

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 27th June, 2002

The House met at 2.30 p.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.282

ALLOCATION OF FUNDS TO
AIDS CONTROL COMMITTEES

Mr. Deputy Speaker: Is Mrs. Mugo not here? We will leave her Question until the end. Let us move on to the next Question.

Question No.280

DEBT RELIEF FOR KENYA

Mr. Deputy Speaker: Mr. Gatabaki also not here? We will leave his Question until the end. Let us move on to the next Question.

Question No.140

COMPENSATION FOR INJURY TO STUDENT

Mr. Deputy Speaker: Mr. Musila also not here? We will leave his Question until the end. Let us move on to the next Question.

Question No.271

NON-PAYMENT OF SALARIES TO
MBUNI CLEANERS EMPLOYEES

Mr. Deputy Speaker: Is Mr. Mugeke not here? We will leave his Question until the end. Let us move on to the next Question.

Question No.332

GRAVELLING OF AWASI-KATITO ROAD

Mr. Otita asked the Minister for Roads and Public Works:-

- (a) whether he is aware that the Government has made several promises, since 1999, to gravel Awasi-Katito Road (E220) and no action has been taken to date;
- (b) whether he is further aware that, that road is a short-cut connection between Nandi and Homa Bay and is important for cane transport to Chemelil and Muhoroni factories; and,
- (c) when gravelling work will commence on that road as it is unmotorable at the moment.

The Assistant Minister for Roads and Public Works (Eng. Rotich): Mr. Deputy Speaker, Sir, I beg to

reply.

(a) I am not aware that the Government has made several promises to gravel Awasi-Katito Road and that no action has been taken.

(b) I am further aware that, that road is a short-cut connecting Nandi and Homa Bay districts, and it is important for cane transport to Chemilil and Muhoroni factories.

(c) The gravelling work will start immediately the procurement process, which is currently going on, is complete.

Mr. Otita: Mr. Deputy Speaker, Sir, the Assistant Minister, in his reply to the Question, has said that he is not aware of what has been happening in the last four years. In 1999, a tender was floated for reconstructing the road from Awasi to Katito. The tender was awarded to a contractor by the name Mudina at Kshs119 million. After the tender was awarded, nothing happened. On several occasions, I have been asking for that road to be gravelled, but I am surprised that the Assistant Minister has said that he is not aware of any Question about that road. Could he tell this House why the tender, which was awarded in 1999, was not implemented at all?

Eng. Rotich: Mr. Deputy Speaker, Sir, it is true that something like that happened. But the tender was not awarded as all new gravelling works were suspended around that time. All projects that **[Eng. Rotich]** were on tender were suspended around 1999. But the goodnews is that the project is in process. The pre-qualification was advertised on 2nd April, 2002 and opened on 2nd May, 2002. So, we are in the process of acquiring a contractor for gravelling works for that road. There is actually no problem at the moment.

Mr. Deputy Speaker: Mr. Assistant Minister, which one are you not aware of?

Eng. Rotich: Mr. Deputy Speaker, Sir, I am not aware that the Government has made several promises! We have made one promise and that is what we are fulfilling!

Mr. Deputy Speaker: Order, Mr. Assistant Minister! I think to form an answer of: "I am not aware", must come to a stop. Even if you are aware of only one out of the alleged ten, say: "Yes, I am aware, but of only one!"

Mr. Angwenyi: Mr. Deputy Speaker, Sir, this is one of the Ministries that is letting down our Government. They are making the President to make promises all over the country, which are never implemented. They made such a promise on the Nyakoe-Marani Road. Could the Assistant Minister tell us exactly, when construction of that road will start and how much money is involved in that contract?

Eng. Rotich: Mr. Deputy Speaker, Sir, I will give an answer relating to Road E220. The tender sum will be known when the final tender documents are given out to pre-qualified contractors. But, at the moment, we do not know the exact cost. The cost will be known as we tender.

Mr. Achola: Mr. Deputy Speaker, Sir, could the Assistant Minister tell the House how much was put in the Estimates for that particular road? We do not have to wait for the tender to know the exact figure!

Mr. Deputy Speaker: Order! I think the Assistant Minister is merely saying that if he discloses what the engineer's estimate is, he would be forewarning the tenderers.

Mr. Achola: We are asking about the amount that is earmarked for that road.

Mr. Deputy Speaker: On the amount that is earmarked, he is saying that if he discloses that figure, he will have told the contractors how much money is available. So, ask another supplementary question!

Mr. Ngure: Mr. Deputy Speaker, Sir, it is normal procedure that when you are doing any construction, be it roads or buildings, estimates have to be prepared before you go to tender. The Assistant Minister is aware of what the estimates are. Normally, the estimates are between number one and number three of Tenderers. So, we are asking the Minister to tell us how much money is earmarked for that project, because they are soon going to tender.

Eng. Rotich: Mr. Deputy Speaker, Sir, I would like to seek your protection! It is dangerous to reveal the engineer's estimates. It is not very safe!

Capt. Ntwiga: Mr. Deputy Speaker, Sir, we are not asking the Assistant Minister to give us the engineer's estimates. However, we are asking him to give us an approximate figure. That is all!

Mr. Deputy Speaker: Order! If that is what you all are asking for, then look at the Printed Estimates. That figure should be there.

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

Mr. Deputy Speaker: Ask a question! I am not allowing any more points of order on that issue.

Mr. Achola: Mr. Deputy Speaker, Sir, it is connected to what hon. Capt. Ntwiga is saying.

Mr. Deputy Speaker: Order! If, in fact, you just want to see estimates, look at the Printed Estimates.

Mr. Otita: Mr. Deputy Speaker, Sir, we have to make everything clear in this House. The Assistant Minister cannot just come with a cooked up answer and think that he will satisfy the House. Now that the tendering procedure is going on, as though it is a completely new thing, could the Assistant Minister tell me in confidence that the road will be constructed within a period of between one month and ten years?

Mr. Deputy Speaker: The Assistant Minister must not tell you in "confidence"; he must tell the House!

Eng. Rotich: Mr. Deputy Speaker, Sir, this road is among the roads that will be constructed before the end of this calendar year; that is before December. So, the contractors will be on site before December.

Mr. Deputy Speaker: Next Question, Mr. Shitanda!

Question No.294

UPGRADING OF MALAVA HEALTH CENTRE

Mr. Shitanda asked the Minister for Medical Services when he will upgrade Matete Health Centre to a hospital.

The Assistant Minister for Health (Dr. Galgalo): Mr. Deputy Speaker, Sir, I beg to reply.

My Ministry has no immediate plans to upgrade Matete Health Centre to a hospital since it lacks the required physical infrastructure and the catchment population.

Mr. Shitanda: Mr. Deputy Speaker, Sir, that answer is very interesting. I did not know that we have health facilities in this country that lack catchment areas. However, could the Assistant Minister tell this House whose responsibility it is to develop physical infrastructure and what population density does a health facility need to qualify for a hospital?

Dr. Galgalo: Mr. Deputy Speaker, Sir, infrastructure development is a collective responsibility of both wananchi and the Government. As far as the population figure is concerned, to qualify for a hospital status, a health facility needs to have a catchment population of between 100,000 people and 250,000 people.

Mr. Shitanda: Mr. Deputy Speaker, Sir, Matete lies on the southern tip of Lugari District and it has a population of 105,000 people. I do not know what the Assistant Minister is talking about. However, could he tell us what considerations are put in place before money is allocated to develop the physical infrastructure given that a grant of Kshs300 million was received from Japan and a whopping Kshs105 million was allocated to the Minister for Public Health; Prof. Onger's constituency?

Dr. Galgalo: Mr. Deputy Speaker, Sir, I do not know what bone of contention he has to pick with my Minister. However, the situation is that we give priority according to the needs of a particular area. For example, this facility serves 49,000 people. There are many other health facilities around and I can give examples. We have Webuye District Hospital which is only ten kilometres away. We have Malava Sub-District Hospital which is only 18 kilometres away. Kakamega Provincial General Hospital is only 43 kilometres away. Lumakanda Hospital is 32 kilometres away. So, this is a facility which is surrounded by many other health facilities with good communication and a small catchment area. It does not qualify to be upgraded to the status of a hospital.

Mr. Angwenyi: On a point of order, Mr. Deputy Speaker, Sir. Did you hear hon. Shitanda imply that the hon. Minister for Public Health is corrupt and that he has abused his office by allocating Kshs105 million to his constituency? Could he substantiate his remark?

Dr. Galgalo: Mr. Deputy Speaker, Sir, I did not hear hon. Shitanda say that the Minister is corrupt. I think that is hon. Angwenyi's own insinuation.

Mr. Mwalulu: Mr. Deputy Speaker, Sir, the Assistant Minister is talking about undeveloped infrastructure in the case of Matete Health Centre. Could he define what he means by "infrastructure" in this case?

Dr. Galgalo: Mr. Deputy Speaker, Sir, for a hospital or a health centre to have full facilities, it must provide at least some limited specialised care, be able to give some surgical care, dental services, obstetrics and gynaecological services, paediatric services and have the necessary infrastructure. The physical facilities required for this are; an out-patient department; in-patient department; diagnostic and treatment department comprising a laboratory, theatre and X-ray facilities; some sort of stores or a central supplies system; an administration block and a mortuary. All these facilities are lacking at that health centre and it cannot be upgraded because it cannot provide the services of a hospital.

Mr. Anyona: On a point of order, Mr. Deputy Speaker, Sir. A very serious allegation has been made by hon. Shitanda, implying that money was transferred from Matete Health Centre and taken to a health facility in the constituency of the Minister for Public Health. For the sake of integrity, could the hon Member produce his evidence to that effect or substantiate his remarks? The Minister is here and he can then respond.

Mr. Deputy Speaker: Mr. Shitanda, where is your evidence?

Mr. Shitanda: Mr. Deputy Speaker, Sir, I did not say that money has been transferred. However, I said that Kshs105 million has been allocated for health facilities in hon. Prof. Onger's constituency. In this year's Estimates, Kshs35.5 million has been allocated to Keumbu Health Centre during the financial year beginning next week. Nduru Health Centre has been allocated Kshs35.5 million. Masimba Health Centre has been allocated Kshs34.4. It is all in the

Estimates.

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

Mr. Deputy Speaker: Order! Dr. Galgalo, is that information factual or not?

Dr. Galgalo: Mr. Deputy Speaker, Sir, to the best of my knowledge, those facilities are not in the Minister's constituency. That is one point. Secondly, the issue of funds which have been allocated to particular facilities this year is not part of this Question.

Mr. Deputy Speaker: Order! Frankly, I must confess that my geography is lacking so I do not know where these facilities are. I am going to have to read the HANSARD again, go and look at my map and if, in fact, the facilities cited are not in the Minister's constituency, I will demand a withdrawal and an apology from hon. Shitanda.

Dr. Galgalo: Mr. Deputy Speaker, Sir, that is good, but hon. Shitanda knows very well that Keumbu Health Centre is in hon. Nyachae's constituency. Nduru Health Centre is in hon. Omingo's constituency.

Mr. Deputy Speaker: Order! I have just given you an opportunity earlier to respond and you did not make that information available. Now, I have said that I am going to find out myself.

Next Question by hon. Angwenyi!

Question No.046

REPAIR OF KISII MUNICIPALITY ROADS

Mr. Angwenyi asked the Minister for Local Government:-

(a) whether he is aware that all the roads in Kisii Municipality are currently impassable; and,

(b) what steps he is taking to repair these roads.

Mr. Deputy Speaker: Is anyone here from the Ministry of Local Government? We will come back to that Question in a while.

Mrs. Mugo's Question for the second time?

Question No.282

ALLOCATION OF FUNDS TO
AIDS CONTROL COMMITTEES

Mrs. Mugo is still not here! The Question is dropped!

Mr. Murathe: On a point of order, Mr. Deputy Speaker, Sir. Mrs. Mugo claims to have informed the office.

Mr. Deputy Speaker: Where does she claim that from?

Mr. Murathe: I spoke to her. She requested that it be---

Mr. Deputy Speaker: Mr. Murathe, the Chair takes those decisions and not the office, and the Chair is right here.

Mr. Murathe: She claims to have informed the Chair.

Mr. Deputy Speaker: Order! She has not informed the Chair.

The Question is dropped!

(Question dropped)

Mr. Gatabaki's Question for the second time!

Mr. Gatabaki: Mr. Deputy Speaker, Sir, before I ask the Question, I wish to apologise for coming here late. We were involved in a major re-organization of the Social Democratic Party (SDP)!

Question No.280

DEBT RELIEF FOR KENYA

Mr. Gatabaki asked the Minister for Finance, why Kenya has not qualified for debt relief within the framework of the World Bank's and the International Monetary Fund's Enhanced Heavily Indebted Poor Countries (HIPC II) Initiative, which neighbouring Tanzania and Uganda have qualified for, amongst 34 countries in Sub-Saharan Africa.

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

The Heavily Indebted Poor Countries (HIPC) Initiative is a framework developed by the International Monetary Fund (IMF) and the World Bank to provide special assistance to heavily indebted poor countries. The objective of the Initiative is to reduce the external debt burden to sustainable levels, that is levels that will comfortably enable the countries to service their debts through export earnings.

The measure used to determine eligibility under this initiative is the ratio of present value of debt service to exports. If the ratio is over 150 per cent, the country qualifies for debt relief under the HIPC Initiative. Kenya does not qualify because the ratio of the net present value of our debt service to our export is below the 150 per cent threshold required for a country to qualify for debt relief under that programme. Kenya's ratio is 109 per cent.

In order to authoritatively establish whether the country is eligible for assistance under the HIPC initiative, a tripartite debt sustainability analysis has been carried out jointly between the IMF, the World Bank and the Kenyan authorities. This analysis was concluded in May this year and confirmed that, that ratio of external debt to exports is only 109 per cent. This ratio classifies Kenya's debt as sustainable and disqualifies Kenya from the Enhanced HIPC Initiative. In addition, to qualify under the debt ratio, a country must satisfy a set of other eligibility criteria:-

(i) The country must be eligible for concessional assistance from the IMF and the World Bank.

(ii) Maintenance of macro-economic stability.

(iii) Face an unsustainable debt burden beyond available existing debt relief mechanisms such as Naples, where low income countries can receive a reduction of eligible external debt of 67 per cent in Net Present Value.

(iv) Establish a track record of reforms and sound policies through the IMF and the World Bank-supported programmes, including approval by the IMF and the World Bank Boards of a Poverty Reduction Strategy Paper.

Finally, I would like to emphasize that Kenya meets all these conditions because we have an IMF programme in place, even though disbursements have been suspended. We have maintained very stable macro-economic conditions, and have established a good track record of implementing reforms and sound economic policies.

Mr. Gatabaki: Mr. Deputy Speaker, Sir, I think the Minister for Finance deserves commendation for comprehensively answering the Question. We support him on his capacity of answering the Question. I feel I should not be attacking the Minister because of his capacity to present the Budget so creatively. But Kenya has a problem because it will not qualify for donor support. The World Bank and the IMF have said that Kenya will not get any donor support. We have just come from overseas with Mr. N. Nyagah where we met key people in various places and they are saying Kenya will not get support from the donors until the Government of President Moi goes away. However, could the Minister tell us whether the IMF and the World Bank are willing to resume the suspended aid?

Mr. Obure: Mr. Deputy Speaker, Sir, first of all, I am grateful for the nice comments Mr. Gatabaki has made. He then proceeded to make some statements about his experience and encounters with certain people abroad. If we have any problem at all in this country, it is because Kenyans do not talk with one voice. If we talked with one voice, I believe that the problems of this country would be much less. But coming back to his question about the fact that Kenya will not be on the IMF programme until the present Government leaves office, then I will say that, that becomes a political agenda and not an economic agenda. I do not believe that the IMF and the World Bank operate on a political agenda. I believe they should operate on an economic agenda. We agreed on prior conditions with these two institutions and we have met all those prior conditions except one item of legislation which is still pending in this House. We have been in constant touch with the two institutions and we have engaged them in dialogue. They understand our position and we understand their problem. Personally, I do not see any reason why they should not resume that programme unless there is that political agenda which the hon. Member mentioned. But the programme is for Kenyans and not for the KANU Government.

Mr. Kamolleh: Thank you, Mr. Deputy Speaker, Sir. We know very well that the Opposition in this country has always been asking the IMF and the World Bank not to give Kenya money. Later on, they start asking why we are not getting money. Be that as it may, my question is: What are those conditionalities that Kenya was given, and how many of them were fulfilled to allow us to be considered for resumption of aid this year or next year?

Mr. Obure: Mr. Deputy Speaker, Sir, for purposes of clarity, I would like to say that Kenya is on the IMF programme. In addition, Kenya gets project support under arrangements we have entered into with bilateral countries. The IMF programme relates to budget support and it is in place. Unfortunately, because of the events that took place towards the end of 2000, namely; the disbandment of the Kenya Anti-Corruption Authority (KACA), the IMF felt that we no longer had an institution to deal with governance issues, particularly fighting corruption. So, they suspended that programme. In the meantime, we have put in place an alternative mechanism; the Anti-Corruption Police Unit (ACPU). This was one of the prior conditions which the Member for Matuga asked about earlier on.

The second major condition was to do with the establishment of special courts to deal with corruption cases on a fast track basis. As you all know, this has been done. Thirdly, officers found engaging in acts of corruption and who are arraigned in court should be suspended. In fact, that is standard procedure and it is being done. Anybody who

faces a criminal charge is automatically interdicted until the matter is sorted out in court. I cannot remember the others, but there is also the Public Officer Ethics Bill which has been debated and passed in this House. There was also the Anti-Corruption Control Bill which was discussed in this House. Basically, we have practically fulfilled all the conditionalities and the Bills are awaiting the Committee Stage which I hope we will do in this House soon.

Mr. Wamae: Is the Minister aware that this Anti-Corruption Police Unit cannot be fully effective because they still have to go to the Attorney-General to get permission to prosecute? We all know how long it takes the Attorney-General to give his consent for a corruption case to go to court for prosecution.

Mr. Obure: Mr. Deputy Speaker, Sir, we do realise that there are delays by the Attorney-General in granting consent to prosecute. We have identified the problem. It has to do with human capacity in the Attorney-General's office. If you recall, in the Budget I read in this House, I said that we have enhanced the budgetary provisions to enable the Attorney-General to increase his staff and remunerate them in a manner that will ensure that he attracts the best staff and retains them. We have done that.

Mr. Gatabaki: Mr. Deputy Speaker, Sir, a key issue in this country is the fact that we have been marginalised by the donor community. We have seen, for the first, time the Finance Minister bringing a Budget here without factoring donor support. No other developing country, without a substantial amount of resources like oil and other minerals, can be able to sustain an economy without donor support. Considering the situation this country is in, with 60 per cent of Kenyans living below the poverty line, could the Minister tell this House whether, during their Cabinet meetings, he impresses upon the President of Kenya about the seriousness of this country being marginalised and becoming increasingly poor? Do you ever tell his Excellency that we require the presidency to change?

Mr. Deputy Speaker: Order! Mr. Gatabaki, you have been here long enough to know that you should only address the Chair!

Mr. Obure: Mr. Deputy Speaker, Sir, I understand the sentiments by Mr. Gatabaki. The truth of the matter is that external resources are useful, but this year we did not factor them in our Budget. If you have a snake in your house and it is about to bite you or your child, you will use the stick available to kill it. You do not go seeking somebody else's stick to kill that snake. Even if your stick is small, you should use it to disable that snake in the first place. What I am saying is that we have to use our own resources. There is no sense in factoring resources in our Budget and yet we do not know when they will come, how much and precisely at what level. It is true that there are many other countries which are members of the International Monetary Fund, but they do not receive budgetary support. A good example is Botswana, South Africa and many others. Even Nigeria has now opted out of it. I believe that, with resolution and support, if we spoke with one voice, we can overcome our challenges.

Dr. Ochuodho: Mr. Deputy Speaker, Sir, is the hon. Member in order to mislead the House that they have sticks to kill snakes even when they do not have sticks to kill pythons? The reason I say they do not have sticks is because whatever--

Mr. Deputy Speaker: Order! We are having a debate on financial matters. When we finish discussing the Financial Statement we will go to the Committee of Ways and Means. So, do not stand to start arguing or contributing to a debate that has not started. Dr. Ochuodho, take notice of that.

Next Question!

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

Mr. Deputy Speaker: I have called out the next Question! Look at the clock!

Mr. Murathe: I think it is really important!

Mr. Deputy Speaker: Next Question!

Mr. Musila: Mr. Deputy Speaker, Sir, I would like to apologise for coming late.

Question No.140

COMPENSATION FOR INJURY TO STUDENT

Mr. Musila asked the Minister for Education:-

- (a) whether he is aware that one Julius Vamba, a student at Katheka Secondary School, lost one eye through injuries inflicted by a teacher on 5th October, 1996; and,
- (b) what action he is taking to ensure that the victim is compensated by the Teachers Service Commission for the loss of his eye.

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

- (a) I am aware of an allegation that one Julius Vamba, a student at Katheka Secondary School, lost one eye

through injuries inflicted by a teacher on 5th October, 1996.

(b) No action can be taken to ensure that the victim is compensated since the teacher was acquitted of the allegations by the Kitui Principal Magistrates Court, Case No.1707 of 1996 and, therefore, there were no grounds for compensation.

Mr. Musila: Mr. Deputy Speaker, Sir, I would like to thank the Assistant Minister for the reply. However, the Assistant Minister appeared not to have the correct information because, subsequent to the case that he has referred to, a civil case was instituted by the father of the child in Kitui Resident Magistrate's Court, Case No.289 of 1997. The teacher and the TSC were accordingly ordered to pay compensation to the boy. Could the Assistant Minister tell us what happened to that case because it was already judged that compensation should be paid on a simple matter and not a criminal case?

Mr. Awori: Mr. Deputy Speaker, Sir, it appears the TSC may have been economical with the information given to me because I am not aware of any appeal. The only information I have is that a civil case was instituted in 1997 and that in 1998, the civil court acquitted the teacher because he had also been acquitted in the criminal case. So, I am not aware of any appeal against the acquittal in the civil case.

Mr. Musila: Mr. Deputy Speaker, Sir, just to refresh the Assistant Minister's memory, he may wish to know that there were compensation benefits ordered by the court under Civil Case No.289 of 1997. Subsequently, the TSC appealed to the High Court for stay of execution: Appeal No.136 of 2000. If the Assistant Minister does not have this information, may I ask that the matter be deferred for him to go and do more investigations?

Mr. Awori: Indeed, it looks as if there

[**Mr. Awori**]

could be a miscarriage of justice here. Since I am getting this information at this stage, I would like to agree with the Questioner that I go and find out more.

Mr. Deputy Speaker: Is Thursday next week okay for you?

Mr. Awori: Thursday will be fine.

(Question deferred)

Mr. Deputy Speaker: Next Question! Mr. Mugeke's Question for the second time!

Question No.271

NON-PAYMENT OF SALARIES TO
MBUNI CLEANERS EMPLOYEES

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

(Question dropped)

Next Question!

Question No.046

REPAIR OF KISII MUNICIPAL ROADS

Mr. Angwenyi asked the Minister for Local Government:-

- (a) whether he is aware that all the roads in Kisii Municipality are currently impassable; and,
- (b) what steps he is taking to repair these roads.

The Assistant Minister for Local Government (Mr. Kiangoi): Mr. Deputy Speaker, Sir, I am sorry for not having been here when this Question was asked the first time.

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

(a) I am not aware that all roads within Kisii Municipality are impassable.

(b) I am aware, however, that some roads in the municipality are in a poor state. Already the Government has taken steps to repair these roads under the *El Nino* Disaster Fund. Contracts for tarmacking of the following roads have already been awarded: Daraja-Mbili-Numbia Road, Hema-Kisii Primary Jua Kali and Kisii Bus Stage/Park.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, those who are conversant with the geography of Kisii Town will

tell you that the roads that he has mentioned are being constructed on a small part; probably less than 10 per cent of the road network of that town. Could he tell us what the Government is going to do? Or, could he tell us when the Government is going to undertake to repair roads such as Kisii-Mwanyagitinge, Kisii-Daraja Mbili-Nyabururu, Kisii-Nyakongo, Kisii-Kiong'ong'i, Kisii-Cathedral and all those roads that serve the town?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I note that the hon. Member is not, indeed, disputing that those roads that I mentioned are being repaired. It shows that efforts are being done. But to address the hon. Member's concern, some of the roads which he has mentioned, like Stadium-Mwanyagitinge, Storm Hotel-Kisii-Chemosit and Daraja Moja-Daraja Mbili, have been identified for repairs under Phase II of that project.

Mr. Anyona: Mr. Deputy Speaker, Sir, is the Assistant Minister aware that there is a bridge down at Daraja Mbili Road which goes to the Industrial Area of Kisii Town? Is he aware that, that bridge collapsed a long time ago and people cannot go to the Industrial Area of Kisii Municipality? When are they going to repair it?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, as to when Daraja Moja-Daraja Mbili Road will be constructed, I think that connects the two--- That bridge is a terminus to one of those ends and, therefore, it will be repaired. But efforts are being done to make it passable.

Mr. Wanjala: Mr. Deputy Speaker, Sir, this House passed a law that 24 per cent of the money from the Fuel Levy Fund will be sent to each and every district for the Kenya Roads Board to rehabilitate the roads in the country.

Mr. Deputy Speaker: Order, Mr. Wanjala! Have you confirmed your facts? Get your facts right! If 24 per cent was sent to each district, it would be more than 100 per cent. Ask your question but---

Mr. Khamasi: Mr. Deputy Speaker, Sir, you have confused him!

Mr. Wanjala: Mr. Deputy Speaker, Sir, I am asking about the 24 per cent of the money that is supposed to be sent to every district from the Fuel Levy Fund.

Mr. Deputy Speaker: To go where?

Mr. Wanjala: Mr. Deputy Speaker, Sir, to rehabilitate roads which fall under "Class C" and which are mostly in municipalities. Would he now tell us how much money was sent to Kisii District and other districts?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I think that, that is in the province of the Ministry of Roads and Public Works.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, first, I want to correct the answer given by the Assistant Minister; that Daraja Moja is at Daraja Mbili. You get to Daraja Moja as you leave from Nairobi to Kisii; you get to Daraja Mbili as you leave Kisii for Kisumu. That is where one of the bridges was swept away by the *El Nino* rains and has not been repaired for the last three years. I would like the Assistant Minister now to give a proper response to the question asked by Mr. Anyona: When is the Government going to repair that bridge so that Road 218 can serve the industrial area and the rest of Kitutu Chache?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I have already answered Mr. Anyona; I said that when Phase II of the project will be undertaken, that bridge will be permanently repaired.

Mr. Anyona: Mr. Deputy Speaker, Sir, I was being lenient. He did not answer me. But once a struggle ensues here, I will further ask him a question. Could he tell us when?

An hon. Member: There is a "Kisii war!"

Mr. Kiangoi: Mr. Deputy Speaker, Sir, it is not a "Kisii war" as some hon. Members are suggesting. These are hon. Members and I am the Assistant Minister whom they are asking questions. But I have said that right now what we have is the Daraja Mbili-Nubia Road and the rest of the roads that I have given. But though that has been identified, I cannot say exactly when the bridge will be repaired. But when we undertake the project, indeed, it will be one of those parts that will be repaired. The Government is concerned, and I think some remedial work has been done.

Mr. Deputy Speaker: Order, Mr. Kiangoi! Why do you not tell him whether it is in this financial year or in the next financial year because you have those figures any way?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, it is in the next financial year.

Mr. Deputy Speaker: We will now move to Questions by Private Notice!

QUESTIONS BY PRIVATE NOTICE

UTILIZATION OF NATIONAL DISASTER FUND

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

(a) What is the correct amount held by the Government in the National Disaster Fund?

(b) How much has the Government utilised from this Fund to assist victims of the fatal landslides in Giumpu

Village, Abogeta Division in South Imenti constituency?

(c) What plans does the Minister have for resettling the persons whose homes, land and property was destroyed by the landslides?

Mr. Deputy Speaker: Is there anyone from the Office of the President?

Mr. Murungi: Maj. Madoka is here!

Mr. Deputy Speaker: Order, Mr. Murungi! The person you are looking at is no longer in the Office of the President; he is in the Ministry of Foreign Affairs and International Co-operation! I will defer this Question!

Mr. Murungi: Mr. Deputy Speaker, Sir, but you will recall Mr. Moroto was in this House yesterday and he told us that they were not ready with the answer, but they will be ready today.

Mr. Deputy Speaker: That is correct!

Mr. Murungi: Mr. Deputy Speaker, Sir, that is why it was deferred to today. It is very embarrassing that an Assistant Minister can tell the Chair and hon. Members---

Mr. Deputy Speaker: Order, Mr. Murungi! Just complain to the Chair, and the Chair will deal with it.

Mr. Murungi: Mr. Deputy Speaker, Sir, I would like to say that this is a very urgent matter for us. The victims of the landslides are still camped at the various schools. We have money in the National Disaster Fund which the Minister is not going to release---

Mr. Deputy Speaker: Order, Mr. Murungi! Thank you! I will defer this Question to Tuesday next week. That is the earliest possible opportunity, and we will have one or two things to say to the Assistant Minister.

(Question deferred)

DESTRUCTION OF MANGA ESCARPMENT FOREST

Mr. Anyona: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Environment the following Question by Private Notice.

(a) Is the Minister aware that the Clerk of Nyamira County Council has cut down trees and destroyed Manga Escarpment Forest in Kitutu Masaba?

(b) Who authorised the Clerk to destroy the forest and for what purpose?

(c) What legal measures will the Minister take against the Clerk and all those involved in the destruction of the forest?

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

(a) I am aware that the Clerk to Nyamira County Council has cut down some trees on a Government plot, Central Kitutu/Mwambosire/1237, which is five kilometres from the Manga Forest Escarpment, which is still intact.

(b) No authority has been given to the Clerk or any other person to destroy the Manga Escarpment Forest or any other forest area, but I have established that the action was based on a full Council Resolution No.9 of 2000, which authorized the Clerk to the Council to cut some trees on the Government plot to raise revenue. To be binding, the council resolution had to be within the provisions of Section 44 of the Environment Management and Co-ordination Act. But in this case, it was not.

(c) My Ministry, through the Supervisor of Forests and the Director-General of the National Environment Management Authority, is in the process of establishing if the Clerk to the County Council acted contrary to the provisions of Section 44 of the Environment Management and Co-ordination Act, after which action will be taken as prescribed under Section 140(c).

Mr. Anyona: Mr. Deputy Speaker, Sir, I would like to congratulate and thank the Minister for being candid and truthful. There was an effort to cover up this issue. There was a conspiracy between the DC, Nyamira and the Clerk to the County Council. When we talk about the Clerk, are we talking about Clerk of Nyamira Town Council, or the Clerk to Nyamira County Council? The conspiracy was between the Clerk to Nyamira Town Council and the DC. These two officials cut down the trees; the DC took some timber to his home, while the Clerk to the Nyamira Town Council took the remaining timber to Nakuru. When the matter was raised, the two administrators tried to get the county council resolution to cover them up. Now, that the Minister has unruffled the issue, could I ask him, first of all, to produce those minutes here because they are not genuine? Secondly, now that the Minister has not exhausted carrying out the investigations, because this was a criminal act, could he either come back later on and bring a full report or how would he like to handle the issue? But I am very grateful for the answer he has given this House.

Mr. Kamotho: Mr. Deputy Speaker, Sir, first of all, I do not have a copy of that council resolution. But I promise that I will table the council resolution, maybe, on Tuesday, next week. Secondly, as I said earlier on, since the action appears to have violated a relevant provision of an Act passed by this House--- I have quoted Section 140(c) of

the National Environment Management Act, which states very clearly that if anybody or any organisation contravenes this particular Section of the Act, such a person could be liable to imprisonment for up to 24 months or pay a fine not exceeding Kshs500,000. I have instructed the National Environment Management Authority to carry out a thorough investigation, and take the necessary action as a deterrent to the many people who are involved in the destruction of our national environment.

(Applause)

Eng. Toro: Thank you, Mr. Deputy Speaker, Sir. It is very interesting to note that---

Mr. Deputy Speaker: Eng. Toro, ask your question! Look at the clock!

Eng. Toro: Mr. Deputy Speaker, Sir, if the county council is liable to imprisonment, could the Minister tell us whether it is the councillors who constituted the full council meeting or the Clerk to the County Council who will go to jail?

Mr. Kamotho: Mr. Deputy Speaker, Sir, I think it is general practice that if an organisation violates a Section of the law, it is the manager who is jailed on behalf of the organisation.

Mr. Anyona: Mr. Deputy Speaker, Sir, the Minister has stated that in accordance with the council resolution, this action was meant to raise revenue. In the previous answer, of course, which did not see the light of the day, they were supposed to build county council offices. Those were just stories. Could the Minister tell us the number of trees cut down, how much money they were worth, and where the money is?

Mr. Kamotho: Mr. Deputy Speaker, Sir, what I unruffled was that the timber which was extracted measured 44.07 running feet. This was worth Kshs300,000. I cannot tell where that money went. This money will be accounted for when the investigations are completed.

Mr. Anyona: Mr. Deputy Speaker, Sir, in view of all this, can we leave this Question hanging? This is because some people tried to transfer the Question from his Ministry to the Ministry of Local Government in order to cover up the matter further. Could I request that the Minister carries out the investigations and reports to the House? I do not want the Question to be deferred, but I would like the Chair to give the Minister time so that he can come back here with a report.

Mr. Deputy Speaker: But the Minister has already given you his undertaking. He has said that when he completes his investigations, he will come and report to the House.

Hon. Members: When?

Mr. Angwenyi: On a point of order, Mr. Deputy Speaker, Sir. When will the Minister reply to Mr. Anyona's Question?

Mr. Kamotho: Mr. Deputy Speaker, Sir, I think two weeks are enough to complete the investigations.

Mr. Deputy Speaker: The Member for Kigumo, to allow you to ask your Question now will not be fair to you. This is because we must stop at 3.30 p.m. So, I will defer this Question until Tuesday, next week.

An hon. Member: It should be the first Question---

Mr. Deputy Speaker: Whatever number it is, it will be deferred to Tuesday, next week!

FINANCIAL MISMANAGEMENT IN
MARAGWA COUNTY COUNCIL

(Mr. O.K. Mwangi) to ask the Minister for Local Government:-

- (a) Has the Minister completed the investigations into the financial mismanagement of the Maragwa County Council he instituted in March this year, and what were the findings?
- (b) Is he aware that the Clerk and the Chairman to the County Council, in an attempt to destroy valuable evidence of massive corruption, broke into the council offices on the night of 20th/21st May, 2002 and took away records and equipment of unknown value?
- (c) Is he further aware that the Clerk paid Kshs5 million as rent for an incomplete and unsecured building owned by the Chairman and his uncle, 30 kilometres away from the district headquarters, in the name of relocation of offices?
- (d) Who gave the authority for moving offices from a free public office to a rented incomplete building and payment of Kshs5 million in good will?

(Question deferred)

MINISTERIAL STATEMENT

IMMUNIZATION PROGRAMME FOR MEASLES

The Minister for Public Health (Prof. Ongeri): Mr. Deputy Speaker, Sir, in view of time factor, I would like to make a Ministerial Statement quickly in connection with the immunization programmes for measles in this country.

First of all, the Ministry would like to thank all Kenyans for turning out in large numbers in support of the just ended mass measles immunization campaign. Preliminary reports have started coming in which indicate good success. However, the Ministry will release the final results as soon as all the reports have been compiled. As you all know, one of the surest ways of reducing the burden of disease is by immunizing children against vaccine preventable diseases.

In Kenya, it is estimated that 18,400 children are at risk of dying each year from measles. In addition, measles contribute to 20 per cent mortality rate in children under the age of five years.

Mr. Deputy Speaker: Order, Mr. Minister! I can accept the first part of your Ministerial Statement because you are thanking Kenyans for what has happened. But I will not accept that you come to the House to tell us what you have told people outside. This House will not be treated to regurgitated material. So, if a Minister wants to make a Ministerial Statement on an issue that will take place, for Christ's sake, let him come and make it before it takes place. But once he has made a statement out there, I will not allow him to come and repeat it here!

Let us move on to the next order!

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT, Mr. Speaker Do Now Leave The Chair

(The Minister for Finance on 13.6.2002)

(Resumption of Debate interrupted on 26.6.2002)

(Seventh and Final Day of Budget Debate)

Mr. Murungi: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to comment on the Budget Speech.

First, I would like to pass a small message. The message is that although the theme of this year's Budget is "Efficient Utilisation of Resources for Economic Recovery", as a matter of fact, I would like to inform Kenyans that there will be no economic recovery, despite the statements made in this Budget Speech. Kenyans should focus on regime change because, as long as we have the KANU Government in power, there will be no economic recovery in this country. There will be no efficient utilisation of resources hence no revival of the economy. So, the focus should not be on the technical jargon and the beautiful language used by the Minister in the Budget Speech, but we should focus more on how to remove the KANU Government from power.

This is a unique Budget because it is the last Budget that the KANU Government has presented to this country during the tenure of President Moi. So, this Budget clearly marks an end of an era. I think it is time that we, hon. Members of Parliament, and Kenyans in general, took this opportunity to do some stock-taking. We have gone through these rituals year in, year out, and we have been promised economic recovery even when there is no recovery. It is time for us to look back and see what we have received from Budget Speeches for the last 25 years. Kenyans who voted the KANU Government to power in 1997 are shedding tears wherever they are, knowing now that they will pay more money for a loaf of bread and paraffin. It will, indeed, be very foolish for them to continue making the KANU one-finger salute even after paying more money for a loaf of bread.

Mr. Deputy Speaker, Sir, Kenyans everywhere are deeply regretting the destruction of this country. We are deeply worried about the future of our children. The greatest tragedy, however, is that the KANU Government does not seem to fully understand the extent to which it has destroyed our people. It does not seem to appreciate the extent to which this country is down on its knees because of policy failure. Even when it was quite clear that there was no growth taking place in the country, the Minister presented a Budget and talked about a negative economic growth.

There is no such thing as negative economic growth. This shows that there is no growth at all. This, in real terms, means that we have people losing their jobs and, therefore, there are high levels of unemployment and increased poverty. Somebody said that 60 per cent of our people live below the poverty line. This means misery and death for our people.

Mr. Deputy Speaker, Sir, putting this Budget in its proper context, it will clearly be seen that, over the years, KANU has had a terrible history of policy failure. You will remember way back in 1963, when KANU acceded to power, it had a mission. Its mission was to eradicate three things, namely, ignorance, poverty and disease. Under the KANU rule Kenyans have witnessed unprecedented poverty. So, KANU has lost the war against poverty. We have also witnessed unprecedented levels of illiteracy and disease among all the sectors of the Kenyan society. This is a major policy failure which KANU conveniently does not talk about. KANU changed the tune in 1978 when President Moi took over power, and instead of focusing on its mission to eradicate ignorance, poverty and disease, it took the easier option of talking about love, peace and unity. This became KANU's mission in 1978. But what have we known for the last 22 years? Kenyans have known little love. They have known tribal hatred, cattle rustling, banditry, various forms of insecurity, disunity and discord. This is what have we replaced love, peace and unity talk with.

If we were to write a KANU creed today, it would read like this:- "Where there was love, KANU has sown hatred; where there was peace, KANU has sown war; where there was unity, KANU has sown disunity; where there was knowledge, KANU has sown ignorance; where there was plenty, KANU has sown poverty; where there was hope, KANU has sown despair; where there was joy, KANU has sown nothing, but sadness". This is the legacy of KANU's regime under President Moi. This Budget should be seen in the context of that legacy.

Under the KANU regime, the Budget is not an instrument for policy implementation. Every year, we have policy documents such as the National Development Plan, but this Budget has no linkage whatsoever with the National Development Plan. For KANU, the Budget is just a tool of political propaganda. It is a tool of making false promises to the people of Kenya. Items which I have seen in Budgets for the last ten years that I have been in this House, are still there even in this year's Budget. For example, the Item on the Meru-Githongo-Chogoria Road has been in the Budget every year with an allocation of Kshs10 million for design. This Item is there even in this year's Budget. For how long does KANU take to design a road? Does it take ten years? This Item has been in the Budget for the last ten years, has been allocated the same amount of money and during Supplementary Estimates, the money has been removed and allocated to other Items and then the Item has appeared in the next year's Budget. This Budget means nothing. For us, it is just a tool for political propaganda.

All Government policy documents recognise agriculture as the mainstay of the Kenyan economy. We are very proud to say that agriculture contributes about 25 per cent of our Gross Domestic Product (GDP). It is one of our focal point of economic growth and poverty reduction. The sector employs about 60 per cent of the total labour force in this country. When you look at the Budget, how much resources are we allocating to agriculture? What priority are we according agriculture in terms of allocation of budgetary resources? If you look at it from that level, you will realise that all that talk about agriculture being the mainstay of the Kenyan economy is mere political propaganda because the KANU Government does not take agriculture seriously.

Mr. Deputy Speaker, Sir, if you look at these allocations you will realise that we have allocated to the Office of the President Kshs18 billion during this financial year. We have also allocated the Department of Defence Kshs14 billion while we have allocated the Ministry of Agriculture and Rural Development a mere Kshs6 billion and yet, we are talking about poverty reduction strategy papers all over the place; and saying that we are giving agriculture a priority. If agriculture is our priority, then it should have been allocated at least, Kshs20 billion! We also wonder why we are giving the National Security Intelligence Service Kshs3 billion, which is half of the budget of the Ministry of Agriculture and Rural Development. Do we have to pay them a lot of money to go and listen and report what Mr. Murungi or Mr. Biwott and other people are saying? So, let us get serious! Until the KANU Government is removed from power, there will be no economic recovery in this country.

With those remarks, I beg to support.

The Minister for Trade and Industry (Mr. Biwott): Mr. Deputy Speaker, Sir, first of all, I would like to support the Minister for Finance for delivering in this House, a balanced Budget geared towards the growth and recovery of the economy.

Mr. Deputy Speaker, Sir, I would like to emphasise the fact that the economy is presently growing by over 1.8 per cent. Mr. Murungi has just talked about non-recovery of the economy, and about a creed which, if one listens to carefully, one would be inclined to imagine that it is a creed of a mole which has never seen light. Everything is in the open and the statistics are there.

Mr. Deputy Speaker, Sir, some hon. Members have talked about lack of peace in the country. I would like to state here that peace, love and unity are the pre-occupation of this Government. Our people should be united so that they can work together. Hon. Members should also take cognisance of the fact that our President has been engaged in

conflict resolution efforts within the region. Those efforts have been appreciated worldwide. So, for those hon. Members who are saying that there is no peace in this country, they are ignoring the realities of the day. They just want to churn out propaganda akin to that of a football spectator. The football spectator who cheers his team loudly kicks in the air and scores goals from the stands, forgetting that the real players are in the field, and they are the ones scoring the goals. I have said that because I want to bring to light the problems faced by those who are pre-occupied with KANU's pre-eminence and success, as a servant of the Kenyan people.

Mr. Deputy Speaker, from the moment the Minister for Finance presented his Speech, everything augured well. The Budget was private-sector friendly, farmer-friendly and tourist-friendly. The only problem with it is the tax on paraffin which may need to be re-adjusted. In all those attempts, economic growth was the main objective. Most of the proposals by the private sector were incorporated by the Minister for Finance in this year's Budget Speech. The only mistake which policy implementers will make is to underestimate the intelligence of the Kenyan people.

Mr. Deputy Speaker, Sir, I am sure that hon. Members are now aware of the developments going on within the region. We have tried as much as possible to put in newspapers what we have done, so that our people can participate in the ensuing debate about the eventual federation of the East African States. We have also used every fora to highlight the successes and achievements we have made within the COMESA region. We have even published figures which speak for themselves. Those figures demonstrate that Kenya has benefited from regional integration. Kenya has also benefited from the preferences given by the European Union. We have also highlighted the fact that in the last World Trade Organisation (WTO) meeting Doha, Qatar, Kenya was represented and we succeeded in entrenching the preferences which we got through the ACP/EU Cotonou Partnership Agreement in the WTO, so that they are part and parcel of WTO rules. So, for eight years, Kenyans can work very hard to produce flowers, vegetables, textiles and leather goods for export. In addition to that, the NEPAD Agreement is now coming into effect. I encourage hon. Members to participate fully in the development of NEPAD. This is a new era for Africa, where a marshall plan type of strategy is being implemented in Africa. It is for Africans themselves to design their own conditions acceptable to them. But those conditions will include governance, investments and incentives on which we are very much ahead. As a matter of fact, we have succeeded more than anybody else in this region. We have been able to do this because of the level of governance we have practised, and the peace and stability which we have enjoyed for the last 30 years. We have also been able to do this because of the high calibre of human resource available in this country. In fact, we have a surplus of human resource capital which we can export.

Mr. Deputy Speaker, Sir, hon. Members had demanded that a Ministerial Statement to be issued in this House on the impact of globalisation on the Kenyan economy. I undertook to do that and I will be issuing a lengthy Statement which I hope, will guide hon. Members, so that we can get more input from them. By so doing, we will perform better as a country in the international organisations and the international arena. We believe that more brains are better one. We need as many people as possible to contribute towards that venture. In that case, we leave it free for all hon. Members, including those in the Opposition, so that they can have something to do, rather than singing about how to remove KANU. That removal will never be realised! They do not have the capacity to remove KANU and they should see the writing on the wall, and join KANU! They should support the Young Turks so that we can move faster. You should support the youth so that we can move faster in the process of negotiation.

Mr. Deputy Speaker, Sir, a lot has been said about the extension of the Constitution of Kenya Review Commission's term. I do not want to anticipate the debate which will come before this House, but any sensible and normal thinking Kenyan will know that the issue is driven by the fact that the term of the Commission ends in October. It is not KANU which is seeking for an extension of the life of Parliament because KANU is ready for elections today, tomorrow or the day after. What we will not allow is a situation where a vacuum can be created. This is because we have seen what such a vacuum does to a country. Somalia is next door, and they drove themselves through the Somali Liberation Front until they got to a point where there was no constitutionally instituted government and, because of that, they went into anarchy. This is a noble country of noble people, where decency is the order of the day, and where the rule of law is the guiding principle. We will, therefore, need--

Mr. Murungi: On point of order, Mr. Deputy Speaker, Sir. We have heard that Mr. Biwott does not support the extension of Parliament. He is only concentrating on the Constitution of Kenya Review Commission. Could he clarify this point so that he can put Kenyans at ease?

Mr. Deputy Speaker: Mr. Murungi, we are not discussing the Commission's report!

The Minister of Trade and Industry (Mr. Biwott): Mr. Deputy Speaker, Sir, we are not discussing that Commission's report as you have said, but suffice it to inform the hon. Member that I have said very clearly that it is the Commission which is asking for the extension of time. If that needs to be extended, we believe that the life of Parliament ought to be extended for the period which is necessary to accommodate that request. Those who are infatuated with KANU should leave KANU alone, but just look at facts and issues as they are in their naked form, so that we can make progress. I hope that this august House will support the extension when the Motion is brought before

the House so that we can move ahead peacefully, until power is handed over in a nice way.

With those remarks, I beg to support.

Mr. Ndwiga: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute.

At the outset, I wish to thank Mr. Biwott for clearly telling his colleagues what happens on a football pitch; that while they are rubble rousing and raising dust out there, the real players are elsewhere. We happen to know that he is the captain of the team that plays elsewhere, but leaves everybody else to raise dust everywhere else! That is very clear.

The Minister for Finance has really tried to do justice to this year's Budget but, obviously, what we saw a Budget for campaign. I wish to inform the House and the Minister that they have failed so miserably because the real voters are not the Asians who have been given duty exemptions. The real voters in this country are the poor Kenyans who use kerosene, which is not accessible to them any more! Look at the contradiction in this year's Budget; we are talking about the environment, and what are we saying; "we want to conserve our forests and our environment", and then here we are increasing the cost of kerosene! What then happens? I know what is happening in Manyatta right now. Because kerosene is now not accessible, the people are invading forests to get firewood to use as fuel. So, perhaps, in future, the Budget may be discussed by a Committee before it is brought to the House. We intend to have a National Budget Office, although this has failed miserably.

Mr. Deputy Speaker, Sir, we do know that donor funding was not factored in this Budget. I wish to tell Kenyans that, it is not just this year's Budget that has not factored in donor funding, but there will be no donor funding in this country whatsoever. First of all, even what has been promised is withheld now because of this business of extending the life of Parliament. We are behaving like a very primitive society, which has got no rules and regulations! I listened to my friend, Mr. Biwott, when he talked about the East African Federation. Who will want to federate with people who have no system and principles? Here is a country whose Constitution is abused every morning! We are saying that our elections are held every five years and, surprisingly, the Commission itself has said, through its Chairman, that they are able to produce a new Constitution for this country by October. So, for what reason are you extending Parliament? If KANU is not ready, so be it! *Hata siku za mwizi ni arobaini!* The fortieth day for KANU has come! So, I would like to dwell on those who are saying that they are ready, but because we are discussing the Budget, I will not.

Mr. Deputy Speaker, Sir, we have got to rethink the way we portray this country both locally and internationally. Right now, as we speak, and the Minister will bear me witness--- Even the funds which we have been waiting for in the coffee sector, the STABEX funds, have now been withheld and they will not be released. Some of us have heard whispers in some circles that not only is the international community withholding funding this time round, but if Kenyans make a mistake of electing KANU, there will never be international donor-funding in this country and that is the truth! This is because nobody wants to deal with people who do not know which side they are facing, people who do not know whether their faces are in front or at the back. Today they are saying this and tomorrow they are saying another thing!

Have we not heard what the President says---

The Minister for Finance (Mr. Obure): On a point of order, Mr. Deputy Speaker, Sir. Did you hear that serious statement that the international community out there is threatening that, if Kenyans will not carry out elections in a certain manner, they will withdraw aid? Is the international community going to dictate to Kenyans on how to exercise their rights? Is the hon. Member in order to make such statement?

Mr. Deputy Speaker: That is not a point of order!

Mr. Ndwiga: Mr. Deputy Speaker, Sir, that is a point of argument, not a point of order! The Chair agrees with me that, that is not a point of order!

Mr. Deputy Speaker: Order! I have already ruled on that, but I might wish to consider whether it is a point of contempt!

Mr. Ndwiga: Mr. Deputy Speaker, Sir, the truth is that everybody is tired of this Government. How do we talk about federation when the economies of other partners are growing at fantastic rates? Secondly, they are holding elections regularly, and then you have somebody who does not know whether he is going forward or backwards! We are supposed to have elections this time of the year, when that period comes, they say: "Wait a minute, we are reviewing the Constitution." The Constitution is an excuse, it is not the reason! Could KANU come out clearly and tell us what the real reason for the extension is, because the Constitution is the excuse? If the Commission itself has said categorically that they are able to finish the work and can give this House the draft Constitution by October this year, who is KANU to want to extend the life of Parliament? KANU is not in the Constitution! So, why do you want to confuse Kenyans? There will be no donor funding and the Minister knows that!

The Minister for Trade and Industry (Mr. Biwott): You are not a donor! How do you know that there will be no donor funding?

Mr. Ndwiga: I know! If I were a donor, I would not deal with the likes of you!

We have been threatened in the past, that we are peaceful compared to Somalia. Kenya is not peaceful because of KANU; it is peaceful because Kenyans themselves love peace. It is not because of an individual that Kenya is peaceful, but because Kenyans love peace and are God-fearing. They have been wondering, for the last 20 years, whether God is on safari. This time round, God has come back. No sooner has God come back, than KANU wants to extend the date of the General Elections!

An hon. Member: From where?

Mr. Ndwiga: From wherever he was.

Mr. Deputy Speaker, Sir, I wish to remind the Government that we passed a beautiful Coffee Bill in this House, whose implementation has started. But we are seeing the same vampires who have been in the coffee industry all these years - since this House closed the front door for them - looking for *panya* routes to get back to the industry. A Departmental Committee of this House visited coffee roasters in the Scandinavia and we realised that there was nothing wrong with Kenyan coffee. It is not true, as consumers have been saying, that the quality of Kenyan coffee has gone down. What has been happening is that, these crooks in the coffee industry have been bulking high and poor quality coffee and exporting it as Grade "AA" or "AD". This is why the consumers have been claiming that the quality of our coffee has been declining while the prices are still high. Since this House vested the Minister for Agriculture with certain intervention powers, we hope he will intervene as he indoctrinates the new Coffee Board. He should advise the Board to venture into new and emerging markets. That is the only way we can turn around the economy of this country.

Mr. Deputy Speaker, Sir, there are several other issues that need to be addressed, particularly the infrastructure. For example, roads in Embu which is a highly productive district, are impassable. The recent rains washed away even bridges, whereas we still receive the meagre Kshs2 million for road rehabilitation in the constituencies. There is no way you can rehabilitate roads in a constituency such as Manyatta with Kshs2 million. The Government should not imagine, that because there is the DRC, they abdicate their responsibility. It is still the responsibility of the Government to build roads and make sure that Kenyan produce reaches the market.

The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs, Heritage and Sports (Mr. Choge): Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion.

I support the Budget Estimates and the Minister for Finance, Mr. Obure, for having ably moved the Motion. However, there are a few things that I would like to observe. This country cannot survive without the Ministry of Agriculture and Rural Development. When we talk about poverty in the countryside, we are thinking of the interests we have in the rural area. The interest we have in the rural areas as the Ministry of Agriculture and Rural Development is only farming. Farmers were given loans many years ago, but sometimes we have had too much rain or drought and lose the whole crop. Farmers no longer have what used to be called the GMR, but the interest on the loans has been going up even when there is crop failure. As a result many of our farmers have been left in great trouble because they are leading poor lives. If farming goes down in Kenya today, the country's economy will continue dwindling alongside many other problems, because agriculture is the largest employer in our country.

I was surprised, on Labour Day, when the Minister for Labour and Human Resource Development increased salaries of the people working on the farms, and yet the farmers do not get as much money as they used to get in the old days when they sold their milk. Right now, the price of a litre of milk in the rural areas is Kshs5, but when you go to Hilton Hotel or Intercontinental Hotel, a glass of milk goes for Kshs120. The Minister for Agriculture, Dr. Godana, said in this House that the powder milk being imported into the country is the one that is robbing the market from our farmers in the country. Surely, if some important people, both in the Government and in the private sector, raise such an issue, they should be in a position to come out very clearly and put a full stop to the importation of powder milk. I wonder when the Minister or the Cabinet will stop the importation of powder milk.

Mr. Deputy Speaker, Sir, my constituents are farmers who plant maize and wheat and rear dairy cattle. We can do without tea or coffee, but we cannot do without *ugali* and wheat for *chapati*. These are very important foods in our society. If this issue is not seriously considered, it is going to wreck our nation. In as much as I plant tea and coffee, the most important food crops are maize and wheat. Some of the wheat and coffee farmers have not been paid to date. They have no money to go and buy fertiliser and diesel in order to be able to plant. Even if they were paid, for example, next month, the farmers have already used poor fertilizers and they are not going to get good yields. Mr. Deputy Speaker, Sir, the other issue I would like to talk about is the "*El Nino*" rains or the *El Nino* Vote, as they call it now. That is money which is voted for under the *El Nino* funded projects. Today, there is no district that has got more rainfall than Nandi District but, surprisingly, not a single road in Nandi District was considered for rehabilitation. There is the Kipkaren River as the main source of River Nzoia. There is also Kimonde and Chuvo rivers, which all come from Nandi District.

Mr. Deputy Speaker, Sir, 100 per cent of River Nyando water comes from Nandi District. One wonders! If

you have plenty of rains, the roads are bound to be washed away. We have no single road in Aldai Constituency which is motorable. Even a tractor cannot go through those roads. We have Chinese personnel from the the Chinese Embassy who always come to construct the Kipsikat-Serem-Shamakhokho Road. Every financial year, there is an allocation. In the previous financial year, Kshs200 million was voted. In the last financial year, which is about to end, we had Kshs400 million, adding up to Kshs600 million. Despite all the allocations, there is not a single tractor on that road. Even the Chinese who have agreed to come and construct the road have not come. Are they not ashamed of saying that every now and then? I am surprised because China is a very rich country and when it says something, it must be able to live up to its promise. People respect them worldwide! If they are not going to do that, let the Chinese Embassy come out clearly and say: "We are not going to do it for one, two and three reasons." Otherwise, there is no point of saying that they are going to construct the road every year. Even their Prime Minister said the same when he came to Kenya recently.

Mr. Deputy Speaker: Mr. Choge, may I remind you that you are an Assistant Minister in the Government! If somebody has been failing you, it must be the Government and not the Chinese!

The Assistant Minister, Office of the Vice-President and Ministry for Home Affairs, Heritage and Sports (Mr. Choge): Mr. Deputy Speaker, Sir, I am saying that through the Government. I am surprised that most of the forests in Kenya have been cut down. Nandi Forest reserve is gone! Who are those destroying it? They are the girlfriends of the bodyguards of certain Ministers. They are girlfriends of civil servants in Nandi. They are relatives of some people---

Mr. Omingo: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in the Government in order to complain, when he is actually supposed to be protecting the forest reserves?

Mr. Deputy Speaker: But he is complaining about the girlfriends and bodyguards and not the Government!

The Assistant Minister, Office of the Vice-President and Ministry for Home Affairs, Heritage and Sports (Mr. Choge): Mr. Deputy Speaker, Sir, he had better come to Nandi and I will give him a girlfriend! We are categorically demanding a list of those people who were given forests in South Nandi Forest. I have repeatedly appealed to the people concerned with the forests to take care of them!

Mr. Ndwiga: On a point of order, Mr. Deputy Speaker, Sir. Is the Assistant Minister in order to say that he wants a list, when he knows and it is very clear, that the forest was given to Mr. Biwott's mother?

Mr. Deputy Speaker: Order, Mr. Assistant Minister! How far back do you want us to go with that list?

The Assistant Minister, Office of the Vice-President and Ministry for Home Affairs, Heritage and Sports (Mr. Choge): Mr. Deputy Speaker, Sir, that was not the forest! Let me continue! I think when the Government issues a directive on forests, the district commissioners or civil servants must heed to that directive. But when you go to Nandi today, the District Commissioner is still settling people in that same forest while the Government has said no! Water in this country is very scarce and as I drive from here going home, I will see people digging the streams.

With those few remarks, I beg to support.

Mr. Murathe: Mr. Deputy Speaker, Sir, I do not know why people would want to trivialise serious matters of State, and talk about girlfriends and bodyguards. Kenya is a Heavily Indebted Poor Country (HIPC). You were here during Question Time when people trivialised the issue of donors. Instead of putting the Minister to task---

The Minister for Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir. Is the hon. Member in order to mislead this House and, indeed, the entire nation, that Kenya is one of the HIPC countries, when Kenya is not on that list?

Mr. Murathe: Mr. Deputy Speaker, Sir, the performance of the economy of this country is reflected in the calibre of the mediocre fellows who are managing this economy. We wanted the Minister to tell us--- It is mediocrity! How can you have an economy growing at a negative rate and somebody here is taking poor peoples' money to pay debts which we cannot afford? We are paying to donors more than 24 per cent of everything that we are getting. We want the Minister to explain to this country what are the benefits---

[Mr. Deputy Speaker left the Chair]

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

The Vice-President and Minister for Home Affairs (Prof. Saitoti): On a point of order, Mr. Temporary Deputy Speaker, Sir. I think Mr. Biwott drew the attention of the Chair to the fact whether the hon. Member is in order to allege that Kenya is one of the HIPCs. That might come in by virtue of the fact that Kenya is in default of its loans,

which is not the case.

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, I have addressed that. The answer we got during Question Time was that the criteria for a country to be classified as HIPC was one to 150 per cent. The Minister talked about 105 per cent. We wanted the Minister to tell this country what are the advantages or disadvantages of being on that programme. I am not talking about whether we are paying our debts or not. I know that we pay our debts. We pay debts because we are borrowing money from Kenyans.

The Minister for Trade and Industry (Mr. Biwott): On a point of order, Mr. Temporary Deputy Speaker, Sir. I think Kenyans are entitled to the truth. They cannot be classified under a list in which they do not belong. I think it is incumbent upon the hon. Member to be honourable, honest and tell the people the truth and nothing but the truth!

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, I think the Minister is missing the point!

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Murathe! I think the issue here is whether Kenya is among the list of the HIPCs. I think that is the issue and that is all!

Mr. Murathe: That is exactly what I am saying! I am saying that it is the same Government that has gone out to put Kenya outside that list of HIPCs, knowing fully well the advantages of being in that schedule. You get access to the European market, or the first world, free! There is duty-free access of your products. For example, what is the difference between Kenya and Uganda, whose products have untaxed access to the European market?

The Minister for Finance (Mr. Obure): On a point of order, Mr. Temporary Deputy Speaker, Sir. That Question arose during Question Time today. The hon. Member for Gatanga is misleading the House. I explained the criteria for putting countries under the HIPC Programme. I said that Kenya does not qualify because it is not a poor country in terms of that classification. It is not among the poorest. We made that point during Question Time and it is, therefore, wrong for the hon. Member to insist that Kenya is in that class!

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, Kenya is in it and this Government has been misleading the people by cooking funny statistics! The biggest problem in this country is poverty. We are so poor that---

The Minister for Trade and Industry (Mr. Biwott): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is he really in order to insist on the untruth and continue to mislead Kenyans, that they are in a list where Uganda is? Kenya is not in the list. Uganda's growth is so small that any small increment shows 8 per cent! Is he in order to insist that we are in the list, while we are not in that list? That is the only fact and I think---

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, because they just want to waste my time, let me say, fine, Kenya is not among one of the world's most heavily indebted poor countries. However, it is one of the poorest countries in this region because of the calibre of the economic management and mediocrity of the economic managers for the last 15 years to 20 years.

Mr. Temporary Deputy Speaker, Sir, these guys cannot address the issues of poverty and unemployment.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): On a point of order, Mr. Deputy Speaker, Sir. Is the hon. Member in order to refer to hon. Members as "these guys"?

The Temporary Deputy Speaker (Mr. Musila): Very well. I quite agree. Mr. Murathe, you are out of order to refer to hon. Members as "guys".

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, it seems they do not want us to talk about this. We talk about guys even in the Ministry. These are guys who are supposed to be coming up with clearly well-thought-out and workable ideas. In the next few minutes, you will be asking us here to discuss proposals about Customs Tariffs. This is not a joke. The Minister for Finance can confirm to you that as he was reading the Budget here, some guys were busy fiddling with the duty rates at the Government Press which had been agreed on. I want the Minister to stand up and deny or confirm that there were people at the Government Press fiddling with the duty rates and you are going to tell us here to pass these Customs Tariffs. We have seen them and you will deal with this issue.

Mr. Temporary Deputy Speaker, Sir, the Government looks around and charges VAT on bread. They have forgotten about the bread riots in France because they are so fat and the Queen asked the people: "Why do you not go and eat cakes if there is no bread?" Let us be serious about what we are talking about here. We are talking about a Budget which is supposed to create work and incentives so that we can create jobs. We have students graduating out of our universities and tarmacking on the streets for four years. We are laying off people both in the private sector and public sector and we are sitting here as if everything is in order. We are sitting here with hon. Biwott saying that we are not a poor country. Of course, he cannot understand this being the largest investor in East and Central Africa.

(Applause)

Mr. Temporary Deputy Speaker, Sir, the role of the Government is that of the principal catalyst of

development, but nothing in this Budget has shown that the Government is going to inject resources which will catalyse development. We appreciate the incentives that the Minister for Agriculture gave to agriculture and the Minister for Finance gave in form of duty on fertilisers and farm inputs, but we pass laws about how to revive the vibrant sectors like the coffee sector, but nothing is done about it. You know that the economic performance of this country has a direct correlation with the performance of certain sectors like coffee. What is happening? We pass a law here and we get the Coffee Board out of marketing. Yesterday they ran to court and stopped the liberalisation process.

Mr. Temporary Deputy Speaker, Sir, I think we are wasting a lot of time. I think it is high time this Parliament was dissolved so that Kenyans can have a chance again to pick economic managers for this country. This is so that we do not have a lethargy of, year in, year out, Ministers for Finance who are literally reading the text of last year's Okemo's Budget Speech paragraph by paragraph and point by point. There is nothing new out of it.

Mr. Temporary Deputy Speaker, Sir, look at the amounts of money allocated to security and yet nobody is safe any more in this country because there is a lot of insecurity. Nobody can walk on the streets. Along my own Gatanga Road, every other day there are road blocks mounted by thugs who are clothed in police uniform with police walkie talkies, harassing and terrorising my people of Gatanga and the Government is voting Kshs32 billion for security related issues. Very soon we shall be tabling the agreement through which money has been siphoned under the guise of purchasing security related equipment which was signed in France by the hon. Vice-President and Minister for Home Affairs in 1995, but so far that equipment has never come into this country.

With those remarks, I beg to oppose.

The Minister of State, Office of the President (Mr. ole Ntimama): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity. First of all, I want to thank my hon. friend, the Minister for Finance, Mr. Obure, for having presented such a balanced Budget despite the economic problems that we are facing in this country.

Mr. Temporary Deputy Speaker, Sir, I want to go straight to one or two points that I wanted to raise here. I think people must understand that normally, in a Motion like this, we highlight some matters of national interest which affect this country and its welfare. Just a few days ago, we have been reading a lot in the newspapers and elsewhere about the grabbing of the Maasai Mara Game Reserve. This is a very important matter for me, the nation and the international community at large.

Mr. Temporary Deputy Speaker, Sir, let me just educate the hon. Members and the country at large. Most of the wildlife parks have been hived out off the Maasailand units either in Kenya or in Tanzania. We have agreed to part with these beautiful pieces of land which are normally for the grazing of our livestock. This is because we think they are so important to the economy of this country and so important to attract tourists from outside this country who will bring us a lot of foreign exchange. Right now, I am told that between tea, coffee and tourism, the latter is the number one foreign exchange earner for this country. So, the tourist parks are very important in this country and when some parts of the Mara Game Reserve are fraudulently curved out of the main park and given to individuals or rather stolen by individuals, it is a serious affair. They are now using fake title deeds which have been obtained fraudulently.

Mr. Temporary Deputy Speaker, Sir, the Maasai people have contributed a lot. We have given everything for the sake of this country and the international community. All the parts as I said, that is the Mara, Amboseli, Samburu Game Reserve, Serengeti, Ilmanyara and the Tarangire in Tanzania are all part of Maasailand. We have given that out for the sake of this country so that the beautiful wildlife panorama will be viewed by people from outside this country and we reap the fruits of our sweat.

Mr. Temporary Deputy Speaker, Sir, this is not a simple matter. I am not criticising anybody because the Ministry of Tourism and Information is very much on the side of the Maasai community. However, I am saying here and now that we as a community, have decided that, that land is trustland and if for certain reasons, by default or by design, that land is going to be allocated to a few individuals, we will demand our land back and we will go there and settle there because we lost the grazing lands and the watering points for the sake of the nation and not for the sake of one or two individuals. It is so important that we must teach Kenyans that this matter is of serious national importance.

Mr. Temporary Deputy Speaker, Sir, you cannot separate the Mau Forest from the Mara Game Reserve. The water that comes out from the water catchment areas of the Mau Forest goes to the Mara River all the way down to the lake and to Serengeti National Park. That water is necessary for the survival of the wildlife there. Even that forest is now being shared out to certain individuals. But whether those men or women come from Mars or Pluto, they must not grab the Mara Game Reserve because it belongs to the world. It is both a national and world heritage. I am surprised that some people are keeping quiet over an issue like this. I think the whole of this country, including the children of Kenya, should have woken up to protect the Mara Game Reserve and the Mau Forest. It is for their heritage and for the heritage of those people who come out of this country.

Mr. Temporary Deputy Speaker, Sir, we should take into account the fact that the survival of wildlife wherever it is, is depended entirely on the goodwill of those people who live next to it and among those animals. If one day we decide that those animals should not be there, they will not be there. This is why we must handle the

communities who mingle with the wildlife with a lot of care. If we do not, and we go on with all the rudeness, impunity and arrogance, they are being demonstrated by the people who want to grab the Mara Game Reserve, the results will be very serious, indeed.

Mr. Temporary Deputy Speaker, Sir, I am a supporter of the three principles of government; the Executive, the Judiciary and the Legislature. I think the combination and proper interaction of these branches of Government will produce a good government. I am surprised that some litigants are trying to involve the Judiciary in the system of grabbing some of these parks. I do not know why. I do not know where they get the sympathy from. But I think this is one thing that must be watched very carefully so that none of our branches of Government are used to try and destroy the economy of this country, or to alienate the people, like the Maasai, from their rights. I want to make it very clear that I am not against any section of government, for example, the Provincial Administration. Even if we have to think about some of these institutions later when we come to write our constitution, maybe it is not the time yet. But I am not against the Provincial Administration or any other part of the Public Service. However, I still insist, and I have said so many times here that we must remove the rotten eggs in some of these institutions. Those are the people who are denting the image of the Government in all these things. It is not the whole Civil Service. The rest of the civil servants are good people, but we must identify the rotten eggs and get them out. For example, all these things that are happening in Narok, like the grabbing of the forest and the Mara Game Reserve, is just because of one individual called the DC, Mr. Kiminywi. He is the consultant and facilitator of all the grabbing and other things that are happening in that district, be it the grabbing of forest, the Mara Game Reserve or town plots, together with the Chairman of Narok Town Council. This is a syndicate. But the worst thing is that - and I do not know whether it is worse or good in a way - I am the target of all these things. He always blames me and he organizes a little political kind of organization to finish me. But it is difficult because he will do that until the cows and goats come home and he will not achieve anything.

Mr. Temporary Deputy Speaker, Sir, surprisingly, this man was mentioned on page 131 of the Kombo Report as having stolen Kshs501 million together with another Treasurer of Narok County Council. I cannot believe it. But the man is still there, ruling over us. You wonder who is protecting him. What is he doing? I think if we have to be credible and clean up some of these things, some of those fellows should be investigated and punished. He accused me of owning 120 plots in Narok Town. The whole of Narok Town is made up of 120 plots, but I have only got two plots, one, for a petrol station--

With those few remarks, I beg to support.

Mr. Omingo: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute to this year's Budget Speech. As we were growing up, we saw the economy of this nation flourish. Today, if we were where we were in 1970, we would be able to support our brothers in Tanzania because of the disaster there. But because we are not doing as well as we used to, we cannot afford to give any financial assistance to our brothers across the border. During those days, Kenya was a haven of peace. Where did we go wrong? The late Mwalimu Julius Nyerere used to tell Tanzanians not to go to London for holidays; instead, they should come to Kenya. Today, things are different. The Minister for Trade and Industry says that we are not poor. Poverty is a relative term. It depends on who you are comparing yourself with. I do not understand whether an economic growth rate of negative 0.2 per cent, in 2000, was anything to be proud, particularly when you compare this performance with that of our neighbouring countries who had a positive growth rate. I cannot understand where we went wrong. I would expect, through the indulgence of the Chair, Mr. Temporary Deputy Speaker, Sir, that the Minister for Finance listens to me.

(Mr. Obure consulted with the Temporary Deputy Speaker (Mr. Musila))

I want to believe that this mess began when we implemented the Ndegwa Commission Report published in 1971. This report gave civil servants the authority to start doing business while in office. The big sharks formed companies and looted this nation. As a result, we are as poor as we are today. One cannot help wondering whether our managers, who have always travelled far and wide in other countries like Malaysia, ever learn anything. You can travel along the roads in Malaysia for two weeks without polishing your shoes because they have a super road network and the people are managing their economy very well. One wonders whether these Ministers, along with His Excellency the President, ever learn anything whenever they travel to these countries. We need to borrow a leaf. The Minister for Finance should understand that where we went wrong in terms of managing our economy was during the Ndegwa Commission of 1971 which gave a blank cheque to civil servants to do business. They formed companies to supply goods and services to the Ministries. However, more often than not, they supply air.

Mr. Temporary Deputy Speaker, Sir, interest on loans or the cost of borrowing locally stands at Kshs30 billion. Why are we unable to borrow? It is because we are not creditworthy. We have lost that fabric of being trusted.

It is no wonder that our admission to NEPAD is almost a pipe dream. This is because we do not have the right climate for investment. Insecurities abound and the those pretending to be managing this economy are actually mismanaging the same. So, we should not even dream of being admitted into NEPAD. Let us stop crying foul because it is a mistake of our own making. Can we correct ourselves before we move on?

On taxes, I still believe we are highly taxed. We need to petition the Minister for Finance to reconsider the increase on the price of kerosene by Kshs1. We should reverse this tax imposed on kerosene because it is consumed by the poor folk. It would be much more appreciated if we could have an input of substituting that source of revenue from kerosene. By taxing bread we are implying that we want to have a population that is unable to afford bread which is a very basic meal. Apparently bread is junk food which most Kenyans can afford over lunch when they are doing construction work or when they have walked all the way from Industrial Area, after their working hours. Now that they cannot afford it, I think we are being unfair. The Minister was decent enough to give us tax exemption on mobile gadgets. Apparently, he was cunning enough to tax a recurrent expenditure in terms of air time. I believe the Minister should consider reversing this tax or waiving it altogether to enable Kenyans communicate. Now that we are moving on to the electioneering year, I would want to know what is happening in Kisii, for instance. If communication is not cheap enough I will not afford to communicate to people who need to know exactly where I am and at what time.

Privatisation is an issue that we have been hearing about more often than not. Now the Government has decided to privatise most of the corporations, including selling corporation houses to fetch billions of shillings. We would like the Minister for Finance to itemise or account for the appropriation of these funds. The "big sharks" - so to say - will have their hand in it and perhaps divert these funds to some other expenditure which is supposed to support the nation. Currently, we are concerned about the non-performance of State Corporations. However, it is ironic that a Government corporation like the National Cereals and Produce Board (NCPB) which cannot afford to pay farmers paid for an advertisement to congratulate the KANU/NDP merger in the newspapers. It is a shame! The Kenya Railways (KR) has rent arrears of four months and yet today they spent Kshs65,000 on a quarter space to advertise the vision of KANU/NDP. This is primitive! Nobody can forgive such kind of a State Corporation. It is a shame! How much revenue is generated by placing an advertisement in the Press on the KANU/NDP co-operation and their vision? They will pay for their sins. A time will come that we will stand to be counted and people will pay for their sins. The KR is in rent arrears of four months, but they can afford to congratulate KANU and the NDP on their vision.

Mr. Temporary Deputy Speaker, Sir, I will fail if I do not say something about the management of this economy in terms of fixing professionals in their right positions. You cannot afford to put a literature expert in the Treasury to manage the fiscal affairs of this nation. Now that the Minister for Finance retrenched a couple of Kenyans, we do believe then that he has saved some funds to recruit professionals to manage the economy of this nation. It is this assigning of duties to incompetent people in the Civil Service that has led to the decay and decline in our performance. We want to believe that since those who were retrenched about two years ago were not paid their benefits, that money can be used to hire more competent professionals to manage the affairs of this nation.

We keep on saying that the Government of the day has mismanaged the economy of this nation. It is true. As I said a while ago, time will tell and each one of us will be accountable for his own sins. It is a shame to realise the fact that instead of eating a bit of the cake and sparing some for the coming generations, these guys - if I can use the term used by my colleagues - have actually---

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Omingo! The Chair ruled against using the words "these guys". Can you continue and refrain from using those words?

Mr. Omingo: Mr. Temporary Deputy Speaker, Sir, these hon. Members, who are not worth being honoured have eaten the egg, the chicks and the hen. As a result, we have no species of the chicken left any more for the nation to inherit. Mr. ole Ntimama stood here to complain about grabbing of forests. You have a manager who is a rapist and corrupt and yet he is the one you are entrusting to take care of the Mara Game Reserve. He will even rape the Mara. It is a shame.

With those few remarks, I beg to support.

Mr. Omamba: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to the Financial Statement. I support the Minister for Finance because the Budget sounds fair. It mentions various sources where the resources come from. What comes to mind is that the ordinary man wants to know how the Budget will affect him. They are wondering how the Budget will affect them in terms of good roads, treated water, electricity and sufficient health services. Where will we get these resources? Our economy is mainly dependent on agriculture. It come from a sugarcane growing area. Just recently the Sugar Bill was passed in this House. Will our cane be harvested on time? Will we get good prices?

When I mentioned all those requirements, I had five Ministries in mind, that is: Finance and Planning, Agriculture and Rural Development, Environment and Natural Resources, Roads and Public Works and Energy. So many areas have been bypassed when it comes to providing dams or boreholes. I am glad to have read that the price of

kerosene was increased in order to raise some funds for constructing dams. Despite this, so many areas will be overlooked when it comes to the construction of dams. In my area we have some communal dams, but nothing is done to maintain them. Funds are normally allocated for construction of dams but when you go to the ground nothing is happening. I would like to ask the Minister to monitor the implementation of these projects so that no area is sidelined.

Mr. Temporary Deputy Speaker, Sir, regarding cotton growing in our area, unless we revive the cotton industries, we shall keep on dying because of wearing "*matumba*." "*Matumba*" is unhygienic in a way. Why can we not stand on our own, when we can grow cotton and produce clothes for our own use?

An hon. Member: Say "*mitumba*!"

Mr. Omamba: Mr. Temporary Deputy Speaker, Sir, is it called "*matumbo*" or "*matumba*?"

(*Laughter*)

Let us revive our cotton production by mechanising the land and providing the seeds for farmers so that they could improve their production.

I will talk about tobacco in our areas. Last season my constituents grew a lot of tobacco, but they were cut short by lack of market. They could not even sell any more. But our farmers stored these bales of tobacco in their barns, and when they brought them for sale, they sold them at a throwaway's price; Kshs5 per kilogramme. Farmers were very much frustrated, and I am asking the Ministry to give us a variety of crops that my people could grow, because such areas do not grow sugarcane, tea or coffee. They only grow cotton.

I am wondering where the Co-operative Department went to; where did it get lost? We need co-operative societies in our areas, and we do not know what to do now that they are not there. Could you, therefore, Mr. Minister, monitor this situation and follow it up? Could you tell us how we should go about this?

My area has got a very big river, and a hydro-electric power station generating much power at Gogo Falls. We see light 20 kilometres far away. Why can our people not benefit from this electricity line? We have got many institutions in the area; secondary schools, health centres and so forth. Why can our people not be supplied with electricity? The *Jua Kali* sector also needs electricity to improve their work. Why can we not establish small factories around those areas so that our people are employed? We have got the resources, but there is a sluggishness in the Government; they can help the people.

With those few remarks, I beg to support the Budget.

Mr. Gatabaki: Thank you, Mr. Temporary Deputy Speaker, Sir, for affording me the opportunity of contributing to this wonderful Budget. I am saying that the Speech is wonderful because this great Minister who is in front of me tried all impossible tricks; you could see it! He was very sagacious in trying to balance the impossible, knowing very well that this country is bankrupt! It grows at 0.1 per cent! Sixty per cent of Kenyans are poor! No donor can touch this country any more. All exports are crippled, apart from our tea, coffee and horticulture from the Central Kenya which his Government hates with a passion! Nobody else produces in this country, and yet our infrastructure are such in a horrible situation! We keep asking: Why does this Government that gets so much from the people of Central Kenya hates them so much?

Mr. Temporary Deputy Speaker, Sir, if you had the opportunity of travelling - and I am happy that you travelled to the Soviet Union and other very far countries - you must have found out that anywhere you go you encounter nightmares at airports. Any application for visa is nightmarish. Mr. Muite is on his way to the International Court of Justice, The Hague, for an important case against the Kenya Government. But getting the visa from the Embassy of Holland is a nightmare. Mr. Muite is a distinguished citizen known throughout the world. He was forced to bring his birth and marriage certificates. That is the kind of humiliation that Mr. Muite went through to get a visa for two days' visit to Holland; no more than two days! Why? Because every Kenyan is seen as if he or she is running away from his or her country and wanting to seek a job elsewhere. We have been reduced to paupers. We are treated with spite. Kenyans are running away from a Government that is so evil and had committed crimes against humanity!

Let me come to my dear brother, because I think I can help him. Mr. Minister---

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Gatabaki! Address the Chair!

Mr. Gatabaki: Mr. Minister, if you can remember very well, in April, I asked you a Question regarding what you were doing about agriculture; the accessibility of funding to agriculture. I asked him what he was doing about the banks which are investing all their money in Treasury Bills. I asked him to ask the banks to devote substantial portion of their money to agriculture which is the only industry which is viable. The Minister did agree with me that funding of agriculture should be mandatory for all banks; that they should devote substantial portion of their money to agriculture. If you remember very well, our founding fathers were able to support agriculture and turned it into a locomotive sector by being deliberate on funding; so much percentage of the money from the banking industry would go to agriculture. That is what is called deliberate engineering; "economic engineering."

It is unfortunate that the entire elite in this House are on the Opposition side, apart from the Minister for Finance who went to school and became a Company Secretary, there is none. But here is the issue: Unless the Government deliberately interferes with incentives; deliberately engineers the commitment to agriculture, I wish to differ with the current method where the banks are not setting aside substantial amounts of money to agriculture. The banks should devote a certain percentage of their money to agriculture.

Mr. Omingo: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to mislead this House that the only person from the KANU side who has gone to school is Mr. Obure when, in actual fact, the Head of State has got about 10 degrees of doctorate?

(Laughter)

Mr. Gatabaki: Mr. Temporary Deputy Speaker, Sir, you know that I have got a lot of respect for the Head of State of this country, and I hardly raised the issue of the Head of State. It is true that the Head of State has considerable degrees acquired through all kinds of work; respect from all universities.

Unless you, Mr. Minister, deliberately interferes with the banking sector, things will remain the same. That is the only way you can devote some good amount of money to agriculture from the Treasury Bills. If that is not done, we are going to ruin sectors which are important in reviving our industry.

Mr. Minister, I know that you are listening, but impress upon the Minister for Agriculture to revive the coffee sector; he should initiate deliberate injection of funding to the agricultural sector. Ten years ago, coffee brought between Kshs35 and Kshs50 billion to this economy. For years, it was our black gold. If you go to the coffee areas of this country - from Kisii to Githunguri; to Othaya and Mwingi South - you will see poverty in areas which were "goldenly and wealthy." So, this is one sector which can be revived immediately by the Government injecting funds into it. We are talking common sense. But there must be common sense, because there is no other language you can use to this Government apart from common sense. This is because they will wake up from January to December politicking. Now, they are busy telling us that they love the constitutional review process more than us.

Mr. Temporary Deputy Speaker, Sir, this Government is saying that it wants the term of the current Parliament to be extended because it loves the people of Kenya, and wants to give them a new *Katiba*. Really, who on earth can believe these people? Even Lucifer will question their intention. The only reason why these people would like to extend the term of the current Parliament is to allow 90 constituencies to be created from KANU strongholds after realising that the Opposition has a blue-print; the Opposition will contest the next election under one political party ticket. I would like to point out that KANU is frightened and would like to create 90 more constituencies in this country. This will enable a constituency like Baringo Central to have 20 constituencies, while a City like Nairobi remains with about ten constituencies. To create the 90 more constituencies, you require, at least, six months in order for the Electoral Commission of Kenya (ECK) to go back and draw up their boundaries. They want to do this under the cover that they love a new *Katiba* so much that they would like to extend the term of the current Parliament so that they can give the people of Kenya a new *Katiba*.

Mr. Mwalulu: On a point of order, Mr. Temporary Deputy Speaker, Sir. The hon. Member on the Floor is making a very serious allegation. It is in the interest of the nation to know the truth from him. Could he substantiate the allegation that KANU wants to extend the term of the current Parliament so that it can create 90 constituencies for itself? I am also interested to know---

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Mwalulu! Mr. Gatabaki is entitled to his views. I do not think it is necessary for you to rise up and ask an hon. Member to substantiate his own views. Continue, Mr. Gatabaki!

Mr. Gatabaki: Thank you, Mr. Temporary Deputy Speaker, Sir. The other aspect I would like to share with the Minister is the question of books. The Minister has received a presentation from the printing industry, and he has abolished the Export Promotion Programmes Office (EPPO) and the Essential Goods Support Programme (EGSP), which will have far-reaching consequences. This will allow the importation of printing materials almost duty-free. The Minister has now increased the importation of paper by about 35 per cent. At the same time, the Minister has allocated a lot of money to the textbook industry. I would like the Minister to look into this issue because it is critical. This is because he cannot afford to supply textbooks to our schools at an affordable price. Putting that aside, the printing industry is so much advanced, has a capacity to import a lot of paper, add value and export it to the COMESA and other neighbouring countries. One of the most successful cases of industrialization is the printing sector. What we call the "tiger economies" of South East Asia are known for the extent to which the printing industry has brought to them considerable amount of foreign exchange. So, let the Minister look into this issue with the seriousness it deserves and see whether he can reverse what he has destroyed. This will enable parents to buy their children textbooks and also revive the printing industry.

Finally, the question I keep asking myself is: What is the purpose of a Budget? Elsewhere in the world, no government comes back to power unless it has a credible economic programme.

Mr. Temporary Deputy Speaker, Sir, with those few words, I would like to commend the Minister for what he has done and urge him to look into the specific issues I have raised.

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, when the Minister was fixing the rates for Customs Tariffs and Excise Duties, I am sure that one of the considerations he had to accommodate was the pressure from the developed countries for us to open our market to them.

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Muite!

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, I have not spoken on this Motion.

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Muite! According to the information I have, you are listed as having spoken on this Motion on the Fourth Allotted Day, which was on 25th June, 2002.

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, it is true, but what was being debated in the House at that time was the Financial Statement. Now, we are debating the Motion by the Minister for Finance.

The Temporary Deputy Speaker (Mr. Musila): No! We are debating the Motion which reads, "That, Mr. Speaker do now leave the Chair." Therefore, you are out of order!

Hon. Members: Let him apologise! There is nobody who is willing to contribute to this Motion.

The Temporary Deputy Speaker (Mr. Musila): In that case, I would like to call the Mover to reply!

The Minister for Finance (Mr. Obure): Thank you, Mr. Temporary Deputy Speaker, Sir. First of all, I would like to start by thanking hon. Members in this House for their very frank and candid contributions. I am grateful to the hon. Members for the seriousness which they accorded this debate. The contributions made in this House in the last one week or so, are a clear indication that hon. Members are very concerned about the welfare of the people of this country, whom they represent.

The Budget was formulated to accelerate recovery of economic growth, and the need to re-distribute the benefits of growth to all the Kenyan people. Towards this end, the main policy focus was on key strategies, namely increasing investments and savings. The measures we have proposed in the Budget are, therefore, aimed at improving productivity in all sectors, particularly the agricultural and the manufacturing sectors. I strongly believe that increased productivity will ultimately create more jobs, improve earnings of the people and, indeed, alleviate poverty. The Chair will see that there was a major focus on savings. We have accorded this area a great deal of priority in our Budget, because savings will support capital formation, which is a prerequisite for economic growth and development.

QUORUM

Mr. Kihoro: On a point of order, Mr. Temporary Deputy Speaker, Sir. There is no quorum in the House.

The Temporary Deputy Speaker (Mr. Musila): Indeed, there is no quorum. Ring the Division Bell!

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Musila): Order, hon. Members! We now have a quorum. Mr. Minister, you may continue!

The Minister for Finance (Mr. Obure): Thank you very much, Mr. Temporary Deputy Speaker, Sir. I was emphasising on the focus which we gave to the area of savings and the incentives we have provided for them. I was about to give the example of the economies of South East Asia, South Korea and India. These countries have achieved rapid growth rates because of their high rates of saving, leading to the high rate of capital formation.

In our Budget, you will notice that we have provided incentives to operators of general insurance and life assurance schemes. We gave incentives to capital markets and pension schemes.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Musila): Order, hon. Members! May we have quiet consultations so that we give the Minister a hearing?

The Minister for Finance (Mr. Obure): Mr. Temporary Deputy Speaker, Sir, we gave additional authority and powers to the Retirement Benefits Authority for it to harness savings. We strengthened all instruments which are required to improve saving rates. We have provided all these incentives for Kenyans to improve their savings.

In order to achieve the kind of growth rate we are talking about, Kenyans must save at the rate of 25 per cent

of their income. At the moment, we are only saving 8 per cent of our income, which is far less than is required. Therefore, we are encouraging Kenyans to improve their saving rate in order to achieve the desired results.

On donor funding, I appreciate the support I have received from hon. Members on both sides of the House on the decision not to factor in external Budget support in our Budget this year. I am convinced that this is not only realistic, but is also prudent. This is the reason why we decided to prepare a Budget based on our locally generated resources instead of relying on support from our development partners, whose magnitude and timing we did not know. But I would like to add at this point that I am personally optimistic that disbursement of Budget support on the basis negotiated with our partners, namely, the International Monetary Fund and the World Bank, will resume. We have been negotiating and we believe that we have fulfilled all the conditions they had asked us to fulfil. So, I look forward to that, nevertheless, we feel that for the time being it is up to us to make do with what we have.

Mr. Temporary Deputy Speaker, Sir, I am very clear in my mind that when these funds come, if they will, we will apply external Budget support funds to reduce our borrowing from the domestic market, so that we can avail more money to the private sector to borrow and, therefore, expand its activities. But I must also emphasise that a Budget based on our local resources will require discipline and commitment on the part of all of us in its implementation. We must improve the efficiency of our operations. We must utilise the resources in such a manner that we achieve the greatest possible impact on the lives of our people.

I want to turn briefly to agriculture. Although there were a few hon. Members who felt that we have not done enough for agriculture, I would like to say from the beginning that I gave a lot of focus to this particular sector. Agriculture continues to be the dominant sector and consequently, it is critical to accelerating growth and poverty alleviation. It is for that reason that we have provided increased budgetary provision to agriculture, much more than in previous years. We hope that this will go towards improving extension services, which will require the participation of the farmers. We have provided significant incentives to the agricultural sector and we hope that they will help to boost that important sector.

We have zero-rated duty on capital goods so that today, people who want to invest in the areas, for example, in agro-processing industries in the rural areas, can take advantage of duty-free capital goods and equipment to process raw materials available in the rural areas. We believe that this is a significant step which will help to improve the wealth of the people in the rural areas and provide opportunities for generating earnings at that level.

As part of our food security strategy, we have provided an additional Kshs1 billion towards the strategic grain reserves. This will not only provide food security, but will also provide an incentive to grain growers who will, at least, have an outlet to sell their products to the strategic grain reserves. We intend to go a long way to restructure existing institutions so that we can provide credit to players in the agricultural sector. Lack of credit has been a major handicap to agriculture. We cannot do successful farming without provision of credit. We want to enable our farmers to access credit so that they can sustain their activities and initiate new ones.

This is the reason why we are very serious about restructuring the Agricultural Finance Corporation (AFC), which has a network in the rural districts. There is a Paper in this House which seeks the authority of the House to restructure AFC, write-off debts owed by farmers who have been unable to repay the, and have no capacity to do so. They are scattered all over the country. We want to give them a new beginning, and I think this is critical. We want to provide a framework for micro-financing and we are aware that approximately 90 per cent of the Kenyan population do not have access to formal banking facilities. Therefore, we believe that we can reach them through micro-financing. Apart from the Kshs300 million which will be available as an annual revolving fund, we are looking for other external sources to beef up this fund. We want to make it possible for---

Mr. Muite: On a point of order, Mr. Temporary Deputy Speaker, Sir. I rise on a point of order to seek your guidance. It is the practice everywhere in the Commonwealth, that when the Minister for Finance has been called upon to respond to the debate on the Budget Speech, he deals with issues that have been raised by hon. Members. The Minister has been going on and on without doing so. When will he tell this House whether he will remove the VAT increase on bread and kerosene in accordance with the wishes of this House?

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Muite! You stood on a point of order. Surely, you are a very experienced hon. Member of this House and you know that what you have raised is not a point of order.

Mr. Minister, continue!

The Minister for Finance (Mr. Obure): Mr. Temporary Deputy Speaker, Sir, Mr. Muite is a renowned lawyer and an intelligent Member of this House, who is well versed with the Standing Orders. He also knows that I am going to touch on some of the issues he has raised. I wish he could be patient.

Mr. Temporary Deputy Speaker, Sir, we have provided a lot of incentives to the cotton and textile industries. Because cotton is grown in marginal areas of this country, vast lands are available for growing the crop. The residents of those marginal areas have no other option than growing cotton. We believe that we should enable them to engage in cotton growing, so that they can generate money at that level. Besides that, we believe that we will be able to form a

strong base for a vibrant textile industry which will provide jobs to the large number of skilled Kenyans who are not able to access jobs at the moment.

Mr. Temporary Deputy Speaker, Sir, the issue of sugar was raised several times by hon. Members in this House. At the moment, our total consumption is estimated to be in the range of 600,000 metric tonnes. Our total production from existing sugar mills is estimated at 400,000 metric tonnes. What has happened in the past is that, importers of sugar have brought in large quantities of sugar to meet this deficit. This has caused great problems to sugar factories and sugar-cane growers. There is need to come to grips with this situation. Therefore, we sought special dispensation from the COMESA Secretariat. We resolved that we were not going to allow the importation of sugar of over 200,000 metric tonnes into the country, whether from the COMESA region or anywhere else. The moment we reach the 200,000 metric tonnes mark, anybody bringing in sugar will pay duty at the rate of 125 per cent. We are monitoring that situation carefully and from the time we introduced this system, the situation in the sugar industry has stabilised considerably. We also found out that, out of the 200,000 metric tonnes deficit, 110,000 metric tonnes is industrial sugar or refined sugar which we do not produce in this country. We have the equal system which was intended to facilitate manufacturers, who manufacture for export, to access raw materials cheaply so that they can be competitive in the external market. But, unfortunately, there were people in this country who abused that system. We found out that through that equal system loopholes were provided, leading to substantial leakages of sugar and diversion of goods into the local market. Therefore, in this Budget, we have proposed to scrap that system.

In that respect, I would like to respond to the issue raised by hon. Gatabaki with regard to printing. The printing sub-sector has been affected temporarily because of the scrapping of this system. But we are in discussion with the people in the printing sector and indeed, all those other manufacturers who were benefiting under the equal system and we believe that we will come up with some arrangements where we can isolate those unscrupulous manufacturers who were taking advantage, and abusing that system.

Mr. Temporary Deputy Speaker, Sir, we have done a great deal in industry because of zero-rating raw materials, capital goods and removal of duty on completely knocked down kits. This will revive the motor vehicle assembly industry and support the fabrication of the local spares industry which will provide jobs for our people. The 50 per cent reduction in heavy fuel oils will reduce the cost of producing goods in this country. As a matter of fact, it will help tea farmers because it will reduce the cost of processing tea in the many tea factories spread throughout the country and, therefore, make our tea to be more competitive in the external market.

Mr. Temporary Deputy Speaker, Sir, we have tried to provide a level playing ground; by dealing with dumping and counterfeit products. Comprehensive measures have been put in place to deal with this phenomenon. We have not forgotten tourism because we want the tourism sector to repackage new products. We want to attract the upper class market and, therefore, we have provided incentives to enable new investment to come in, and for the tourist facilities to be refurbished. By so doing, we will help to revitalise that particular sector.

Mr. Temporary Deputy Speaker, Sir, let me comment on those measures which affect the poor people. On kerosene, I would like to say that I am very concerned because I represent a very poor constituency in this country. When we were talking about these measures, I knew precisely who was going to be affected. But, we had another problem which we wanted to deal with. There is rampant adulteration of other petroleum products using kerosene, and some people are taking advantage of that in a big way. We tried as much as we could to isolate those people who use kerosene to adulterate other products, and, therefore, cause considerable loss of revenue to the Government. Since I could not find any other way of doing this, I reluctantly accepted to make a modest increase in the price of kerosene; of approximately 3 per cent. I know that it is a very hard measure. But I want hon. Members to understand that the same poor people who will be affected by this small increase of 3 per cent on kerosene are the same people who want water in their areas. They are also the same people who want dams constructed, so that they can have water for their livestock and to irrigate their farms. They also require electricity in the rural areas. Many women argue that if they had electricity in their local markets, they would be able to get their *unga* cheaper because they would use electricity powered engines to grind their maize. Due to that fact, I reluctantly took this measure. I think this is a modest sacrifice by the poor and it will improve their quality of life with time and enable them to contribute more positively and more meaningfully to this economy. I believe that if we harvested water in the rural areas which have water deficit; if we sunk boreholes, dams and engaged in small-scale irrigation, we would achieve far greater benefits than the modest sacrifices we are making by this small increase. I request hon. Members to understand that this is a measure which I took reluctantly but it will generate money which could do great things in the long-run.

Mr. Temporary Deputy Speaker, Sir, I am conscious that today, there is a very large number of Kenyans who are dealing in second-hand clothes. I also know that there are many Kenyans whose incomes are very low and they cannot afford new clothes.

I also know that, as a nation, we shall not continue to be a mere nation of consumers. But there is a time when we must try and be self-sufficient, particularly, in the production of locally-manufactured goods, especially where raw

materials are available. I believe that this increase which only translates to Kshs10 per kilogramme, in effect, it means 7 to 8 per cent increase. It is far less than the 35 per cent duty charged on finished goods. If we were to extend the same duty rates to second-hand clothes, it would have meant that we raise the duty to between Kshs105 to Kshs135 per kilogramme, but it is only Kshs10 per kilogramme that we have proposed. I believe the effect of this will not be passed on to the consumer. In fact, dealers themselves have told me that they are going to absorb that from their profits. Therefore, I once again plead with my colleagues in this House to accept that this was necessary, but it will form the basis for building a very strong and vibrant textile industry which will employ large numbers of our own people. I think it will lead to the revival of a number of our textiles factories.

Mr. Temporary Deputy Speaker, Sir, let me now turn to bread.

(Loud consultations)

The Temporary Deputy Speaker (Mr. Musila): Order! Order, hon. Members! Would you allow the Minister to make a very important point now?

The Minister for Finance (Mr. Obure): With regard to an increase of VAT on bread, we were talking about a very large number of schedule, and we were talking about moving one schedule and placing it under the schedule that is liable for VAT charging. It did not and it was not brought to my attention when we were doing so, that bread will be affected and be made VAT taxable. Because it was not my intention to make bread taxable, I have taken measures to remove all tax on bread. I am aware that nobody has paid tax on bread up to now, and I am asking dealers to avoid charging VAT on bread from now onwards!

(Applause)

Mr. Temporary Deputy Speaker, Sir, let me make one more comment. Messrs. Muite, Wamae and Mrs. Mugo requested me to clarify something with regard to what appeared in the Press a day or so ago, regarding increases to salaries of hon. Members of this House. I would like to say what actually happened. As you will recall, this was not part of the Budget proposals I specifically made, but I want to say that, I was invited by the--- I know that the Speaker has made some ruling clarifying this situation. But I would like to say that the Parliamentary Service Commission invited me in my capacity as the Minister for Finance, so that they could present to me a budget which had been prepared by the Parliamentary Service Commission. That particular Budget, as usual, was prepared by the Accounting Officer, who is the Clerk of the National Assembly. When I looked at it, I saw there were huge substantial increases, some of which will mean increases to benefits, salaries and allowances. We took three hours discussing this matter. I must say that I did protest that, whereas the rest of the economy was not in a situation where they could afford increases in salaries, it would be wrong for us Members of Parliament to appear to award ourselves salaries at this particular point in time. I was reminded several times that the Parliamentary Service Commission had only given me a privilege to come and share in their budget, that I was not supposed even to attend. All that was required to be done, was that the Parliamentary Service Commission prepares a budget and gives it to me to incorporate in the national Budget.

I found that situation a little untenable, but as you can see, I have no powers, as the Finance Minister, to alter anything that the Parliamentary Service Commission has given because under the Act establishing the Commission, the Commission is empowered to prepare its own budget. So, we have simply incorporated that budget into ours. Nevertheless, as a Member of Parliament, I would like to say that I find it untenable at this point in time that we should be seen to award ourselves salaries. I think it is immoral and it is not right! That is my personal opinion.

Finally, I want to mention something about the Budget deficit. The Budget deficit will be to the tune of Kshs32.4 billion.

Mr. Kihoro: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Minister has clearly indicated that he is not in support of salary increases for Members of Parliament. Is it possible for the Minister to veto that increase because many Members are opposed to it?

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Kihoro! There is no need of standing on a point of order! The Minister expressed his opinion and he is entitled to it. What is the point of order for?

Proceed, Mr. Minister!

An hon. Member: He has said that he has no powers!

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

The Minister for Finance (Mr. Obure): Mr. Temporary Deputy Speaker, Sir, I believe that even the Speaker has clarified that position.

Finally, I want to say something about the Budget deficit, and I want to say that the Kshs32.4 billion Budget

deficit also includes a number of exceptional and one time expenditures. For example, Kshs4 billion has been provided for general elections; Kshs3.7 billion has been provided to revive certain parastatals which are critical to the operations, and Kshs1 billion to the Strategic Reserves. Also additional funds have been provided to the Constitution of Kenya Review Commission. This amounts to something like Kshs11 billion. So, in a normal year, even without external support, our Budget deficit would have been far less than the Kshs32.4 billion shown.

I take this opportunity, once again, to thank hon. Members who have contributed to this debate. I appeal to them to continue to support this Budget because, it is neither the Minister for Finance's Budget nor a Government Budget, it is a Budget for all of us Kenyans.

With those remarks, I beg to move.

(Question put and agreed to)

(Applause)

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Musila): Hon. Members, having finished the business of today, I know there is still more time, but the next item will be "IN THE COMMITTEE", which we do not have time to do so today. So, it will be done on Tuesday next week. Therefore, this House stands adjourned until Tuesday, 2nd July, 2002, at 2.30 p.m.

The House rose at 5.40 p.m.