

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 21st June, 2000

The House met at 9.00 a.m.

[*Mr. Deputy Speaker in the Chair*]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.325

RESETTLEMENT OF IJARA RESIDENTS

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

- (a) what programmes he has put in place to re-settle thousands of families in Ijara, who lost their livestock due to drought and cattle raids; and,
- (b) what assistance he has planned to give to those victims and their children who have dropped out of school.

The Minister of State, Office of the President (Maj. Madoka): Mr. Deputy Speaker, Sir, I beg to reply.

(a) There is no programme in place at the moment to resettle people who lost their livestock in drought and no reports of cattle raids have been received from Ijara.

(b) Five hundred bags of maize have been allocated for the famine stricken families this month, while the feeding programme catering for the schools is going on.

Mr. Mokku: Thank you very much, Mr. Deputy Speaker, Sir. The problem in Ijara, which has been raised by this hon. Member, is applicable to most of the arid districts today; that is drought and children dropping out of school. The hon. Minister has told us that there are plans for feeding programmes in schools. Is that programme only applicable to primary schools or is it also extended to secondary schools?

Maj. Madoka: Mr. Deputy Speaker, Sir, the programme is only applicable to primary schools.

Mr. Weyrah: Mr. Deputy Speaker, Sir, the answer given by the Minister is not satisfactory, because we have so many people who have become destitutes due to drought, *El-Nino* rains and cattle rustling, not only in Ijara Constituency, but in all pastoralist areas. I would like to get an answer from the Minister on the plans they have to resettle these people. I did not ask him the number of people who are being catered for by the school feeding programme. I would like the Minister to be specific and tell this House the programme they have in place to resettle these people. For example, coffee and tea farmers are being catered for very well by the Government. It seems that the pastoralists are very much neglected.

Mr. Deputy Speaker: Mr. Weyrah, ask your question.

Mr. Weyrah: Mr. Deputy Speaker, Sir, I would like to get a clear answer from the Minister on the plans they have for these livestock farmers?

Maj. Madoka: Mr. Deputy Speaker, Sir, I do not quite know how you can resettle pastoralists because they are always moving from one place to another. But in Ijara Constituency, I would like to say that this is the least affected area, and as I said earlier on, we are looking after them in terms of supplying food.

Mr. Shill: Mr. Deputy Speaker, Sir, I think the Minister has made a very serious allegation. He has said that he does not know how one can resettle pastoralists. I thought that pastoralists were part of Kenyans and, therefore, it is the Government's responsibility to do that. We are saying that it is true that so many people who are nomads and who lost their livestock to drought have settled in Garissa Town and other places. When we are asking the Minister the plans he has to resettle these people, we mean giving them animals so that they can go back to their normal life of nomadism. Would the Minister tell us whether the Government would agree to give them money to buy livestock instead of giving them maize?

Maj. Madoka: Mr. Deputy Speaker, Sir, that is the hon. Member's view, but I think I would rather keep

those people alive and then we could carefully look at the possibility of helping them to restock their livestock.

Mr. Weyrah: Mr. Deputy Speaker, Sir, restocking their livestock is a good thing for the [Mr. Weyrah] farmers, but instead of wasting a lot of money on things which will not assist them to be economically viable, it is better for them to be provided with equipment for farming, which should be introduced in those areas. Could the Minister assure this House that the livestock farmers will be transformed into agricultural farmers in future?

Maj. Madoka: Mr. Deputy Speaker, Sir, that is something which will be looked into.

Question No.280

IMPLEMENTATION OF TENDERING PROCEDURES

Mr. Deputy Speaker: Mr. Parpai is not here and, therefore, we will come back to that Question later on. Let us move on to the next Question by Mr. Ochilo-Ayacko.

Question No.154

PAYMENT OF PENSION TO MR. OGOLA

Mr. Ochilo-Ayacko asked the Minister for Finance why he has declined to pay Mr. Kenneth Robinson Ogola, Pensioner Number PC 31215, his pension for January, 1991.

Mr. Deputy Speaker: Is there anybody from the Ministry of Finance?

Mr. Ochilo-Ayacko: They are sleeping!

Mr. Deputy Speaker: They are not here and, therefore, we will come back to that Question later on. Next Question, Mr. Mwenda.

Question No.271

GRADING OF ROADS IN THARAKA

Mr. Maore, on behalf of **Mr. Mwenda**, asked the Minister for Roads and Public Works:-

(a) how much money he has set aside for the grading of roads in Tharaka; and,

(b) the amount of money that was allocated to Tharaka from the Roads 2000 Programme.

Mr. Deputy Speaker: Is there anybody from the Ministry of Roads and Public Works? The people from the Ministry of Roads and Public Works are not here. Therefore, I will go back to hon. Parpai's Question for the second time.

Question No.280

IMPLEMENTATION OF TENDERING PROCEDURES

Mr. Deputy Speaker: Is Mr. Parpai not here? I will be fair to him and defer the Question since the Minister for Finance is not here to answer it. Mr. Ochilo-Ayacko's Question for the second time.

(Question deferred)

Question No.154

PAYMENT OF PENSION TO MR. OGOLA

Mr. Ochilo-Ayacko asked the Minister for Finance why he has declined to pay Mr. Kenneth Robinson Ogola, Pensioner Number PC 31215, his pension for January, 1991.

Mr. Deputy Speaker: Is there anybody from the Ministry of Finance? I defer the Question until tomorrow.

(Question deferred)

Mr. Mwenda's Question for the second time.

Question No.271

GRADING OF ROADS IN THARAKA

Mr. Maore, on behalf of **Mr. Mwenda**, asked the Minister for Roads and Public Works:-

(a) how much money he has set aside for the grading of roads in Tharaka; and,

(b) the amount of money that was allocated to Tharaka from the Roads 2000 Programme.

Mr. Deputy Speaker: Is there anybody from the Ministry of Roads and Public Works?

The Assistant Minister for Home Affairs, Heritage and Sports (Mr. Sumbeiywo): On a point of order, Mr. Deputy Speaker, Sir. I thought when an hon. Member is not present, he requests another hon. Member to ask the Question on his behalf and gives him or her instructions. I do not know whether hon. Mwenda has given instructions to hon. Maore.

Mr. Deputy Speaker: What is your question?

The Assistant Minister for Home Affairs, Heritage and Sports (Mr. Sumbeiywo): My question is that he was seated here the first time the Question was called out.

Hon. Members: Where were you!

Mr. Deputy Speaker: Order! The Minister for Public Works and Housing is not here. The Question is deferred. Let us move to Questions by Private Notice.

(Question deferred)

QUESTIONS BY PRIVATE NOTICE

SHOOTING OF MR. OBADIAH KIREMA

(Mr. Murungi) to ask the Minister of State, Office of the President the following Question by Private Notice.

(a) Is the Minister aware that the Chairman of the Chamber of Commerce, Isiolo Branch, Mr. Obadia Kirema, was shot dead in cold blood in Isiolo Town by two gunmen on 11th May, 2000, at about 6.30 p.m.?

(b) What circumstances led to his death?

(c) What steps has the Government taken to apprehend the killers so as to bring them to justice?

Mr. Deputy Speaker: Is Mr. Murungi not here? If the hon. Member is not here, the Question is dropped.

(Question dropped)

ROAD IMPROVEMENT IN BUNGOMA COUNTY COUNCIL

Mr. Munyasia: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Local Government the following Question by Private Notice.

(a) How much money from the Local Authority Transfer Fund (LATF) has been set aside for road improvement in Bungoma County Council area of jurisdiction?

(b) Is the Minister aware that this money has been paid directly into the elected councillors' personal accounts?

(c) What urgent steps is the Minister taking to ensure that this money is properly accounted for?

Mr. Deputy Speaker: Anyone from the Ministry of Local Government?

Dr. Ochuodho: On a point order, Mr. Deputy Speaker, Sir. Is it in order that when hon. Members from the Government side are not here they are not penalised yet when hon. Members from the Opposition side are not here, their Questions get dropped?

Mr. Deputy Speaker: Hon. Ochuodho, when a Minister is not there to answer your Question, you get another chance. The Question is not dropped; it is deferred. They should be complaining and not you.

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

Mr. Deputy Speaker: Order, Hon. Katuku! You must not sit down and then start shouting Mr. Speaker's name out. You are grossly out of order. I do not know if I should allow you to speak, but I will.

Mr. Katuku: Mr. Deputy Speaker, Sir, it appears that every Wednesday morning there is a problem of answering Questions. Can you give us a directive on this issue because every Wednesday morning there are no Ministers to answer Questions or Members to ask Questions. Maybe we should be starting business later than 9.00

a.m.?

Mr. Deputy Speaker: Hon. Members, all you have to do is to refer to your Standing Orders. Hours of business are laid in there. If you want them changed, change the Standing Orders and I will comply, but I cannot do so on my own. It really does not reflect very well on the House and the Government if day-in-day-out Ministers are not in the House to answer Questions. For example, yesterday there was not even a civil servant from the Ministry of Finance and Planning to take notes of what hon. Members were saying about the Financial Statement. I think we ought to take ourselves and our business seriously. That is all I can say. This matter will clearly have to be attended to by the House Business Committee because we want to be serious and to be taken seriously.

Dr. Kulundu: On a point of order, Mr. Deputy Speaker, Sir. There is a backlog of Questions in the Clerk's Department. Is the Chair satisfied that the number of Questions listed on this Order Paper today is adequate?

Mr. Deputy Speaker: Hon. Kulundu, why do you not look at your Order Paper and see that the business must start not later than 9.30 a.m.?

Dr. Kulundu: I know, but I am just asking about the number of Questions listed here?

Mr. Deputy Speaker: Order! Hon. Members, we have only half an hour for Questions this morning. If you give each Question five minutes you can do no more than six Questions. If we are going to start not later than 9.30 a.m., there is no choice but for the House Business Committee to arrange the business the way it is.

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 15.6.00)

(Resumption of debate interrupted on 20.6.00)

(Second Day of Budget Debate)

The Assistant Minister for Energy (Mr. Chanzu): Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute on this very important Motion on the Budget Speech, 2000/2001. I want to take this opportunity to thank and congratulate the Minister for the eloquent manner in which the budget was presented this year. All the hon. Members who were in this House on that afternoon noticed how calm, consistent and to the point the Minister was. I also wish to thank the Ministry staff under the Permanent Secretary, for the hard and exemplary work done in producing the Budget.

Mr. Deputy Speaker, Sir, we noted that the Budget was well-balanced. There is need at all times for proper follow-up action to ensure proper and equitable distribution of the resources in the budget. There is also need for proper and timely disbursements. The AIEs must be issued on time. There have been instances when AIEs are issued just at the close of the financial year. There are very many examples; in the Ministry of Water Resources and the Ministry of Public Works, you will find the AIEs being issued just at the close of the financial year. When they are issued at the close of the financial year the money is never spent.

Mr. Deputy Speaker, Sir, in some areas in this country the rains do not fall at the same time because of the weather patterns. In some places rain comes around March, April and May and that is the time when they issue AIEs to do roads. It becomes futile when you spend the money at the time when the rains are on and then all the work is washed away. This is what I mean by saying that the disbursement must be timely and the AIEs must be issued on time. There is also need for follow-up action and proper utilisation of the resources for intended purposes. There are aspects whereby these AIEs are issued, but the officers in the field either misappropriate or misdirect the resources so that they are not used for the intended purpose. Every year, money is budgeted for facilities to be either improved or for works to be implemented, but nothing is done. This means that the money is either misappropriated or misallocated to other uses.

I also want to talk about the Ministries, particularly those which are fond of using the imprest system of disbursing money to officers to use. At the end of the day you will find that the officers will be able to account for imprest given out in whichever way. Proper methods should be used whereby we have got more than one person

taking note of the money given out.

Mr. Deputy Speaker, Sir, as I said, the other aspect which requires a follow up is the proper utilisation of funds allocated to Ministries and Departments. But instructions accompanying the Authority-to-Incur-Expenditure (AIE) must also be clear and precise because sometimes the misuse, misallocation and misappropriation of funds also arises because of the instructions not being clear and precise. They should be clear, and by the end of the day, we must allow room for feedback action, in one way or the other, so that the Ministry should find a way of being given a feedback on the utilisation of the money for the AIEs issued out. All in all, we are stressing about accountability and transparency, and that is very important because if the officers in the Ministries and Departments are not made to be accountable and transparent, then we would continue voting for money here, and we would not be seeing the positive results.

In the Budget Speech, the Minister pointed out that the Permanent Secretaries (PSs) will be given more autonomy. We all know that the set-up of a Government is such that the PSs have always been having--- That has always been there as far as running of the Ministries is concerned, but I think sometimes what has been lacking is for the PSs to carry out the distribution of these resources in a proper and fair manner. I think that is what we need to look into, because if we give a leeway, and we do not give any control mechanisms, then, the same problems would continue. You would find that sometimes resources are taken to some areas, and not others, or you would find that the resources are not properly used. So, there is need to ensure fair and timely distribution of the resources by the PSs where they are needed. There is also need to manage the resources efficiently and effectively from the PSs' offices downwards and to satisfy fully the wishes of wananchi who are the consumers or the end users.

So, we should also be careful about over-dependence on donor-funds. We heard recently, and that is why we are now in an awkward situation in the energy sector, that all the programmes we planned for in the 1980's and early 1990's were to depend heavily on donor support, or donor funds, and that is why we partly find ourselves in problems. Therefore, I think that is a lesson we have to learn; on how we can utilise whatever resources we have for ourselves. That means that we have to economise and be careful about the use of the resources.

Another point that I would like to raise is that we should put more emphasis on the informal sector, particularly the *Jua Kali* sector, for the purpose of job creation, if we have to work towards eradicating poverty. This is because if we can be precise through advanced training and exposure of our local people, locally and internationally, I think we would improve on the quality of what our *Jua Kali* sector produces. Therefore, if we produce through our *Jua Kali* sector, in the long-term, we would be able to compete with what is produced in the larger markets, regionally or internationally.

Mr. Deputy Speaker, Sir, we should also provide an enabling environment for sectors like the agricultural and the *Jua Kali* which can create employment, and therefore, enhance growth in order to reduce poverty.

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

Mr. Muite: Mr. Deputy Speaker, Sir, I would like, first of all, and through you, to ask the Minister for Finance that in the coming years, he should accord sufficient respect to this House. This is the House that is supposed to debate and pass this Budget, and if that is not done, then it does not become law, and there is no authority on the part of the Government to collect the taxes. So, the authority of giving the legal effect to the collection of taxes is vested in this House. This is the House which is a watchdog over collection of taxes by the Government and, therefore, I do submit that it was disrespectful and discourteous on the part of the Minister for Finance to debate the policies on which this Budget is based at the Kenya School of Monetary Studies by inviting other organisations and individuals without inviting Members of Parliament.

Regarding the policies that we are debating in this Budget Speech, people were given an opportunity to give their inputs at the Kenya School of Monetary Studies, and I think it was a serious discourtesy for the Ministry of Finance and Planning to have failed to invite Members of this House to attend that meeting, because in terms of debating the Budget, it is not so much when it is finally brought to this House. It is at that early stage when people want to have an input in the composition of the Budget; to have an input into the matters, factors and the dynamics that the Government should take into account when formulating the Budget. That is a very important stage, and that is when, informally, Members would have had the opportunity to give their inputs on the formulation of the Budget. I do hope that in the coming years, the Minister for Finance will appreciate that it is not just the World Bank, the IMF, other individuals and the manufacturers who should be invited to discuss the formulation of the policies that would eventually go into the Budget. Had we been invited at that stage or, for example, had I been invited--- Of course, we could not have "gate-crashed" at that meeting because everybody knows that there was a time when other individuals "gate-crashed" and were barred at the very venue. They were told: "You have not been invited. Go away!" That was very embarrassing, and so it was impossible for us, as Members of Parliament, to be expected to invite ourselves after reading in the newspapers that there was a seminar that was going on there.

That was a serious matter and the discussions of policy and the "inputting" is a very serious matter, and an

invitation should have been extended specifically to the Members of Parliament. As I said, had some of us got that invitation, and had we attended, we would have been able to point out at that stage of formulation of policies on which this Financial Statement and the Budget is based on, and persuade the Minister for Finance to shift the emphasis of the whole approach in the formulation of the strategies of the Budget from manufacturing, for example, which contributes, I believe, only about 15 per cent to our GDP. But of course, it is the manufacturers who are listened to and who interact with the Minister for Finance. They have got a voice, and they lobby and get their points of view across to the Minister for Finance. So, perhaps, they get attention that is not matched by their contribution to the GDP more than the farmers who are in the countryside and who do not lobby and get their voice listened to. So, the manufacturers get attention that is grossly underestimated when it is taken into conjunction with their contribution to the GDP. So, had some of us been invited to the Kenya School of Monetary Studies when these strategies that form the basis of the formulation of this Budget were being debated, we would have said that the entire approach, if you talk about poverty reduction, would be to look at the statistics and at the area that truly can assist the economy to grow in terms of its contribution to the GDP.

We are an agricultural country and so the most important factor is agriculture. So the policy should have been targeted at how we can get agriculture going again. That should have constituted the major debate. Had we done that, we would, for example, have come up with policies on maize, wheat and on each of the other crops that we grow here, so as to see how we can increase efficiency, bring down the cost of production and increase the take-home income by the farmer. We would have looked into ways of locally manufacturing fertilizers, how we can bring down the cost of fertilizer, inputs and the cost of chemicals for spraying coffee and other crops. If we do not adopt this approach towards Budget planning, we will not turn the economy of this country round.

Mr. Deputy Speaker, Sir, a couple of years ago when the hon. Mudavadi was the Minister for Finance, he presented a Budget here where he brought down the freight charges. He reduced the cost of fuel where it could be demonstrated that over 60 per cent of the load was actually cargo and not passengers. Today, it is cheaper for horticulture to be transported from Zimbabwe or Sudan to Europe because of the cost of freight and the landing fees that we charge. This is because of the cost of our fuel at the Airport. Can we not persuade the Minister for Finance to look into ways and means of making it cheaper for our horticulture and floriculture to be exported at lower costs than it is happening at the moment? That would go directly towards encouraging more income and productivity and the Government would get more money. So, the failure of the current Budget to target agriculture, I think, is a very major omission. The omission also touches on looking into ways of improving transportation. I am not even talking about the major roads, but I am talking about the feeder roads. How can we encourage farmers to transport their produce at lower costs to the market? These are the issues that we should have been focusing on.

Even a casual glance at the approach by Uganda to its Budget, will show that the thrust of the Budget in Uganda is directed at agricultural and not towards manufacturing. I am not saying that we would ignore manufacturers in that whole thing, but I am saying that if we want to revive the economy, we have got to pick up our priorities in the correct manner. We have not picked up our priorities in the correct manner because of ignoring agriculture.

Mr. Deputy Speaker, Sir, there is nowhere in the world where agriculture is not protected. So, this business of being told that we should open up our agriculture to produce, for example, from the United States of America, where agriculture was not only subsidised but protected for very many years. You cannot compete with those multinationals now because they are able to produce at much lower costs. I am not saying that we should encourage inefficiency or high cost of productivity, but I am saying that we need policies that encourage lower production costs, while at the same time, protecting your agriculture to the point where it is able to compete effectively with products from other countries.

If you go to the United States of America, the farmer does not have to worry about quality seeds. This is because he pays some little amounts of money, then the Government supplements in terms of research and quality food. They are highly mechanised. So, they are able to produce a bag of wheat or maize at next to no cost compared to our agriculture. Even South Africa and Japan have a highly protected agricultural market. One of the issues on which discussions have almost failed in the European Union (EU) is on the issue of agriculture. The responsibility and the desire for any country to feed its own people is fundamental. So, nowhere will you find a situation where agriculture is not protected and sometimes subsidised. Here we are just turning a blind eye to it. Let us re-think the whole approach and let us not take lock, stock and barrel what we are told by the World Trade Organisation (WTO) and the multinationals. Otherwise, we will become a country of consumers. So, these are the issues that I would have wanted to see the Minister addressing in order to get agriculture going.

Coming to the issue of retrenchment, for example, again, this is an area that we need to appreciate and look at its history. How has it come about? How do we go retrenching only civil servants without cutting down the entire size of the Government in terms of actual reduction of Ministries and not in lumping together a number of Ministries? Let us retrench the Chief Executive first before he can retrench anybody else!

Mr. Poghiso: Mr. Deputy Speaker, Sir, I want to thank you for giving me the opportunity to contribute to the

Budget Speech. It was a good presentation and I must thank the Minister for doing a good job at presenting. You will realise that hon. Members listened very carefully and quietly. That was the way it should be and I want to congratulate hon. Members for that show.

I would like to go on to say that the language in which the Budget was presented was more music to the ears of people other than the people that I represent. It was a very good language. It was good for the international community and people who have benefited from the various aspects of it. I would like to say from the onset that the people that I represent have no opinion on this Budget. They are neither beneficiaries, nor are they included in the Budget. We cannot tell a good Budget from a bad Budget. The people of Kacheliba Constituency do not get anything trickling down to them. So, the question as to whether it was a good or a bad Budget, does not arise.

I now turn to the level of poverty that has touched our people. They have been starving for the last year and we tried so much to bring that plight to the national limelight. It was very easy to see the Minister of State in charge of relief food taking photographs for public relations while distributing relief food, sometimes very paltry. I have said here before that you will get people being given half or one kilogram of relief food per family for a month. We have to take pictures to prove to the world that we are giving our people food. That, to me, is a basic human right, that Kenyans can give food to their people. We do not have to keep begging and trying to prove that our people are starving. Why should I, as an hon. Member of Parliament, go on proving to the world and to my own Government that our people are starving?

As we speak now, we have begun to get some food trickling down to us, but it has had to come through the World Food Programme (WFP). If the Budget was to attract the attention of the pastoralists, there should have been some policy on the Kenya Meat Commission (KMC). This is so that even now, before the end of this year, people would be de-stocking. Their cows are now emaciated. Many of them have died and this would have been the time to hear from the Budget Speech that something is being done to alleviate the poverty among people who rely on livestock like the Pokots.

Mr. Deputy Speaker, Sir, I will now come down to education. As we speak right now and completely oblivious of the situation in the country, there are many schools that are still expelling or sending children home to collect fees. That is what I describe as being unco-ordinated. That is, one hand of the Government does not know what the other hand is doing. That one hand of the Government is saying: "There is poverty and famine is a national disaster", but the other hand is saying: "You must go home and bring school fees". You wonder where will the children get school fees from? When you send children home to collect fees, which home are they going to? Are they going to sell relief food that is at home in order to get fees? I think the fees should be suspended. If it is a national disaster, where are these children going to get the fees and there are a number of them? I would suggest that the Government should give subsidies to the secondary schools and primary schools so that the children can continue learning; even if it means sharing some of the relief food that is going there with the schools.

Mr. Deputy Speaker, Sir, the whole theme of this Budget Speech needs to be re-addressed and re-focused. I do believe that the Minister has good intentions. I just do not know if the Minister is in touch with most Kenyans and, if he is, then the whole Budget should really show that he is talking about that poverty, including the people who are far from the main streets and roads in this country.

Mr. Deputy Speaker, Sir, the seasons as we know, has been almost one. We normally have a wet season and a dry one in this country. This year it has all been a dry season so far and yet, I have watched in vain to see if there was any policy in the Budget on water in the dry areas. I did not see anything that would show me that the Government is very much aware of the needs of the people in areas where there has been no water since the few rivers have dried up. If the major rivers could dry up until we have rationing of power, then definitely the little rivers that feed the rural peoples dried up long before the big rivers dried up. In fact, there should be as a matter of urgency, that the Ministry of Water Development should go and dig up not just the surface dams but deep boreholes because there is water far underground. This is the time to do that. This is the time to rally everybody who has machinery and go and provide water for our people. It would be a tragedy if in the process of providing a beautiful Budget, the people are dying not only of hunger but also have no water, both for themselves and their livestock. I would like to see, as I have already had a peek, what the Budget provisions are for water in some of the areas. It would be completely difficult to understand how in the budgeting process, the people responsible for water do not seem to understand that arid lands and semi-arid lands have one problem in common which is that they lack water and that is why they are called arid. Yet in the reflections that are provided, there is no indication that the Government is aware that the "arid" lands will require water and so there is nothing in place to show that they care about water.

Mr. Deputy Speaker, Sir, long before we could even begin to declare this a national disaster, the people in my Constituency were buying water. That is, they were already looking for water to buy at Kshs20 to Kshs30 per 20 litre container. It was long ago and we have talked about this issue here. Just think what would happen in the months to come? I do not see any urgency or provisions at all for the Minister to be running around providing this water.

However, that is the nature of the work of the Cabinet. That is, they are always in touch with very few sections of this country, not knowing that there are people in the periphery out there who do not get reflected in the Budgets at all. How long are we going to be just providing support for the Government and yet we are not budgeted for? I think the whole essence of being here to pass a Budget and discuss it, is that I am provided for and my people are also provided for. However, if I am not provided for and the people I represented are also not provided for, it begins to call into question my role as a Member of Parliament vis-a-vis the Budget and the whole process of support.

Mr. Deputy Speaker, Sir, I do want to say in conclusion that in the area of education, and I have said here before that when it comes to retrenchment, there is a particular criteria that the Government is providing to do that. There is a lot of money provided to do that. I would also say that money be provided to recruit more teachers. What the Minister has been saying that teachers will be transferred from one corner of Kenya to the other, that, to me is good policy but only as long as it is on paper. I know that even before that operation was there, it was difficult for some of these teachers to go into certain areas. There are already mapped-out areas that people get scared to go to and not because there is anything wrong there but they just think that "it is out there in space". They do not understand that it is very possible to reach Kacheliba, for example, and be there to teach. If we are waiting for those teachers to reach there, I know we will be waiting forever. Let there be a deliberate movement to recruit teachers from the ground, that is from that particular place. For some of these so-called "difficult places", let them recruit directly from there. We cannot wait for what I think is going to be a protracted battle and yet our children are not being taught.

However, alongside that, can the Minister for Finance begin to focus on areas that have been forgotten for many years? I do want to say here that Kacheliba Constituency has not only been forgotten, but has never been provided for in this Budget; and, of course, in previous budgets. Since we became part of this country in 1970, there has been no special programme to take care of us. How long are we going to wait?

Mr. Deputy Speaker, Sir, I support the Motion.

Eng. Toro: Mr. Deputy Speaker, Sir, thank you. First of all, I do not know whether to congratulate the Minister for Finance or not because there are certain flaws in the Budget. This is because what we should ask ourselves is: "Is this Budget rich-friendly or poor-friendly?" I would say the Budget is "rich-friendly" because the issue of VAT increase has affected all Kenyans and the poor people are going to suffer even more. Although the Minister was at pains to say that he is taking care of the poor people and alleviate their suffering, on the contrary, he hammered the poor people completely with the VAT increase of 3 per cent.

Mr. Deputy Speaker, Sir, I do not know whether the Minister will be thinking about reversing the increase in VAT and maybe raise his revenue from elsewhere. This is because we know that from the day he presented his Budget Speech, prices of commodities have gone up. Prices of fuel, food and other consumables have gone up. So, I do not think that the Budget can be qualified as "poor-friendly".

Mr. Deputy Speaker, Sir, we in the agricultural sector have failed to be given some incentives by the Minister. We are talking about alleviating poverty of Kenyans and the only way we can do that is by producing more food. Kenya being an agricultural country, the focus should have been on agricultural inputs and production. The agricultural sector has been hit very hard because of poor planning.

If we think about the issue of the pastoralists, when hon. Poghiso says that he does not see how the people from Kacheliba will benefit from this Budget, he is right. The Minister should have categorically stated that, he will provide funds to revive the Kenya Meat Commission (KMC). We know that the KMC was the centre for pastoralists to sell their cattle, especially when drought was imminent. The KMC could then can all the beef for export and local consumption. Now, when drought is imminent, the pastoralists have dying cattle with nowhere to sell them. There should have been a deliberate move by the Minister for Finance to allocate enough funds to revive the KMC.

Mr. Deputy Speaker, Sir, on the agricultural sector, the coffee industry is down. The Government has watched the coffee sector, which used to be the number one foreign exchange earner in this country, relegated to fourth place. Yet, with all the problems in the coffee industry, farmers continue to be taxed Presumptive Tax. If the Minister for Finance was serious about reviving the agricultural sector, especially the coffee sector, he should have waived the Presumptive Tax and cess. We all know that Presumptive Tax is tax on the gross income, whereas the gross income does not reflect the net income to the farmer. At the end of the day, the farmer gets his net income after Presumptive Tax, cess and other expenditures have been deducted. What he puts in his pocket is a negative income. It cannot benefit him. That is why you find that, in the coffee-growing areas, children do not go to school. The farmers have no money. When you talk about poverty, it is there in all sectors. Even where farmers used to borrow from the societies, expecting that the crop sold will bring revenue, that was stopped. They cannot borrow from the societies because there is no coffee or money. The children are staying at home.

Mr. Deputy Speaker, Sir, the agricultural inputs are a hindrance to coffee, tea and other agricultural sector productions. The Minister should have addressed the issue of farm inputs. The cost of inputs, through unscrupulous traders and importers, is very high. The duty on farm inputs continue to be high. How do we expect Kenyans to

produce food when duty on inputs continue to be levied against the most necessary commodities that would enable farmers to produce food? I did not hear the Minister for Finance addressing this issue, and making sure that the agricultural inputs will be availed to farmers at affordable prices.

Mr. Deputy Speaker, Sir, the duty-waiver on the importation of maize seems to have created the reverse. The maize being imported is more expensive. There should have been a deliberate move by the Minister to give modalities on how the imported maize will reach the wananchi at cheaper prices. A lot of thought should be put into the importation of maize. If it is the millers, they should be told categorically by the Government that, since they have been allowed to import maize duty-free, the Government expects the price of a two [Eng. Toro] kilogram packet of maize flour to go down by 50 per cent. Otherwise, there is no point for the Government to waive duty on maize and yet the cost of maize flour remains the same or is even higher. This is one issue that should be addressed urgently, so that the people can be able to afford cheap maize and maize flour. Otherwise, there is no need of waiving duty on imported maize, if there is no reciprocating effect of low maize prices.

Mr. Deputy Speaker, Sir, on the issue of the retrenchment of the civil servants, the House should be given the modality of how the retrenchment will be done. It is a known fact that in the Civil Service now, all the committed, experienced and hard working civil servants were retired. The Civil Service is mostly manned by people who are not experienced and qualified. When it comes to retrenchment, there is danger of retrenching the remaining few civil servants who are capable and can produce. The people who will retrench civil servants are the same people who are not capable. They will retrench the capable and more experienced ones. We need to know the modality which will be used to retrench the civil servants. Otherwise, we will end up with a more inefficient Civil Service. The retrenchment should be supervised by the Ministers, some of whom should also be retrenched. There are some Ministers who are not productive. Also, talking about the Cabinet, it is high time we told Kenyans that, come the next general elections, we should also retrench the President! This is because he has over-stayed without being productive. That is why we have had so many problems over the years.

Mr. Deputy Speaker, Sir, on the issue of education, the Minister for Education should make sure that children without school fees are not sent home. The guidelines that were given to secondary schools are not followed. You find that where the Minister gave a guideline of Kshs17,000 *per annum* in boarding schools, the principals, Boards of Governors and the Parent-Teachers Associations (PTAs) have adjusted the figure to as much as Kshs30,000 and Kshs40,000 per year. Most of the children are now at home. Now, it is mid-term and most of the children will stay at home waiting for money to go back to school. Yet, the Minister seems to be incapable of controlling the fee increases, even after giving the proper guidelines. We have to choose between educating our children, and having the children stay at home at the expense of high school fees, a bigger percentage of which will go to food. So, we need to say whether we want our children to go to school to eat, or to go to school to learn. That is what is happening. Too much money is paid for boarding facilities, especially for food.

Thank you, Mr. Deputy Speaker, Sir.

The Minister for Environment (Mr. Nyenze): Thank you, Mr. Deputy Speaker, Sir, for giving me a chance to contribute to the Motion. I must say that the Budget is very well balanced, and was ably presented by the Minister. The fact that there were no shouting and those kind of things attests to this. Even after the Budget Speech, I could see many legislators, including hon. Kibaki, saying that the Budget was well-balanced. That points to what kind of Budget we have. It took care of farmers, manufacturers and consumers. The degree varies, but all of them were given concessions in terms of taxes. Unless we want to tear it apart, I would say that, it was very well thought-out. Let us support it.

Mr. Deputy Speaker, Sir, I would say that agriculture forms the back-bone of our economy. That is where most of the concentration is. I feel more money should be allocated to agriculture in future. The farmers contribute the largest share to the economy of this country. We have talked about irrigation as a source of food production. We have talked about it time and again. When I looked at the Budget, I expected a lot of money to be allocated for irrigation purposes.

Mr. Deputy Speaker, Sir, there are two big rivers, the Tana and Athi flowing downstream through Kitui District to the Indian Ocean and yet, we constantly depend on relief food. This should not be the case and in the next Budget I will be consulting very much with the Minister for Finance so that more funds would be allocated for irrigation purposes in Kitui District. The Yatta Canal has made the area around Matuu to be very productive because water has been diverted to dry land for irrigation purposes. There is flourishing horticulture within that area. That is a pointer as to how life would be, for the people who live around that area, if that water was diverted for agricultural purposes.

Mr. Deputy Speaker, Sir, I would also like to say that legislators should encourage our farmers and manufacturers to add value to the agricultural products. We grow coffee, cotton, tea and many other crops. We also have hides and skins from our cattle, but most of these products are exported in their raw form. We do not manufacture

anything! In places like Tanzania, we have got things like Nescafe being packaged. If we would improve on packing so that our agricultural products are presented in a better way, we would fetch more money for our farmers. That is the point I wanted to emphasize. We should add value to our agricultural produce. Instead of exporting raw cotton, we should manufacture it into textiles and see what it takes to turn that into a more expensive commodity that will earn this country some income. If you buy a suit at Kshs50,000, which is made from less than ten kilograms of cotton, then the country that does not produce that cotton, will manufacture it and sell at 100 times the cost of that product. We export hides and skins to countries which do not have the resources the way we do. Those countries sell shoes at Kshs10,000 a pair which is the cost of 100 hides and skins. So, these are the kind of things which we should look into and address, if we have to advance and become economically stable in this region.

Nevertheless, Kenya has remained stable in the region. Although our economy is not growing at the pace which we desire, at least, we are stable and peaceful under the leadership of His Excellency the President. I am surprised that hon. Eng. Toro would talk like that. Imagine, in this region, there is no country that is not at war, with the exception of Tanzania. But some hon. Members do not appreciate this! Under His Excellency's leadership, we have peace! We could be poor, but we live in our homes. This is something that does not come by coincidence. This is because of the President's wise leadership. This is what the Opposition should appreciate when criticising this Government. This is a fact which I will say here and anywhere else because we are enjoying. We may be poor and also say the Budget was bad but things---

Mr. Murungi: On a point of order, Mr. Deputy Speaker, Sir. Is the Minister in order to keep on misleading Kenyans about how they are living in peace when our people are dying in Isiolo, Baringo and everywhere else? Where is this peace you are talking about?

The Minister for Environment (Mr. Nyenze): Mr. Deputy Speaker, Sir, my friend, hon. Murungi never got what I was saying. What I was saying is that if we engage less in politics of hate, there would be no killings. The Opposition, unfortunately, have tried to inject a lot of bad politics into the lives of our people. That is why people are killing each other! You can imagine what happened in Mwea Irrigation Scheme. Farmers were taking their children to school. But today, they are not doing so.

Mr. Khamasi: On a point of order, Mr. Deputy Speaker, Sir. Is the Minister in order to blanketly condemn the Opposition as injecting "bad blood"? Could he substantiate what he is saying?

The Minister for Environmental Conservation (Mr. Nyenze): Mr. Deputy Speaker, Sir, I am not saying that the whole Opposition is doing so. It is just a few elements within the Opposition. Instead of wasting a lot of time on politics, I would like to address myself to the Budget---

Mr. Khamasi: Mr. Deputy Speaker, Sir, is the Minister in order to allege that some Opposition Members of Parliament are engaging in bad politics when he cannot substantiate that? Could the Chair direct him to substantiate who these Members of the Opposition are?

The Minister for Environmental Conservation (Mr. Nyenze): Mr. Deputy Speaker, Sir, it appears that the hon. Members got me wrong. What I was saying is that Opposition Members of Parliament should not---

Mr. Deputy Speaker: Order, Mr. Minister! You are shifting your position! You started by saying the whole Opposition is engaging in bad politics and then, you shifted to "some" Members of Parliament from the Opposition and now you are talking about no Members!

The Minister for Environmental Conservation (Mr. Nyenze): Mr. Deputy Speaker, Sir, I am very sorry for that, and I beg to withdraw.

Mr. Deputy Speaker, Sir, the quality of seed supplied to the farmers is questionable. Sometimes, unscrupulous traders have brought into the market some seeds that are not certified. These are packed in the same way the certified seeds are. This is very dangerous because it will eventually affect food production levels. So, we should also address the question of certification of seeds so that our farmers can get the right seeds.

Mr. Deputy Speaker, Sir, if we engage in very good politics - between both the Government and the Opposition - we will move very fast. The Opposition is there to provide "checks and balances". It is supposed to correct the Government where it has gone wrong, but not to criticise everything that the Government does. I gave the example of Mwea Rice Mills. It was doing very well under the National Irrigation Board, but since some politicians want to incite farmers for their own selfish ends; there is a lot of rice lying there while people in my Constituency are dying of hunger. If there was no politics involved farmers would not have any unsold stocks of rice. The coffee industry has collapsed because of bad politics. So, the legislators should keep politics out of coffee, tea, rice or any other co-operative society. If these legislators think that by inciting farmers to do the things they are doing the Government will collapse, then they are mistaken. They should know that they are hurting the farmers. So, I am appealing to the hon. Members to keep politics out of food production channels in this country.

Mr. Deputy Speaker, Sir, I would like to say that in my Constituency, there is a lot of hunger---
With those remarks, I beg to support the Motion.

Mr. Thirikwa: Thank you very much, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute on this Motion.

Mr. Deputy Speaker, Sir, in my understanding, the primary objective of any Budget [**Mr. Thirikwa**] is to improve the economy of a country, so that the well-being of the citizens of that country is improved. Therefore, the question which we need to ask ourselves is whether this Budget did exactly that.

Mr. Deputy Speaker, Sir, there has been a lot of hue and cry about this Budget. Many Kenyans are complaining about the taxation measures put in place by the Minister, for instance, the increase of the Value Added Tax from 15 to 18 per cent. But what I would like to say is this: Given the prevailing economic conditions in this country, in my opinion, if I were the Minister for Finance, I would do the same. Should we blame the Minister for this? No, that is not right! I think we should put the blame where it lies.

Mr. Deputy Speaker, Sir, the blame is that the economy of this country is on the floor now and because he has the mandate of actually raising funds to finance the Government operations, he had to do exactly that. So, in general, what I saying is that, this blame should go somewhere else.

An hon. Member: Where?

Mr. Thirikwa: This blame should go somewhere else! This is because if you are given the mandate of raising funds and you are not told where to take the funds from, you have to do exactly this. I am saying this because if, today, we were going to be expected to raise funds by taxing those people who are making profits, we should ask ourselves several questions: Who in this country today is actually starving? How many companies are being closed after every one month? Are you going to tax those people?

Mr. Deputy Speaker, Sir, in my own opinion, possibly over 50 per cent of the companies which are operating in this country are going to record negative profits this year. So, we really did not expect the Minister to go to those people and get the money from them, when they are closing down. So, I think the blame here clearly goes to the entire Government. But do we continue blaming the Government? In my own view, I want to say this: In 1992, after multipartyism, we told Kenyans that, this Government has not performed over the years, and, therefore, we should have a change of Government. Kenyans did not want to hear that. In 1992, they put this Government in place. In 1997, they went back and put this Government in place once more! So, what I am saying is that, Kenyans should carry their own baby.

An hon. Member: Let them carry their own cross!

Mr. Thirikwa: Let us now learn from our own mistakes!

The Minister for Environment (Mr. Nyenze): On a point of order, Mr. Deputy Speaker, Sir. Is the hon. Member in order to blame Kenyans for electing His Excellency the President, when he was elected by the people?

Mr. Deputy Speaker: Order! That is not a point of order! But in any case, he is perfectly in order to blame them. That is his opinion!

Mr. Thirikwa: Mr. Deputy Speaker, Sir, I really did not mention the President, but of course, the President is part of this Government. What I am saying is that, let Kenyans learn from their own mistakes!

The economy must be made to perform by the Government! The Government has an obligation to make the economy of this country work. Kenya is not a poor country by any standards! We have the best brains, good land and tourism which can earn us revenue. But then because of the bad policies of this Government, we are where we are today. But then, the Government is not in place because it wanted to be in place, the Government is in place because Kenyans felt that this was the best Government. That is why I am saying: Let Kenyans carry their own baby now and learn from their own mistakes. So, let us not blame the Minister that, he raised VAT and so on. Let Kenyans carry their baby now, and so that possibly, in the year 2002, they will think twice and know which Government to put in place, so that the economy of this country can improve. This is because no Budget is going to be good. I am saying that, I do not anticipate a good Budget even next year, so long as the economy of this country does not improve. Kenyans are going to be poor so long as the economy does not improve. The economy can only improve if good policies are put in place. If they are not put in place, then how do we really expect to improve the economy of this country? So, let Kenyans accept that because that is their mistake.

Mr. Deputy Speaker, Sir, with regard to the Budget that was read by the Minister, we need to ask ourselves whether we should continue allocating funds to so many departments in half-doses. If you go to the countryside now, you will find so many incomplete projects. So, the question I would ask is: should we really go on giving various projects half doses or should we concentrate our energies in particular sectors or should we continue, for example, constructing half-roads, and half-hospitals.

In my own view, instead of having so many departments and so many Ministries, let us concentrate on using our funds on specific projects which we can complete. But many of the projects are not complete and, therefore, it becomes a waste, even when we allocate funds such projects, at the end of the day. That can be demonstrated by many

projects that are incomplete in this country; having put a lot Government funds in those projects and they are not completed. So, the issue is that, we cannot continue funding projects half-way. If we **[Mr. Thirikwa]** have to fund a project, let us fund it to completion. That is the only way we are going to possibly attain a positive growth rate in this country.

Mr. Deputy Speaker, incidentally, Kenya seems to be faced with a lot of disasters. Today, we are debating the Budget when we are being pulled down by famine.

(Loud consultations)

Mr. Deputy Speaker, Sir, I seek your protection. There is a lot of talking from hon. Wamalwa!

Mr. Deputy Speaker: Mr. Thirikwa, hon. Members do not talk! They consult!

Mr. Thirikwa: Mr. Deputy Speaker, Sir, they should consult in low tones.

For a very long time, this Government has concentrated on one thing; unofficial taxing of Kenyans. Every weekend, hon. Thirikwa Kamau is expected to be at an Harambee somewhere in Ndaragwa. This is a way of taxing Kenyans unofficially because what we have been doing through these Harambee functions, is actually subsidizing what the Government should be doing. In my own view, this has actually been encouraging corruption because instead of the Government using the allocated funds, it is us the Members of Parliament, who are expected to dig deeper into our pockets to finance roads in our constituencies because whereas we have allocated funds for such projects, we have to go back into our pockets. Therefore, I would urge the Minister for Finance, possibly at a later date to actually bring a Bill into this House where all the Harambees and all donations can be interpreted as taxes. This is because, out of the little salary that I get from this Parliament, I use 30 to 40 per cent for funding projects in Ndaragwa, when we actually have a Government which should be funding such kind projects. For how long are we to be double-taxed by this Government through Harambees and through other types of taxes?

Mr. Deputy Speaker, Sir, I really admired what hon. Poghio was saying on the famine relief. This Government has declared famine a national disaster. What we have seen, especially in Ndaragwa Town, where we have a real pathetic situation now--- For what benefit does this Government supply a whole district of Nyandarua, with 1,000 bags of 90 kilograms and at the end of the day, one person is going to get half a kilogram of very dry maize? Are we really saying that we are helping Kenyans? Are we really saying that we care for Kenyans? If the Government is not able to feed Kenyans, because really you cannot feed on half kilogram of maize, how do you expect to feed your family on half a kilogram of maize, then the Government declares that it is feeding Kenyans? I think that is wrong! If the Government is to feed Kenyans, let it---

Mr. Angwenyi: Thank you, Mr. Deputy Speaker, Sir, for giving me an opportunity to contribute on this important Motion.

A Budget is a document that sets out the policies of a Government for a fiscal year. The Budget Speech we received last week does set out those policies, but I find it wanting in many areas. First, as you know, this is an economy that is based on agriculture and which has been declining in the last few years. I would have thought that for the economy to be turned around and to begin to grow at a faster rate, we would have invested more resources in agriculture. But what do you find? You find that in the Development Vote, agriculture has been reduced by Kshs500 million. Our economy also depends on tourism, and one would have expected that we would invest more resources on tourism to encourage more tourists into this country and earn more foreign exchange for our country and create more employment for our people in tourism. But what has happened is that, we have not invested anything in tourism. In fact, we have reduced investment in tourism by Kshs300 million.

Mr. Deputy Speaker: Mr. Angwenyi, you have now turned to the Committee of Supply.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, I would not give the figures now. But what I am saying is that the Budget sets out the policies which are going to affect the country and those policies should be the ones that would encourage investment. But when you look at this Budget Speech, it has not given policies that would encourage investment in agriculture, tourism and the infrastructure; these are the aspects that would make this country grow. In fact, it does not encourage investment in security which is required for the growth of this country. So, what I am saying is that, the policies promulgated in this Budget are against development of the country. We are in a crisis; we have shortage of food, energy and water, and abundance of diseases. I would have expected that the Budget would address the issues of doing away with famine once and for all, by encouraging irrigation, drilling of boreholes for our livestock development and investment in power generation.

Mr. Deputy Speaker, Sir, I would have thought that the Minister could have even gone ahead and recommended in his Speech that the people who have made us go into the power crisis are laid off instead of laying off innocent people. The aged people who are beyond the mandatory age of retirement should have been retired before the Budget Speech was read to us, because those people have made this country go into a crisis that we could have

avoided. I would have thought that we would have stated very clearly how we are going to combat lack of food in this country. I would have thought that policies would have been given for strategic food reserves. I would have thought that the taxation policies could have been revised to encourage investment so that we can invest in our country to enable it begin to grow.

Mr. Deputy Speaker, Sir, I would have thought that there would be policies stating how we are going to combat HIV/AIDS and its related cases in this country instead of saying that we have got so much money. But we do not have strategic policies, to make people combat the HIV/AIDS scourge. I would have thought that there would have been proper policies addressing the issues of dumping in this country. Dumping has destroyed our industries. I am sure you come from an area which is being industrialised, but it has been de-industrialised because of the policies which allow dumping of goods from overseas.

Mr. Deputy Speaker, Sir, I would have thought that the Speech would have addressed the issue of retrenching civil servants. We are going to retrench 25,000 civil servants; people who have no capacity to negotiate their case because this country has not registered a civil servants union. So, those people are disadvantaged in their negotiations. They are going to be told: "Tomorrow, you are going to be retrenched", and they have no recourse. They are being sent out there with a minimal amount of Kshs240,000 to compete with established businessmen and yet, we do know that established businesses are failing at present. You saw, even a business as big as Alliance Hotels are put on receivership---

*(Mr. Jirongo crossed the Floor
without bowing to the Chair)*

Mr. Deputy Speaker: Order! Order! Hon. Jirongo, go back there and do the crossing properly.

(Mr. Jirongo bowed to the Chair)

Mr. Angwenyi: Mr. Deputy Speaker, Sir, I would have thought that, instead of retrenching those 25,000 civil servants, we should have left them to stay in their jobs until the economy turns around and until jobs can be created elsewhere, so that if they are retrenched, they can get jobs elsewhere to fend for their families. I would have proposed that they are sent on two years leave or so, where they are paid half-salary, but with a promise that at the end of the two years when the economy is turned around by the Dream Team, then they can come back to their jobs and get the full pay and properly get increased pay. We thought that this Budget Speech would have been one that addresses those issues affecting Kenyans.

Mr. Deputy Speaker, Sir, we have got so much insecurity, but the Budget Speech did not address that issue. These days, we want to leave this Parliament before 6.00 p.m and that is why we do not have quorum after 6.00 p.m. because Members of Parliament are scared. We want to get home early because there is no light and insecurity has increased in this city. It has also increased everywhere in the country. This used to be a peaceful country in Africa, but it is fast degenerating into an insecure country.

(Mr. Shill consulted loudly with other Members)

Mr. Deputy Speaker: Order! Order! Hon. Shill, this is not a market place.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, I am saying that the Budget Speech should have addressed the issue of insecurity. How do we regain our peace and security, so that somebody can walk around Nairobi, or around our major towns or the countryside without being molested, mugged or killed?

Mr. Deputy Speaker, Sir, the Minister who delivered this Budget Speech is relatively clean. Actually, he is one of the few clean Ministers in this Government. I would have thought that he would have plugged all those loopholes that lead senior Government officials into corruption. How do you seal those loopholes? We have to enhance investment on security, or enhance policemen to catch up with those people who are misappropriating public funds. For this Government to turn around the economy, they should have given policies that plug off ways of corruption, misappropriation and introduce policies that encourage investment in our economy.

With those few remarks, I beg to support.

Mr. Murungi: Mr. Deputy Speaker, Sir, thank you for giving me the opportunity to contribute to this Motion.

First, I would like to, strongly, protest the manner in which Parliament is being treated in the Budget-making process. The Executive is treating Parliament like a robot. The Executive plans all its Budget in secrecy and then comes to tell us about it. I think it is high time that Parliament rejected this nominal role in the Budget-making process.

We are tired of being "errand boys" of the Executive. We cannot continue to be a mere nodding automaton. This House used to have an Estimates Committee, which was supposed to scrutinise all the Finance Bills before they were brought to this House. However, the Committee was abolished in 1997, and we were told that Estimates would be considered by the Departmental Committees. There is no Departmental Committee which has considered the estimates of any Ministry. So, I would like to urge Parliament to reject the Vote-on-Account tomorrow and refer all these estimates to the various Departmental Committees of this House, and that, until we strike some agreement with the various Departmental Committees and Ministries, we shut down the Government; we should not vote a single cent for any Ministry, so that the Executive can recognise that Parliament exists.

Mr. Deputy Speaker, Sir, we are also talking about eradicating poverty in this country. In his Budget Speech, the Minister for Finance did not talk about stimulating this country's economy, especially, enhancing the production of coffee and tea. If anything, the Minister has been punishing this country's economy prime movers - who are the tea and coffee farmers - through the Presumptive Tax. Even when tax exemption cover wages and salaries up to Kshs9,000, tea farmers who earn Kshs2,000 per month are being penalised through the Presumptive Tax. I would like the Minister to consider waiving the Presumptive Tax on tea and coffee, so as to stimulate these sectors of the economy. There is no reason why we should discriminate against poor coffee and tea farmers as we exclude from tax wage earners of up to Kshs9,000.

Thirdly, I would like the Minister to look at the political environment in which this Budget is going to be implemented. The Minister did not say a single thing about constitutional reform in this country. There is no way this Budget is going to be implemented in a situation of political uncertainty, or when there are chaos down the line. During the meeting that was held at the Kenya School of Monetary Studies, everybody said that corruption and bad governance are the principal obstacles to economic growth, and that they are the principal cause of poverty in this country. I would have liked the Minister to have come up with some concrete measures to be taken in improving governance at the political level in this country. Mr. Deputy Speaker, Sir, while reading the Bible recently, I came across some very interesting part in Exodus, Chapters 9 and 10. That particular part reads: "Read the signs of the time". At the particular Biblical time referred to in this reading, the children of Israel were being, badly, oppressed and exploited by a Pharaoh, who has been described as having had a hardened heart. So, God sent various plagues to that land in the form of pests and other calamities. Those calamities were visited on the people of Egypt, because the Pharaoh had a very hardened heart, and could not allow the children of Egypt to go and pray in the Desert. First, there was the plague of hail and thunderstorm. We, in Kenya, have already experienced that in the form of the *El Nino* rains that were visited on us in the recent past. The plague of hail was followed by that of the beasts, which killed all the cattle, oxen, camels and all other animals in Egypt. Right now, Kenya is experiencing the plague of the beasts. That is why we have drought in northern Kenya and the Rift Valley Province, where all our animals have died.

In Egypt, finally, God sent the plague of darkness; the land of Egypt experienced total darkness, 24 hours a day. Right now, Kenya is going through the plague of darkness. Right now, we have power failure. Down the line, there might be total darkness in this country. So, because we know that the entire KANU leadership is comprised of Christians who go to church every Sunday, where their attendance is covered by television, we would like to ask them whether they are reading the signs of the times. Have they seen that there has been the plague of hail and thunderstorm in this country? Have they seen that there has been the plague of the beast? Are they aware that we are now experiencing the plague of darkness? If the KANU leadership reads these signs of the time, when will it let our people go? This country is going to be finished because the KANU leadership's heart is hardened.

The Minister for Environment (Mr. Nyenze): On a point of order, Mr. Deputy Speaker, Sir. With all due respect to my friend, hon. Murungi, is it in order for him to compare the Kenyan situation with the Egyptian one, during the Biblical times, when we know that, in the case of the Egyptians, those plagues were punishments from God, while in Kenya's case we cannot control drought? Droughts are common.

Mr. Deputy Speaker: Of course, Mr. Murungi is in order to express an opinion. If you listen to him, you will realise that what God did with Moses was a different matter.

Mr. Murungi: Mr. Deputy Speaker, Sir, the Bible says: "They have eyes, but they do not see; they have ears, but they do not hear". I would like the Minister to read Exodus Chapters 9 and 10, and compare the situation described therein with the situation we are going through today. We are, in fact, not just joking. As we talk here, I have heard that the Turkwel Dam power generation plant is about to shut down, because the water levels of that dam have gone down.

Mrs. Kittony: On a point of order, Mr. Deputy Speaker, Sir. Could the hon. Member tell this House who he is referring to as the Egyptian Pharaoh of the Biblical times, in the case of Kenya?

Mr. Deputy Speaker: Order! Order! Hon. Kittony, you do not rise on a point of order to ask a question. Proceed, Mr. Murungi.

Mr. Murungi: Thank you, Mr. Deputy Speaker, Sir. The point I am coming to is this: In Egypt, we had the Pharaoh; in other countries, the likes of that particular Pharaoh would be called by different names. For the benefit of

hon. Kittony, it could be Mugabe, or somebody else.

Mr. Deputy Speaker, Sir, we should look into the policy issues of this country and develop a consensus. Let us not harden our hearts. Do you want to rule a country full of ruins, corpses after all the animals have died?

Mr. Deputy Speaker, Sir, it is not drought. In Israel, sometimes rains do not fall for five years, but people eat, drink and their shambas are green. Intelligent leadership can make rains.

With those few remarks, Mr. Deputy Speaker, Sir, I beg to support.

The Assistant Minister for Roads and Public Works (Mr. Mwakalu): Mr. Deputy Speaker, Sir, I rise to make my contribution in support of the Motion. First and foremost, this country is going through a general crisis that is partly of our own making and partly not of our own making. We can separate, isolate and analyse the problems that are imposed on this country by natural factors. Drought is a national factor and a natural one. Poverty is not a natural phenomenon any more, with advances in technology and modern thinking. People are rich or poor because of the categorisation in the political economy of a particular country. A degree of wave of poverty is also a reflection of the political economy of that country. We do not have to argue that throughout society, humanity has experienced poverty, but that poverty is relative to the circumstances of the time, expectations and interests of their own people. At source, the problems of poverty today can be reflected directly into the kind of policies we have pursued, without self-reflection and self-criticisms over the years. We built policies and enacted structures and applied practices that multiplied poverty rather than reduced poverty over the last 40 years, is a message in and of itself; that, we have pursued policies that made the majority in our society to panick. That is not honourable.

Mr. Deputy Speaker, Sir, taking a case in point, any Budget for that matter, is actually a mirror reflection of the Government veiled interests and expectations. Those veiled interests and expectations are not the Government's overall, but they are the interests and expectations of the ruling party and within the ruling party, the powerful few who have direct access to the structures of the state. So, here we have a Budget which is a tool that reflects certain interests and expectations. When viewed against those interests and expectations, we come to discover that our policies have failed in the areas of providing basic needs such as water. Why should it have taken us more than 40 years to provide water in a slum in Nairobi? Why has it taken us over 40 years to supply water which is a basic human right and need in 80 per cent of our rural areas of this country? What has happened to the water policy that has not delivered water where it is needed most? The same is said about food policy. What has happened to our food policy? What has happened to the policies of shelter that do not produce even the most minimal housing? What has happened to the policies that have expanded rather than diminished poverty in this country? What has happened to the policies that have created education that is extremely sectarian in terms of who gets the reward? What happened to health? Over and every day now, to treat a heart ailment requires over Kshs600,000 to come from the poor. The rich have harambees to raise that amount. What about the poor who cannot have access to this facility? They are condemned to early death and to hell hereafter. What is going on with our land policy that has multiplied squatters and the landless in this country. They have failed and made very fat absentee landlords and foreigners. There is a point when it is necessary to allow and ask for a Government that is simple, honourable, honest and patriotic. We are not going to keep on crying for solutions when we should be providing solutions to the problems that encompass this country. Time has come when we must veer away from the politics of personalities and sycophancy and move in a direction that guarantees that issues are looked as democratically, patriotically and nationally and in a sense that really everybody is a shareholder and participant in the affairs that manage the destiny of this county.

(Applause)

Mr. Deputy Speaker, Sir, I have a case of the Coast and Nyanza Provinces and, indeed, everywhere else in this country; that, unless we address the basic issues of the political economy of our time; how we re-organise land, industry and agriculture to provide a basis for industrialisation, we are going to be beggars. We are going to be asking for foreign aid forever and then, independence will become an empty shell. Let us take the case of Coast Province which has land in Tana River District equal to three times the size of Central Province. It is empty. We can produce cotton, sugar, rice and fruits of every kind among other things. An example has been established in Lamu; an island of productive people has transformed the economy that area. Although we have again to look at how we can transform the politics, so that we harmonise national integration. Coast Province has got land in abundance and it is leading in the number of squatters, landless and poor people. What irony? Coast Province has a type of sugar that matures in nine months, as opposed to 18 months elsewhere in the country. We have killed the sugar industry. Coast Province can produce salt that we need in this country, but again, we are still importing salt in the name of liberalisation. There is fishing and tourism which is second to none. Why do we lack the strategy and tactics, the policies and structures to actually put this into effect and stop crying poverty and unemployment. It is high time that if we were going to address the burning issues of Kenya today, we should not make liberalisation coterminous with mortgaging of the national

economy to foreigners.

(Applause)

Mr. Deputy Speaker, Sir, when all ends have failed or when we will have reached the bottom pitch of our economic misery, history has told us and it is a social law, that people will rise. If they do rise, the first and foremost target of that rising will be the very people who will have been identified as the culprits---

Mr. Deputy Speaker: Order! Mr. Mwakalu, all that is very well. But having dealt with irrelevance, now talk about the Budget Speech.

The Assistant Minister for Roads and Public Works (Mr. Mwakalu): Mr. Deputy Speaker, Sir, what I am saying is dialectical to that support, which means, we have not done well on account of certain things that are natural and man-made. Man-made problems are so many, that unless we wake up to realise the implications of not doing anything, the results will be consequential and disastrous.

Mr. Deputy Speaker, Sir, on the Budget Speech, I would like to pose: Did the Budget, both in its policy formulation and intended application address the fundamental issues of water? Did it address the fundamental issue of food? Did it address the fundamental issues of shelter, incomes, poverty, education, sanitation and health? Did it address the issues of land and above all security? By security, we are not talking about walking in the street and not being mugged. Security has overall implications of---

Mr. Murungi: On a point of order, Mr. Deputy Speaker, Sir. The hon. Member on the Floor is making very important contribution, and since his time is about to end, could you add him another five minutes?

Mr. Deputy Speaker: There is no standing order that authorises me to do so. Unfortunately, his time is up.

Mr. Munyasia: Thank you Mr. Deputy Speaker, Sir. I also wish to support this Motion.

I would like to start by agreeing with those who have said that the Minister was mistaken in raising VAT by three per cent across the board, so that many of the poor are going to suffer by the price increase on almost every commodity. I wish the Minister had done what we know is conventional; and that was the way right from the time of Independence up to the early 1990s, where each time, on the eve of Budget Day, bars would be closed in the afternoon and cigarette shelves would be bare. I wish he had increased tax on beer and on cigarettes. Because those who have the habit of consuming those commodities, even if you raised their prices, they would always consume them, anyway. So, here is a source that he was quite sure to get money from. I do not know why he did not raise taxation on those commodities. I do not know whether the Minister is a friend of those people who consume those commodities or he is one of them.

Mr. Deputy Speaker, Sir, I was happy with the Minister's statement on retrenchment. Indeed, many Government offices are overstaffed. There are many people who go there only to sweep and only wait to make tea and there are others who go to serve tea. There are also many who just read newspapers. So, that was good. He showed us that he was much closer to the ground than those who have come before him. One or two years ago, there had been a statement made by his predecessor that 66,000 teachers were going to be retrenched. I looked at the Minister and wondered whether he was in Kenya or not. Because, according to him, schools were overstaffed. The truth of the matter is that the pupil-teacher ratio in Kenya is still very poor. In fact, we are far from reaching the optimum. That is why I would like to express my gratitude to this Minister for realising that the situation in the schools was so bad that he could not continue or even entertain the policy of retrenchment for teachers. In fact, what I think he should have done, which would have been much closer to the ground, should have been to indicate that he was going to increase the teaching fraternity by maybe another 20,000 or more teachers. There are many that have been trained and they are not employed, yet our schools are seriously understaffed. I have been pestering the TSC for the past---

The Assistant Minister for Education, Science and Technology (Mr. Karauri): On a point of information, Mr. Deputy Speaker, Sir. I wish to inform the hon. Member that presently, our primary schools are overstaffed with teachers. The problem we have at the moment on the distribution of teachers properly, and that is what we are going to do. But we have excess numbers of teachers.

Mr. Munyasia: Mr. Deputy Speaker, Sir, it would be alright if they were able to transfer those teachers. But we heard, even from the Ministry of Health that they cannot transfer some nurses from [Mr. Munyasia] one place to another because they are married wives and other reasons. So, the same problem exists in this Ministry. I know Nairobi is overstaffed, but if you looked at Sirisia Constituency, it is seriously understaffed. Is the Assistant Minister telling us that tomorrow he is going to transfer the excess teachers from Nairobi to Sirisia to make sure that it is adequately staffed? Will that be feasible? What is not feasible do not touch. What we want is that more teachers should be employed because they are there.

Mr. Deputy Speaker, Sir, I thought the Minister should have told us something about the Koech Report. This Government spent a lot of money on that Koech Commission. The Commission has come up with a Report. The

Report in many parts is actually very good, and it is what Kenyans told them. I thought the Government had been serious in wishing that there was a reform in the education system. We need to improve the quality of education. But here is a Commission that has spent public money and has come up with recommendations. You cannot dismiss it lightly that way. We cannot waste money that way. There should have been something to address the implementation of that particular Koech Committee Report.

Mr. Deputy Speaker, Sir, the Minister mentioned something about bursaries. Bursaries issue is a joke. For a number of years, what the Ministry has been doing has been to send money to the districts and allocate each stream a certain amount of money. If you gave a stream, for example, Kshs4,000, what would it help? It cannot even pay one term's fee for a day school student. So, when the Minister says that he is going to increase the funding on the bursary, I do not know exactly what he means. That bursary system must be looked through; the properly poor and brilliant should be identified, and then the Government must undertake to educate those children from, say Form One to Form Four or from Standard One to Standard Eight. Then you will have helped. What is the use of paying Kshs1,000 or Kshs4,000 for a child and then at the end of that term he or she is sent away for lack of fees and the Government boasts that it has enough money for bursary.

Mr. Deputy Speaker, Sir, then there was an address to the issue of insecurity. There is an outcry against insecurity everywhere. Some of it is even carried out by the police force itself. At least in Bungoma, one policeman was shot dead by others who were shooting at gangsters. It is only later that they discovered it had been one of them. And that continues.

Although that is worrisome, we must guard against other insecurity that we ourselves are agitating for. Recently, there was a delegation from Teso District to the President to ask for boundary adjustments of their district. Teso District had been a division where its leaders were agitating for its elevation to district status. When that was done, they then began feeling that it was not viable. If it is not viable in the first place, how do you come to recommend that it should be elevated to district status? Now, they want to provoke the neighbours; they want to provoke the people of Sirisia, Nambale and Bumula because they want to extend their territories to these areas and we are prepared for it.

Mr. Wanjala: Even Budalangi Constituency!

(Applause)

We are saying that we will not allow it to happen.

Mr. Wanjala: Never!

Mr. Deputy Speaker: What are you suggesting? Hon. Munyasia, are you suggesting that the Minister should allocate more money for security or what?

Mr. Ochilo-Ayacko: He is coming to the point!

Mr. Munyasia: Mr. Deputy Speaker, Sir, I am saying that these are provocations that we are witnessing, we have seen it coming and we must prepare ourselves for it. That is how clashes come about.

(Applause)

I would like to inform this House that a promise was made that there might be one, two or three person-Commission. If the people of Sirisia will pay tax, that the money be used to change their boundaries, you can be sure that we shall not take that kindly, and let the Government hear that.

The famine that is being experienced in many parts of this country is induced by the Government. I think the Government must seriously consider the issue of subsidising agricultural production. In many parts of western Kenya, the land is fertile and the climate is fairly reliable. In fact, it is one area that enjoys reliable rainfall throughout the year. What the people of this area need is just some credit or subsidy and they will produce a lot of food for this country. There would be no need to import as much food as we are importing now. I would like to urge the Minister to consider seriously in spite of the condition, the issue of subsidy.

The Assistant Minister for Education, Science and Technology (Mr. Karauri): Thank you very much, Mr. Deputy Speaker, Sir, for giving me a chance to contribute to this Motion.

First, I would like to congratulate the Minister for his Budget Speech. I know he is very qualified for that job, but in my contribution, I will be mentioning some things that, maybe, should have been considered in the Budget. For instance, there is no way this economy can grow with the present bank interest rates.

The Minister and his technocrats will always argue that when they reduce the level of Government borrowing and Treasury Bonds and Bills' interest goes down, the banks will follow suit. I do not think that the Minister should wait until that happens. While he is trying very hard to reduce the interest rates in the Treasury Bills, the Minister should also address the gap between what the depositor is paid by the bank as interest and what the borrower pays the

bank as interest compared with other countries. We need legislation because liberalisation has its own benefits and bad effects. The Minister should come out clearly and tell banks that if they are giving so much to the people who borrow money and so much money to the people who deposit then they cannot exceed their interest rates to the borrowers, so that people can borrow money to develop agriculture and do other things and, therefore, boost the economy. For a long time, people have not been borrowing money from banks. The banks have been accumulating interest and levying penalties on those interests and people have been made poor; people cannot borrow money from banks to do anything. So, our banks, by the way, are making profit from us and we are not benefiting. In other words the economy is not benefiting. The Minister should consider this issue.

The question of being told by the World Bank and the International Monetary Fund (IMF) that we liberalise our economy and allow banks to do what they want--- Do you allow banks to do what they want with Kenyans to make them poorer, when we are talking about poverty eradication? The Minister should consider this issue.

Mr. Deputy Speaker, Sir, the other thing that must be considered seriously is the question of irrigation. It is shameful that in this country when we are in a crisis, like the one we are in today, we talk about irrigation. We rise here in the Government side and the Opposition side, talk about the need for irrigation and when the crisis is over no irrigation takes place. When another drought comes, we will again talk about it. It is shameful! We must act on what we feel is best for this country. Why can we not do irrigation in dry areas and, yet, we have many rivers, lakes and even the Indian Ocean? We must act. For how long shall we talk without any action being taken.

I would like to propose to the Minister, if the World Bank could assist, boreholes can be given to women groups. They should be asked to pay something small even if it Kshs10,000 to service those machines. These are the kind of loans we want; we want loans to irrigate certain areas in this country for agriculture and drill boreholes in every place of this country, even if we are required to subsidise. Women groups and villagers can do that so that when we have boreholes all over the country and irrigation is carried out, we will never talk of famine again. But as I have said, the shame of it is that we talk about it when there is a crisis again. If rains come in November, we shall not talk about irrigation any more, because no action will be taken until there is drought again. We must be pragmatic.

[Mr. Deputy Speaker left the Chair]

[Mr. Temporary Deputy Speaker

(Mr. Musila) took the Chair]

Mr. Temporary Deputy Speaker, Sir, I must confess here that it is my strong conviction that the cost of education in this country has contributed greatly to poverty. Since Independence, parents in this country can pay any amount of money to educate their children. They will sell their goats, sheep, cattle and land to ensure that their children have gone to school. I would like to appeal to the hon. Members of this House to assist us, in the Ministry of Education, Science and Technology, to try and reduce fees in schools. You will hear heads of schools crying that the guidelines given by the Ministry are not sufficient fees to run schools. That is not true. What is happening is that schools want good buildings, they want to buy several buses and ask for money that is not related in anyway to quality education. When hon. Members sit in their Boards of Governors and District Education Boards, they should consider fees that are related to education. Fees charged to our children for purposes of putting up buildings that look colourful, and for buying things that are extra in schools are not necessary for education---

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. I appreciate what the Assistant Minister is saying. However, is he in order really to say so knowing very well that those boards have actually explained specifically the cases they want and why they need to raise those fees and this information has been sent to his office?

The Assistant Minister for Education, Science and Technology (Mr. Karauri): Mr. Temporary Deputy Speaker, Sir, that was not a point of order. He can ask that question during Question Time and I will handle it. We need support of everybody. In fact, we are shocked, as a Ministry, because it is only in national schools, all of which are located in Nairobi and Central Province, where people are not satisfied with the new guidelines. It is strange to find head teachers charging high fees even where food is cheap. They put other things that have nothing to do with quality education, and hon. Members of Parliament must assist so that our parents are not overburdened.

Incidentally, in Uganda, children in primary schools are not even required to wear uniforms. That removes costs from the parents. In fact, Uganda has now 6.5 million children in primary schools with a smaller population than Kenya, which has only 6 million children in primary schools. That is why I am appealing to members of the Board of Governors and TEP in those schools to try and understand the predicament of a parent who is struggling to educate a child at whatever cost. The cost must be reduced.

Human resource is the most important resource in any country. Europe has developed, but not because they have gold or oil. They use their human resources to the maximum. If we placed qualified people who have the right

education and attitude in the right position in parastatals, the Government or anywhere, then the economy will boom. If we do not use our human resources properly, which is the most important resource in any country even where you have no gold, then we can keep on crying that we have the wrong people mismanaging places and we cannot move. When the retrenchment exercise begins I hope it will consider quality in the Government, remove the deadwood, retrench the unproductive people and leave space for those who are productive.

When retrenchment takes place the first people to walk out are the most productive ones because maybe they had been frustrated in those small areas where they were working. Maybe their boss is not qualified and they have been "sat on" for several years. When they hear that they will get a few Kshs100,000 to go home, they are the first people to jump for it. They leave behind the most useless people. I hope during the retrenchment the Government will encourage the productive people to stay on, pay them more and remove the deadwood and unproductive people.

My friend the Minister increased the VAT. I agree with those who say it should not have been increased to that level because the best way to help the poor is to reduce Government expenditure.

With those few remarks, I beg to support.

Mr. Kajwang': Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to say something about the Financial Statement.

I could not agree more with my friend, hon. Karauri on the policies of the banking industry in this country. I was looking at the interim poverty reduction strategy paper on which the financial statement is based. When I looked at the area of banking, I realised that there is nothing that the Minister has said about the policy of banking in this country which will help revamp this economy. The business of banking involves mobilising resources from people and lending it out so that people can use it productively. The banking industry in this country is now specializing in mobilising resources at the cheapest rates and not giving it back to the people for productive purposes.

In fact, the consequence is that it is destructive to this economy. After you mop out money from the people and you do not give it back to them to use it for productive purposes, then you cannot talk about growth, investment and production. Consequently, you cannot talk about eradication or alleviation of poverty. If our policy in the interim period of 2000/2003 is poverty reduction and we do not do something about interest rates in this country, then we are not seriously addressing the issue of poverty reduction because it will not be reduced. You cannot reduce poverty if people cannot borrow at manageable interest rates so that they have a return on their investment. If borrowing means ruining the person who has borrowed, people will be scared to borrow. You cannot borrow at 30 per cent and produce goods that will compete with goods from other countries where people borrow at 5 per cent.

You cannot talk of competitive goods or of Kenya producing goods which would compete with imports when the cost of production is six times higher than that which obtains here in Kenya. It can only be corrected if there is something drastic happening in the banking industry that we start telling these gentlemen who have come in this country to trade in banking that they should do the business banking. The banking business is about mobilising resources and giving them to the people to produce and not buying Treasury Bills so that they forget about the real reason why they came here to do business.

If I look at the Minister's taxation measures on one hand and the issue of poverty alleviation on the other, I thought that he should have alleviated the poverty of the peasants by reducing taxes on implements which are used in agricultural production. If you want to do that, you first reduce the interest duty on hoes. In fact, at one time when I was a student in Uganda, several presidential candidates were campaigning. One of them talked about building airports. Another talked about clothing all women because the women were almost walking naked; there were no clothes. One of them said: "What this country needs most is hoes and seeds." I think that is the one who won the elections because he knew where to begin so that people can now have clothes and travel to use those airports.

There should have been a reduction of duty on hoes and ploughs. Some of these hoes and ploughs still come from China. They are a bit cheap there, but the duty on them sometimes makes their prices prohibitive. You can bring a tractor here without duty, but tomorrow when it breaks apart, the duty is so exorbitant that you cannot maintain it. What is the logic in importing a tractor duty free and making it impossible for you to maintain it? We should look at these things and reduce duty where it helps the farmer so that he can produce food for this country. It is only a well fed people who can produce even industrial goods which we are looking for.

There are so many accidents in this country because most of these buses travel at a fast speed between here, Kisumu and the border. This is because they have to go to Kisumu, come back and go back in order to pay the kind of interest rates which they are charged. If a bus went to Kisumu and came back in the evening and only made those two trips, it would not be able to repay the interest rates. They just have to be practical. They tell their drivers: "You have to go there, come back and go again. Otherwise I will sack you because I cannot repay the interest rates." What Tanzania has done for several years and what Kenya should copy is that duty is not chargeable on commuters vehicles like buses, matatus and lorries because those are the services which the poor man needs. If you want to build an economy you start by reducing duty on lorries which carry farm produce from one place to another. You should also reduce duty

on buses and matatus which the poor man uses so that they do not run at that speed.

In fact, if you now restrict all those bus companies so that they do not travel at the speed they are used to between here and Kisumu, they would collapse. Alternatively, the Government should do something about interest rates charged on buses, lorries and other vehicles so that the industry does not collapse and foreign companies are brought back to run the transport system in the country. So, we must decide which way we want to go; either we want to help our people, or we want to help the multinationals.

I do realise that we prepared this Budget for the International Monetary Fund (IMF), the World Bank and foreigners. We have not prepared the Budget for our people. Sooner or later, we will tell the World Bank and the IMF that if they are not interested in helping the poor, they should not talk about poverty eradication, because the basic things that must be done to eradicate poverty have been left to the whims of the multinationals. They charge and do what they like, because of the liberalised market, and if you open a field for the fittest to survive, then, the poor do not survive. There is one saying in Luo, and I wish I could say it in Luo, because I cannot translate it properly. It says that you do not allow a famine-stricken person into your granary; because, if a person who is very hungry comes to borrow you some millet, you do not allow him or her into the granary because if you do that, he or she would take too much, even if he or she has a small basket, because of being too hungry. So, you tell him or her: "Give me your container and I will put the grains for you." This is because, he or she can leave your granary empty. That is what we have done to these multinationals. We have allowed these "hungry" multinationals, and because they will never get satisfied, to get into our granary, and they are filling their baskets and containers. But they will leave us hungry, and sooner or later, we will be dead.

So, I wanted to say one last thing: I come from a fishing community, and my constituency is surrounded by fishermen/women at the lake, but I did not hear the Minister for Finance talking about reducing, or completely wiping out duty charged on fishing nets and gear. Our people want to fish, but sometimes, they cannot afford the prices of fishing nets which come from foreign countries, especially when duty is imposed on them at a very high rate. We want to hear that fishing nets and gear have the lowest duty chargeable on them. If you buy a net, you are charged for a licence to fish, and when you buy a plough, you are not charged for a licence to plough. This is---

The Temporary Deputy Speaker (Mr. Musila): Order! Your time is up!

Mr. Kajwang': Mr. Temporary Deputy Speaker, Sir, however, I support the Motion.

Mr. Mwenje: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me a chance to say a few words about the Budget Speech. While I liked the way the Minister for Finance presented the Budget Speech, there are few things I did not like about it.

To begin with, I did not like it when the Minister said that we should criminalise the issuance of bouncing cheques.

(Laughter)

That is wrong and unacceptable, because issuing bouncing cheques is not necessarily criminal. You could write a cheque and you may not exactly be sure of the amount of money you have in the bank, and the cheque would bounce. You could also write a cheque and it could also bounce for the reason that the signature differs, or for very many other reasons. I am a banker, and I know that there are very many reasons why a cheque would bounce, and I want to request the Minister to withdraw that particular directive, because it will make things serious and mess the whole of this country. So, many people will be seen as criminals, including Members of this House, who have written cheques, not because they intended to cheat or do anything criminal. But, there is a law that if you write a cheque and it bounces, and you are using it to pay something, you can be charged with obtaining by false pretences. But sometimes, you may not be obtaining anything, but you are just issuing the cheque in a harambee or because you did not have money, and then you are seen as criminal. I want to appeal very strongly to the Minister to remove that particular section. We cannot accept that one at all. The second one is the question of the VAT. You cannot raise the rate of VAT straightaway from 15 per cent to 18 per cent. That is not right. We should go slowly by slowly, and the Minister should have gone first to 16 per cent, then to 16.5 per cent, or something like that. But going straight from 15 per cent to 18 per cent, it was wrong. The VAT affects literally everything. So, we should not have raised the VAT that much when we have reduced duty on beer. I wish the Minister increased the duty on beer and cigarettes, but how do you reduce the cost of beer and then you increase the cost of spare parts, food and so many other items through the increase of the VAT? That is illogical, and so I thought that, that was not right, and it should be looked into quickly.

Many Members here have talked about agriculture, because Kenya is an agricultural country, and I do not know whether it is still the same up to now, because we have now to import food and other foodstuffs from other countries. But I remember that when I was working in the banking sector, it was mandatory for each bank in Kenya to set aside an amount of about 10 per cent of their total borrowing to be lent to the agricultural sector. If you would not

lend directly to the farmers, you would send the money to the AFC, and the money would be passed over to the farmers. I do not know whether that regulation is still there even today, and if it is not there, that is where the Minister should insist that, at least, an amount of money should be lent from all banks to the agricultural sector, either through the AFC, or directly through the farmers. That should be enforced again, because we cannot continue talking of Kenya being an agricultural country, while we continue importing food from South Africa, including oranges, and other small foodstuffs. We must now have a crush programme to assist farmers, like many Members talked about irrigation, boreholes and other programmes. That is where we should be looking into and investing in.

The economy of this country is in a mess and shoddy, because for one, even the investors are not coming to this country. Why is it so? A Member talked about insecurity being experienced in the country because Kenya's security itself cannot be guaranteed, but at the same time, when investors come here, before they are allowed to invest, there are a lot of bureaucracies about licences. People find it much easier to go to any other African country than Kenya, because there are so many licensing sections to be visited, and you have to meet so many conditions. The last one is that before you are allowed to invest, you have to tip somebody with "kitu kidogo" in order for him or her to authorise you to invest in this country. That situation must end, if we must attract investors. Some people whom I talked to told me that they have been looking for a licence in Kenya for about a year in order to invest, but they are unable to get it, because whichever office they go, they are asked: "Yetu ni ngapi!" The Government must come out now, and at least, the Ministry of Finance and Planning, should reduce the bureaucracy involved in licensing investors in this country. This is because I know that many of them are shifting to other countries like Tanzania and Egypt, because they do not want to get involved in that situation.

I am glad that the Minister talked about the Nairobi City Council because it is not known for operating in the normal way. There are a lot of thefts going on now in the City Hall despite the fact that an Oversight Board was put in place, and unfortunately to date, it has not started working. Why? There are some people who have been blocking its operations, and even those who are supposed to assist it, they are now blocking it from doing its work. That is why the City Hall itself cannot work properly, and it is now time we move and come up with a budget. We have never known the amount we pay to the Nairobi City Council, where it goes and its budget. Yet, when we put an Oversight Board there, it is not allowed to work. When we put a committee to go and investigate the affairs there, the report is never brought here because they want to cover some people. We have to make sure that the Nairobi City Council moves in the right direction.

Mr. Temporary Deputy Speaker, Sir, the other day we talked about electricity. All of us are suffering from this power rationing that is going on today. I do not know what is now happening. We need to be told what is happening because even now when there is no water, silting of dams is not being looked into. This is the right time when we need to look into the problem of silting of dams. This is because that is one of the problems that are causing all these problems.

By now, the District Roads Boards should have been put in place. We were at a seminar the other day, but still the matter is moving too slowly. We are supposed to start implementing this by 1st July, 2000, but up to now, I do not see much happening. When I asked the officers on the ground whether they knew anything about it, it appeared as if up to then, they had not been informed about it by the Ministry. When I talked to our own officer here in the City, she seemed not to know anything. She seemed even not to know what she is supposed to do. I am glad the Minister in charge of roads is here; we respect him because he is a good Minister. I am glad that he comes out in the open, even when other funny Ministers are attacking the Official Leader of the Opposition, and says how this country should be run. I want to thank him for that. But we still want to see that the officers know what they are supposed to do. They appear not to know. Instructions should have been given to them by now because July is not far. We are now only nine days to July. I do not see this implementation taking place unless, in the remaining few days, action will be taken very quickly so that we will be able to tackle the problems of roads.

Mr. Temporary Deputy Speaker, Sir, somebody talked about the squatters. This is one area where we have got to know that we shall never talk of poverty eradication unless we solve the problem of squatters. All we are doing is to harass squatters. They do not seem to be seen as citizens of this country. Even if they are poor, they are just equal to everyone else. They are equal to the Minister who flies a flag. In the eyes of the Government, they should be equal to everybody else, and even in the eyes of God, they are equal to everybody else, even if the Government does not recognise them. It is a pity that instead of the Government coming out to support squatters and settle them, it is siding with the rich people who are trying to frustrate squatters.

I am very sad about this issue because we shall never eradicate poverty if we do not tackle the issue of squatters. That is why I do not attend those poverty eradication seminars. Even when we decide on something, nothing happens. We have so many squatters who are unable to work, and even before you give them anything else, the basic needs, for example, housing and food, are what they should be given. But, instead, the Government, through the Nairobi City Council, goes to demolish the shanty housing that they live in. We are increasing poverty in this country.

You go to demolish a kiosk or a squatter's house, yet you claim to be eradicating poverty. If that is what eradication of poverty is, then I do not know its meaning. It is the reverse of what it should mean.

We all know some of the reasons as to why this country, and particularly the Government, cannot sustain its own companies. Most Parastatals have not gone to the dogs. They have collapsed. How can a Government say that it is assisting people to get rich when the parastatals, which are supposed to employ our people, have collapsed? Who made them collapse? What action has been taken? What is the Government doing to make sure that this situation is corrected?

With those few remarks, I beg to support.

The Minister for Roads and Public Works (Eng. Kiptoon): Mr. Temporary Deputy Speaker, Sir, I stand to support the Motion. In doing so, I should start by congratulating the Minister for Finance for having given us a very well-thought-out Budget. Of course, the Budget cannot be exhaustive and there will always be room for suggestions and improvements.

This particular Budget, as you heard, was based on the new method of preparing Budgets, namely the Medium-Term Expenditure Framework (MTEF). You realise that a lot of thought went into every sector of the economy. I would like to highlight one or two points in the area of agriculture, as it is the backbone of the economy of our nation. There is need for us, as a country, to consider the plight of the farmer. The farmer tends to his farm as an individual. He looks for the resources to put into the farm; he ploughs; looks for seeds and fertilizers, and then, after doing all that, he looks up to heaven for the rains to come and raise his seeds. Unfortunately, all this is done at individual level and when that crop does not yield much, it is the individual who suffers; yet, when it rains and we have a very good harvest, it is all of us who eat that crop. It is time that we, as a people, considered how to guarantee the farmer that in the event of rain failure, he is not to take the liability alone; that we will all share the liability, just as much as we share in the harvest. We need to consider bringing back what we used to call guaranteed minimum return (GMR). The GMR guaranteed that the farmer got, at least, a minimum return from his investment. This is an area that we need to look more into, to ensure that we bring back the GMR so that if there is a total rain failure, the individual, actually, is assisted by the Government to realise some of his inputs.

Mr. Temporary Deputy Speaker, Sir, another form of insurance is actually in making it possible for the farmer to be able to market his products. In this case, I am considering the livestock farmer. We do not have any market for the livestock farmer. He is busy tending to his animals; making sure that they are not sick, and that they actually produce the other by-products such as milk and so forth, but when he wants to sell his animals, he has no market. The Government has not looked into this area seriously. I would urge the Minister that he opens up some markets for the livestock farmer. The Kenya Meat Commission (KMC) requires to be brought back urgently so as to alleviate the suffering of the livestock farmer.

Mr. Minister should know now that drought is ravaging through the country and animals are dying. Even if you see your animal dying gradually, you have no way of disposing of it because you have no market for it. This is because there is no KMC. So, one of the areas that I would ask the Minister to consider very urgently is the revival of KMC, so that the livestock farmer may be able to sell his animals.

Mr. Temporary Deputy Speaker, Sir, a previous speaker in this House touched on the issue of water. We, as a people, have always learned to store our crops. When we harvest grains, we build stores and store that crop. Unfortunately, it does also rain and we see the water running away, but we have not learned how to harvest that water. We let it run to the sea and then we cry of shortage of water. This is another area that I think the Government needs to pay great attention to, to ensure that when it rains, we actually harvest that water by building dams and actually storing that particular product. We let it run to the lakes and the seas and then we cry of shortage of water. We need to have education that will awaken our people to realise that water should be stored like any other product that is given by nature. This is one area that I would urge all of us to insist that we should construct dams. We should, at least, make sure that our dams are attended to. There are a few dams that were built even in the colonial days, but we have allowed them to silt up. We have no provision or technology to desilt our dams. In fact, one of the sufferings that we are having at the moment is shortage of power, just because our dams are three-quarters full of silt. I do not think that we have the technology to desilt them. It is time when we prepared ourselves to desilt those dams. The issue of waiting for crises to occur so that we plan is unfortunate.

Mr. Temporary Deputy Speaker, Sir, we knew that our demand for power is 700 megawatts. We produce almost near that. It is not safe to always work on perfections. In engineering, we do allow for two-thirds efficiency. If the planners of power had actually been awake, they should have been producing at 1,100 or 1,200 megawatts per day to be able to meet the 700 that exist in our demand. However, the fact that they were just producing the equivalent of the demand means they did not know what they were doing. So, the emergencies that we are now putting in place should be a pointer to them, that they need to wake up and ensure that we are always efficient and produce almost double of what we need. This is an indication that our planners are not awake and they need to wake up so that we are

always in front of the crisis.

Mr. Temporary Deputy Speaker, Sir, in the area of banking, it is unfortunate that we did allow this thing called liberalisation to set into our economy, but we did not liberalise in total the banking sector. Currently, if you were to bring in money from outside; if you were to get somebody to lend you money from, say, America or wherever, there are conditions that we have in the system that say you must have some guarantees not by everyone else but by either Barclays Bank or Standard Bank. This should not be allowed. If we liberalise, we must really allow everybody to bring in money. Why do we insist on having specific individuals having to approve your bringing in money? This is an area that I would ask the Minister to look into and ensure that if we liberalise, then we must be able to use our own institutions like Kenya Commercial Bank or even Trans-National Bank to guarantee money coming from outside. It is an area that we must insist on, and we need to tell the IMF, and the World Bank that: "If we are not allowed to use our own institutions, then, for heavens sake, we should not liberalise the banking or monetary sector".

Mr. Temporary Deputy Speaker, Sir, one speaker did touch on the issue of roads. Roads are currently undergoing very drastic changes for the good of this country and I want to leak to Members that we are going to go into the Roads Board era as from 1st July. Whereas somebody is saying that we have not yet formed the Roads Board, we are working on that one. We are working on the District Roads Committees and in the course of this and next week, we shall be in a position to call on you people to organise your district committees so as to be able to start from 1st July on the issue of road agencies.

Mr. Temporary Deputy Speaker, Sir, in the area of housing, you will realise that our people do not live in decent houses. I think one of the areas that we need to address seriously when we are addressing poverty alleviation is that of decent housing. Decent housing does not necessarily mean houses made of stone and tiles. It could be even made of wattle, mud and iron sheets. However, "decent" means that it has got access in the sense that there should be some form of reaching there in case of emergency. It should be able to have minimum infrastructure, like some latrines, sewerage disposal and water. This way, we will get our people to live nearer what you would call decency. Currently, we are short of these things because we do not have enough resources. However, if we alerted ourselves and used the minimum resources that we have, we could still be able to achieve some decent housing without necessarily making them very expensive.

Mr. Temporary Deputy Speaker, Sir, finally, I want to appeal to Members of this House on the issue of Constitutional Review. I am sure there will be a Motion coming to this House in the case of setting up the commission as far as this House is concerned. I do not encourage the fact that we, being Members of Parliament, go attacking others who are actually backing their efforts, like the Ufungamano House Initiative. They have tried their part and why do we not do our part and, maybe, in the process, harmonise all these energies so that we move forward with consensus on most of the issues? There is no advantage in us attacking one group just because we want to gain mileage.

With those few remarks, I support.

Mr. Mkalla: Mr. Temporary Deputy Speaker, Sir, thank you for giving me this opportunity to contribute. I stand to support the Motion.

First, I would like to take this opportunity to congratulate the Minister for Finance for the very impressive presentation of this particular year's Budget. It was a very good presentation. However, there is a problem with his technical personnel who did not look at his Budget Speech in order to correct some few errors. For example, if you take the Financial Statement in the first page, you will find that the total being given on the Printed Estimates is shown as 0 for the financial year 2000/2001. I am surprised that such a mistake would come into the House unnoticed by the technical staff. Also, during the Budget Speech, the Minister emphasised that he would make sure that there is removal of silt from the boreholes, and rehabilitation of the existing boreholes in readiness for the short rains. Again, where were the technical staff not to correct the Speech in the sense that you cannot desilt boreholes unless the issue was desilting of dams? Boreholes are underground and there is no way you can desilt them. So, I would urge the technical personnel to make sure that in future, they go through the Minister's Speech before it comes here. This is because if, in Kenya, I can see these mistakes, then they are being seen worldwide and they may be wondering what type of Budget we present in this country.

Mr. Temporary Deputy Speaker, Sir, the theme of this year's Budget is poverty reduction. However, when we look at what is happening today in this country, there is worsening regional inequality. We need to make sure that our Budget addresses the inequalities that do exist in the region today, and this can be done through the budgeting system. You will find that in regions like Coast or Nyanza Provinces, the poverty line at the moment is 50 per cent according to the Poverty Reduction Strategy Paper which we went through a few months ago. It is now upon the Budget to make sure that we balance these regional inequalities by making sure that we provide the necessary and basic things which are lacking in those areas. There is no water, power and good infrastructure in Coast Province. This is where the budgeting system would have addressed these lacking basic things and make sure that they are provided for adequately, so that we can be at par with the rest of the country. The same thing should have been done for Nyanza,

North Eastern and other provinces as well.

Mr. Temporary Deputy Speaker, Sir, I would like to say that a lot of emphasis was put on the manufacturing sector, which takes 14 per cent of the GDP. I think less emphasis was put on agriculture in this particular year's Budget and yet, agriculture takes 60 per cent of the GDP. In future, I would rather we put more emphasis on agriculture so that we can really eradicate poverty. This is because it is through agriculture in Kenya that we reduce poverty. For example, the milk industry in Coast Province is dead, and yet those people rear a lot of cattle. How do you expect them to be able to reduce poverty in that area if the milk plants are not working; if there are no dams, and if there is no water? We would like to see a corrective situation in this area.

Mr. Temporary Deputy Speaker, Sir, I would like also to comment on the tourism sector. This is a sector which can easily be revived. If we make sure there is adequate security in the regions where we attract a lot of tourists, then more tourists from other countries will be able to come into our places. If we have adequate power and water, you will find that we attract a lot of tourists in these areas. I would wish that the Budget, next time, will look at the question of VAT. The Minister has increased VAT rates from 15 to 18 per cent. Granted that we need to raise more revenue, however, what is the effect of that on the tourism industry? It means that we are making it more expensive for tourists who would like to visit Kenya as a tourist destination, and therefore, we are also rejecting the foreign exchange which we would have received as a result of these tourists coming into our country. I would, therefore, suggest, in future, that we give more emphasis on the tourist industry so that we can get more foreign exchange.

Mr. Temporary Deputy Speaker, Sir, there is an argument on drought in this country today. However, this, again, is not an unexpected thing. The Meteorological Department has over the years been saying there is going to be drought, and even in today's *Expression*, we are being told that there is a bigger one that will come. Are we going to say: "We have not known that there is going to be drought in this country?"

The biggest problem that we have in Kenya today is lack of proper planning. I think the technocrats in Kenya should plan properly in terms of water and power provision. For example, if you look at power provision, we do not have enough; but have we had enough investments in the energy sector in the last ten years? The answer is no! There has been poor maintenance of the transmission grid. About 20 per cent of the electricity generated last year was lost in the grid. Why should it be lost if we have maintained our equipment properly? Again, this goes to the planners. I would encourage them to become more serious in whatever they do, so that they can advise those who make decisions properly, so that we do not lose such amounts of power.

The catchment or conservation areas have not been looked at properly. You find that our dams go without water because, either the rivers which flow through do not reserve water, or they just flow to the sea. I think we have enough water in this country. We should not let our water drain into the sea. We should tap it so that we can use it during difficult periods.

Mr. Temporary Deputy Speaker, Sir, maybe, we are over-relying on hydro-electric power in this country. I think our rivers are not that big. They are just streams. We do not have very reliable rivers. Therefore, we need to look at new strategies to provide enough power. A company like Bamburi has excess power. They have been wanting to sell that excess power to the Kenya Power and Lighting Company (KPLC) for a long time, but the KPLC has always rejected it! Why? That could have reduced the current power shortages.

Mr. Temporary Deputy Speaker, Sir, I would like to comment on the interest rates. I think we have opened our doors too wide in this country. At the moment, the interest rates are too high for an ordinary Kenyan to borrow money. The banks are taking too much interest from the monies that they lend to Kenyans. This is because they are trying to reduce the risk of those who do not repay borrowed money. But when those people borrow, they give securities to banks. Why do they not refer back to those securities, instead of penalising good Kenyans who have not borrowed heavily? They should give money at affordable rates to Kenyans, so that they can improve the economy. My advice is that the Minister for Finance should come up with certain regulations that prohibit the banks from excessive charging of interest rates in this country. Even countries like Britain and America have certain regulations that monitor interest rates. If we put our deposits in banks and get about 15 per cent interest from them, why should they charge us 40 per cent? We must have a limit of, maybe, 20 per cent. They should only take 5 per cent to 7 per cent in excess of what they charge Kenyans when they deposit money into the banks. I think the excess interest rates that are charged by banks must be controlled.

Mr. Temporary Deputy Speaker, Sir, the other thing that I would like to comment on is the question of education. Today, there is a serious shortage of teachers in some parts of this country. Take, for example, some districts in Coast Province; you find that one district has a shortage of about 300 teachers, yet we are told that we cannot employ more teachers. Those students are exposed to the same examinations as other students elsewhere in this country. My appeal is that we have to provide teachers and stop listening to the World Bank who tell us to reduce teachers. The issue here is for us, Kenyans, to encourage our people to take their children to school, but not to say that the teacher-student ratio should be this much, and then we find a primary school with about 200 students with only two

teachers! How do you expect those students to pass their exams?

With those few remarks, I support.

Mr. Muithia: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Motion. I half-heartedly support the Motion for obvious reasons, which I am going to give.

Mr. Temporary Deputy Speaker, Sir, you have heard the outcry from the common man, farmers, educationists, economists, industrialists and planners about the Budget. I think it is wrong for us, as lawmakers in this country, to follow traditions where we debate Motions here and, at the end of the day, we give permission to the Government to spend without querying the shortcomings. How will I explain to my electors in Gatundu, who are poor farmers and workers, the heavy taxation that has been meted out to them, without any compensation proposed by the Minister for Finance? The farming community and the informal sector have remained the major hub for the economy of this country. By taxing them more, we are escalating poverty by not creating wealth for distribution to Kenyans.

Mr. Temporary Deputy Speaker, Sir, many times in this House, we have talked about supporting the farmers. We have talked about the coffee, tea, sugar-cane and cotton farmers. We have put a case several times to the Government, to allow farmers to have their bank, which would be exempted from certain rules governing commercial banks. There have been arguments that the farmers' bank may not perform. I would like to pose this question: Why are farmers' banks thriving in France, Malaysia, Netherlands and other parts of the world? The fear of opening a farmers' bank in this country, which will be tailored to access affordable credit to farmers, is unfounded. A farmers' bank will give competition to commercial banks, which have the habit of increasing the interest rates to cover for the shortfalls of non-performing sectors. For example, we have the Kenya Commercial Bank (KCB), which has a Kshs37 billion non-performing portfolio, which is supported by the few borrowers who are servicing their loans. I would like to urge the Minister to take steps and allow the establishment of a farmers' bank in this country.

Mr. Temporary Deputy Speaker, Sir, bad planning has led to power and water shortages. This has come about as a result of the destruction of our water sources. Our forests have been destroyed. In Central Kenya, right from Kinale Forest, the Aberdares Forest, Kieni Forest and Mt. Kenya Forest, there has been consistent destruction of water catchment areas. The same applies to Kakamega, Kaptagat, Mau East and Nandi Forests. Unless the Government takes urgent measures to re-afforest this country once again, we are headed for a total disaster.

Mr. Temporary Deputy Speaker, Sir, I have not heard anything in this Budget which addresses the plight of the street children. Their numbers are growing by hundreds in the streets of Nairobi. This is the source of our future labour. The Children's Department faces a difficult task in trying to rehabilitate families and children. When the officers go to the children's courts, they are referred to the commercial courts which will take four years to solve a problem facing the child. I would like the Government to put in place finances which will go into addressing the problems of street children.

Mr. Temporary Deputy Speaker, Sir, the manufacturing sector has been given respite. But how is it going to perform when the infrastructure has collapsed? We have no roads, water and electricity. All these will negate the benefits which the Minister intended in the Budget. We need to seriously address the problems of infrastructure in this country and look for money from elsewhere to finance its rehabilitation. I would have been happy to hear from the Minister for Finance that he will bring a Motion into this House so that we can allow him to borrow money from external sources. With the proper infrastructure in place, that money could be directed towards resuscitation of the Kenyan economy. No amount of internal borrowing is going to get us out of the current economic mess. The sooner the Government stops internal borrowing, the better for this country.

Mr. Temporary Deputy Speaker, Sir, the money voted for security purposes must be utilised correctly. Money has been approved before, but it goes into the purchase of useless vehicles like Mahindras and Daewoos, which are now dogging the country in the form of vehicle graveyards. I hope the money that has been set aside for security is going to buy proper equipment. I would like to see money being set aside for the purchase of a Land-Rover for Gatundu South. The Government should also separate Gatundu North from Gatundu South. There have been a lot of killings because of ineffective security. I have brought this matter to this House many times in the past, and I am not being heard. Of late, I have had about five people killed in my constituency by thugs, some of them well known. What is the security arm of the Government doing to protect my people?

Mr. Temporary Deputy Speaker, Sir, on the Koech Report on Education, this is a Commission that has been well thought out and has been debated by intellectuals of this country, and a single person cannot rise up one morning and dismiss it. We need the Government to sit down and have the recommendations in the Report implemented for the benefit of our children, and the future of this country. We cannot afford to sustain a useless system called the 8-4-4, which we normally refer to as "8-4-4=0". We are producing zero graduates in this country!

Mr. Temporary Deputy Speaker, Sir, I hope that as we debate this Motion, the Government is listening to us and taking proper action.

Thank you.

The Assistant Minister for Local Government (Mr. Hashim): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to join my colleagues in support of this Motion.

First and foremost, I would like to take this opportunity to congratulate the President together with his Minister for Environment and Natural Resource for a considerate reply to Lamu people in lifting the ban on mangrove harvesting. This problem was causing a lot of havoc and hardship to the residents of the area. But the news was received with a lot of jubilation, not only from the Lamu people, but the entire Coast populace are very happy with the decision which the Government made. I would also like to congratulate the Minister for Finance, who, of course, brought to this House a very useful Budget which is giving a lot of solutions to the problems facing the country at the moment.

Mr. Temporary Deputy Speaker, Sir, of course, there were some problems with the Budget, and increment on VAT has been received with a lot of criticisms, but when we are undergoing a difficult process, some suggestions ought to be made, to consider how we are going to revamp the economy. The increment on VAT might not do a lot of good to others, but, of course, in the longrun, it will benefit the people.

Mr. Temporary Deputy Speaker, Sir, the biggest problem we have in the country is unfair distribution of resources. If you go and look at the Government expenditure, you will, of course, see that some marginalised and underdeveloped areas have not been considered for serious projects. Of course, the projects costing a lot of money have been allocated to areas where they have benefited from such projects before. So, I will call upon the Ministries to consider decentralizing these services, so that each and every Kenyan can benefit from the fruits of this country.

Mr. Temporary Deputy Speaker, Sir, Kiunga Road is one the important roads in this country, it is a security road which connects Kenya and Somalia and nothing has been allocated to it. Water and sanitation in Lamu District have not been considered and health care has also not been considered. So, you would rather see that the Budget is urban-based than reviving the rural areas. What we can say today is that the Government is very much committed to eradicate poverty in certain areas, but it is unfortunate that other areas have just been given lip service. There is nothing tangible in the Budget to eradicate poverty. In areas which are really affected by poverty, there is nothing tangible in the Budget to eradicate it. This trend is going to leave the poor, poorer and the Poverty Eradication Programme would not bear any fruits.

Mr. Temporary Deputy Speaker, Sir, the Ministry of Energy which deals with power supply is currently being attacked from every corner. It must also change its policies. Rural Electrification Programme must seriously consider adopting a system initiated by the Ministry of Roads and Public Works. Funds for those projects must be decentralised and distributed to the constituency level, so that areas which have not benefited from this programme can also benefit. The Rural Electrification Programme is serving areas which have already benefited. For the last five years, Lamu East has been on permanent rationing and nothing serious has been put into consideration. A lot of businesses have closed down in Lamu because there is no power supply. There is also no investment. Tourism is also affected.

Mr. Temporary Deputy Speaker, Sir, it is very unfortunate that Lamu East Constituency, an area which I represent in Parliament, has got no power supply. The entire constituency has no power supply. I think this is the only constituency in the country which lacks such an important service. There is no proper development which will take place where there is no power supply. Fish harvested cannot even be stored to await proper marketing in the area and this has resulted in fishermen being exploited and manipulated. Serious consideration must be put in place, so that, that area can also develop. Already, the Government, through the Ministry of Roads and Public Works, and the Department of Defence (DOD), are docked at Mikanda. Mikanda is a place whereby a lot of problems do occur. Today, almost 40 years after Independence, if you want to go to Lamu East Constituency, your travelling must be determined by high and low tides. The Government has committed some funds to bridge that place, but I understand there are some people who are opposed to it. They are arguing that the bridge is going to have environmental impact. That is not true. A lot of people have died, especially expectant mothers. Others who have been attacked by snakes and sharks, have died as a result of having no proper transport to Lamu where there is a referral hospital, and where they can get treatment. This trend has left a lot of people to die and today, the Government has considered to bridge that area. That is very important, and it is the only way to develop the area. I fail to understand why there is a go-slow on that bridge. If that area is bridged, a lot of people will get employment. Therefore, I call upon the Minister concerned to take serious consideration, so that, that place is also considered in this Budget and enable Lamu East to match other constituencies.

Mr. Temporary Deputy Speaker, Sir, there are a lot of problems in certain Ministries which are not dealt with seriously. The Ministry which deals with the security of this country must consider and supply adequate vehicles in the district, so that people can face those bandits. Lamu East Constituency or rather Lamu District, is one region whereby people have lost their land as a result of bandits. In 1963, we lost 16 villagers; this issue has continued to be debated, but those people have not been resettled. It is high time that the Government considered compensating those people; they have lost their settlement for the last 40 years, but nothing has been done. They are scattered everywhere, and their land has been grabbed. Land is one of the serious issues in this country, and we would like the Government to

come up with a solution to this problem; otherwise, a lot of problems will be on the way.

With those few remarks, I beg to support.

Mr. P.K. Mwangi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the chance to contribute to this Motion.

I would, first of all, like to thank the Minister for having presented the first Budget that was prepared by what is being termed as a "dream team". My conviction is that, that is not a dream team as such, but a "nightmare team". How can that team prepare a Budget that is likely to impoverish Kenyans? I looked at the Annual Estimates and noted with a lot of concern that a lot of money has been allocated to security agencies. That is a clear indication that the KANU Government has a secret agenda for this country.

Mr. Temporary Deputy Speaker, Sir, the so-called "dream team" is so pessimistic that it has allocated funds for the rehabilitation of mortuaries. That is a clear indication that those people have no hope for Kenyans' lives. I thought that, having noted that 52 per cent of Kenyans live below the poverty line, the dream team would come up with a very good Budget, which would make them be seen by Kenyans as people who can provide. As of now, the dream team, members of which are earning a lot of money from Kenya's taxpayers, is doing nothing to benefit Kenyans.

It is quite improper for that team to have indicated that, for the Budget to have been balanced, the only thing that it would have done would be to increase the Value Added Tax (VAT). Today, the effects of the increase on VAT are being felt by everybody. What is happening now? Duty in the manufacturing sector has been reduced, but the price of everything in the shops is on the increase. The benefit that has been given to manufactures by reducing duty for them has not reached the consumers. What was all this for? I believe that a good Budget, as seen by the grassroots people, is one which benefits the grassroots people. Before the Budget was presented to this House, sugar was selling at Kshs40 per kilogram; today, it is selling at Kshs50 per kilogram. Well, the dream team can afford it. What about the poor wananchi? The reason why our Budget cannot perform as expected is because of poor planning. We lack political commitment and the will to achieve whatever is set out in the Budget.

Mr. Temporary Deputy Speaker, Sir, the other issue is corruption. Even though the Government set up KACA, very little effort is seen in the eradication of poverty in this country. If we do not look for a permanent way of fighting corruption, then I think during this fiscal year, we will not even be able to collect Kshs267 billion. This is because, although some shops in the rural areas are registered under VAT category, they cannot pay VAT as proposed in this Budget. I propose that all the rural shops under this category be exempted from paying VAT. The VAT should be collected from one centre. This is because it is not possible for some rural area shops to have up-to-date auditing procedures. Therefore, they might not remit VAT to the Commissioner of Customs and Excise. It is sad that every month, they pay a penalty of Kshs10,000. They do not know what is happening. First of all, they were not even given proper training on how they should be remitting VAT returns. I propose that small shops in the rural areas be exempted from paying VAT because wananchi in those areas are very poor. Any shop that used to have a turnover of Kshs100,000 is now getting Kshs3,000 to Kshs5,000 per month. They have already been deregistered. The process of deregistration is taking very long because of bureaucracy. The officers want to be seen to be performing when they are not.

Mr. Temporary Deputy Speaker, Sir, presently, we have a very big famine which will affect education sector in this country. In my constituency, most of the primary schools are recording a very high rate of absenteeism. I think the only way we can save the situation in semi-arid and arid areas is by re-introducing the school feeding programme. We should discourage pupils from going to pick coffee in the multinational companies. They should concentrate on their classroom work. To avoid further absenteeism, I would propose that some of the school funds be stopped forthright because there is no need of sending a pupil to a poor parent who cannot afford to pay school fees and yet, teachers are being paid. I would like to thank the Government for setting aside Kshs20.5 million for Maragwa District. We need a lot of accountability and transparency in the book project. This is because we want to see what will happen so that next time, we may embrace the whole idea.

Mr. Temporary Deputy Speaker, Sir, in this Budget, the Government will retrench about 25,000 civil servants. The group will join the Jua Kali sector. It is a pity that we will give them some Kshs240,000. This amount of money will not be enough for them if they will not have been trained on how to spend it. It might be a waste of time and money, and it will be like sending them to their graves before their time. Those people who will be retrenched should be given proper training so that they can be self-reliant. If they are just given Kshs240,000, which they have never got in their lives, and told to go home, they will squander that money within a very short time.

Mr. Temporary Deputy Speaker, Sir, very many districts have been created in this country, some of which are not performing. Even some of them are a burden to the people, and will never take root. The Government should consider scrapping some of these districts. I propose the Government should start with my district because it is not performing. Some of these districts are political. How can we have one Member of Parliament for one district? That is

uneconomical and that is why I am saying that this Government does not know how to plan. I appeal to the "dream team" to implore this Government to scrap these districts to the previous 42, because we are not ready for the new ones.

Thank you.

Mr. Kibicho: Mr. Temporary Deputy Speaker, Sir, this Budget has been formulated on a theory which has succeeded elsewhere, but which will not succeed in Kenya. If you talked to those people who advised the Minister on how to formulate this Budget, they would tell you that it was tailored to reward the industries and punish the consumers, so that the industries can continue flourishing at the expense of the consumer. Such a theory can only succeed where people have money. It cannot succeed where 60 per cent of the population is below the poverty line. If you looked at this theory, you would notice that in the end, the industries may not benefit because people will have no money to purchase from the industries and the production will come down.

Mr. Temporary Deputy Speaker, Sir, this is one of the policies of this Government which have failed. An economy cannot grow unless the population has access to credit. It could be a population composed of agriculturalists, traders and Jua Kali entrepreneurs, but they must have access to credit. The citizens of this country have no access to credit. They do not have access to credit because it is very expensive to service these credit. This Government intends to bring down the credit servicing only through theories similar to the one I have alluded to. They promised to bring down the interest rate on Treasury Bills and, subsequently, the banks would also bring down their levels of interest, which cannot work.

At the time of Independence, the then Government realised that multinational companies only came to this country to make money. They therefore, put controls. So, this country will not grow by basing its policies purely on market forces.

ADJOURNMENT

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

The House rose at 12.30 p.m.