! I am sure you are aware that the House must be treated to some form of decorum. You cannot articulate issues here in the manner you articulate them in public barazas. Capt. Ntwiga has moved that the Mover be now called upon to reply on the basis that what is being said appears repetitive.

It is entirely for the Chair to make a decision on this. It really does not invite argument. It is provided for under Standing Order No.80. So, I accede to the request and I call upon the Mover to reply.

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

(Mr. Mwenje stood up in his place)

The Temporary Deputy Speaker (Mr. Muturi): Order, Mr. Mwenje!

(Mr. Angwenyi stood up in his place)

Order, Mr. Angwenyi! I will now put the Question which is that the Mover be now called upon to reply.

(Mr. Mwenje stood up in his place)

Order, Mr. Mwenje! Mr. Mwenje, you will move out if you do not sit down!

(Question, that the Mover be now called upon to reply, put and agreed to)

Hon. Members: Division! Division!

(Several Members stood up)

in their places)

The Temporary Deputy Speaker (Mr. Muturi): Ring the Division Bell!

[The Division Bell was rung]

*[The Temporary Deputy Speaker
(Mr. Muturi) left the Chair]*

[Mr. Speaker resumed the Chair]

(Hon. Members separated Messrs. Manyara and Angwenyi as they attempted to fight)

*(The Chief Serjeant-at-Arms and his staff
formed a ring around the Mace)*

Mr. Speaker: Order! Order! Order! Order, hon. Members! Take your seats!

(Several hon. Members stood up in their places)

Order! Order, hon. Members! I understand the House is excited because the closure of the debate.

Hon. Members: It is illegal!

Mr. Speaker: Order! There cannot be an illegal closure because you will decide. I plead with hon. Members now that the Division has been called, to vote whatever way. Obviously, a decision has been made and whoever was in the Chair and I have no power to do reverse that. I ask hon. Members to cool down and make your decision later.

(Several hon. Members stood up in their places)

Order! Order! When the Division Bell is ringing, there is no order yet. Is the bell not ringing?

Hon. Members: No!

Mr. Speaker: Was there the requisite number?

Hon. Members: Yeah!

Mr. Speaker: Order, hon. Members! There is no problem, I will give you whatever you want. Was there a requisite number for a Division?

Hon. Members: Yes!

Mr. Speaker: If there was the requisite number, the Division Bell should be rung.

*(The Division Bell was rung)
(Loud consultations)*

Mr Speaker: Order, hon Members!

Mr. N. Nyagah: On a point of order, Mr. Speaker, Sir. There was great consultation between the Chair and the Chief Whip on the other side and there was a consensus that there are very many hon. Members who would like to contribute to the Finance Bill. Because they have not contributed, there was a request for a word of authority from the Chair not to allow a closure to this debate. The Chief Whip on the other side, Mr. Mkalla, did agree with me that this was not going to happen. Prior to that---

Hon. Members: No! No!

Mr. Speaker: Order! Order! I do not expect, that kind of response from hon. Members. Mr. N. Nyagah, like every other hon. Member of this House, has a right to be heard by the House and by the Chair. It is my business to ensure that hon. Members are heard and they will be heard. So, shall we keep dignity and listen to one another? I think it is just right and fair that we hear the sentiments of others. Mr. N. Nyagah, what was it?

Mr. N. Nyagah: Mr. Speaker, Sir, there was consensus after approaching the Chair, and the Chair did promise that he will not allow this debate to be brought to closure because there were still very many hon. Members that have not contributed. Indeed, Mr. Imanyara, as he sat on the Chair, he asked the Chief Whip of KANU to shorten his presentation so as to give other hon. Members an opportunity.

Mr. Speaker, Sir, you will also remember, yesterday, in the House Business Committee, we did say that we are going to continue with certain Motions tomorrow. Now, a closure has been moved contrary to what we had agreed

with the Chair, and yet on this side right now, and even on the other side, there are so many hon. Members who would like to make their contributions. What would the Substantive Chair say? Indeed, there was also a promise by Mr. Muturi, as he sat on that Chair, to Mr. Imanyara, who was leaving that he would not allow a closure because the debate had not been exhausted. Could the Chair make a ruling in as far as this is concerned? We are all gentlemen and we need to keep that word as hon. Members, that when a promise has been made, nobody should renege to it. Again, we, as a House, do not need to question the integrity of the Chair. As the Chair sits there, it should be impartial in terms of the way he dispenses his work. Could the Chair make a ruling as far as this is concerned?

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

Mr. Speaker: Order! Just relax now of all you! Let me, first of all, consult all those who were present. As you know I was not here, I will consult to know what transpired.

Hon. Members: You defer it to tomorrow!

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

The Minister for Trade and Industry (Mr. Biwott): Mr. Speaker, Sir, I was one of those present in the House Business Committee yesterday. We did not anticipate that this situation will arise. But as it happened, the work has moved faster. I was one of those going to contribute, but when the closure was moved and the Question put, a decision was made that we go into Division; I think we should proceed accordingly.

Mr. Angwenyi: On a point of order, Mr. Speaker, Sir. When Muturi was asked to come and take over the Chair---

Mr. Speaker: Order! Order! Mr. Angwenyi, as I said, there will be dignity. Say whatever you please with dignity and there is no point in us not respecting the Chair. He is called "hon. Muturi", but when he is sitting here he is not hon. Muturi, he is the Chair.

Mr. Angwenyi: Mr. Speaker, Sir, before hon. Muturi became the Temporary Deputy Speaker, he was sitting with me at the back with Mr. Mkalla. Mr. William Ruto came there and asked him to go and take over the Speakership and pose a closure. I protested and they told me: "You will speak before we close". I am saying what was said here and I would like Mr. Mkalla to stand up and deny what I am saying. I would like Mr. William Ruto to stand up and deny what I have said. I would like hon. Muturi to stand up and deny what I have said. This House must have people of integrity, and if they make a ruling, it must be respected.

Mr. Speaker, Sir, do not leave that Chair to people of no integrity! We are taxing our people and we must respect their views. We cannot allow this! You are now reducing the integrity of this House!

(Applause)

Mr. Speaker: Order! Mr. Angwenyi, just relax!

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

Mr. Speaker: Order! We are not here fighting!

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

Order! All of you sit down! You expect me to make a decision and when I am consulting, you are speaking at the top of your voices. I cannot even hear the people I am consulting. I am a human being, I have to talk to people. Relax!

Hon. Members: The time is up!

Mr. Speaker: Order! First of all, for those hon. Members who do not know the rules, the House does not adjourn if there is a Division going on. So, do not point the clock at me. I think this is a matter that has caused some anxiety. There has been a ruling from the Chair. I need to go and consider this and see whether it is right or not right. Ultimately, being the Speaker, I am responsible for everything in this House. I cannot shirk that responsibility.

One thing I would urge hon. Members to do is that whatever decision is taken by the Chair, whoever is sitting on that Chair, please do respect him and do not personalise the matter. Pending my considered decision on this, this House will now be adjourned.

ADJOURNMENT

Mr. Speaker: Order, hon. Members! The House is adjourned until tomorrow, Thursday, 17th October, at 2.30 p.m.

The House rose at 6.32 p.m.