

## NATIONAL ASSEMBLY

### OFFICIAL REPORT

Tuesday, 31st October, 2000

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

### PRAYERS

### ORAL ANSWERS TO QUESTIONS

*Question No.634*

#### REVIVAL OF URIRI WATER PROJECT

**Mr. Speaker:** Mr. Omamba is not in? We shall come back to that Question later. Next Question!

*Question No.183*

#### PROMOTION OF TEACHERS IN NDHIWA

**Mr. Ojode** asked the Minister for Education:-

- (a) if he is aware that teachers in Ndhiwa Constituency who have been assessed for promotion have not been promoted to date;
- (b) if he could table the names of those who have been assessed and promoted; and,
- (c) what action he is taking to promote Mr. Philip Ojallah Aron whose assessment was done on 16th March, 1994 and is currently teaching at Riara Primary School in Migori zone within Ndhiwa Constituency.

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

(a) Considering that the assessment started in 1974/75 financial year and ended in June, 1997 and considering the Question start-up point is 1994, then I am not aware that any teacher who succeeded in the assessment was not promoted. From July, 1997, the Teachers Promotion Course was introduced, and the first lot attended this course in April 1998. Promotions were not effected because of rationalization which started off with the head-count of teachers to be included into the medium Term Expenditure Framework.

The Ministry is working out a requisitioning of funds from the Treasury to enable it effect the

promotion of the first lot of 4,300 teachers who went through the Teachers Promotion Course and passed.

(b) Between 1994 and 1997, a total of 53 primary and one secondary school teachers were promoted to the next higher grade after assessment in Ndhiwa Constituency, Homa Bay District. I wish to table the list of those assessed and promoted on merit from 1994 to June, 1997 in Ndhiwa Constituency. I would like to table the list for 1994 for four teachers, the one for 1995, 27 teachers and the one for 1996, 22 teachers.

*(Dr. Wamukoya laid the lists on the Table)*

(c) Mr. Philip Ojallah Aron, TSC No.260116, who was an untrained teacher was assessed for consideration for grading and not promotion on 16th March, 1994. However, Mr. P.O. Aron did not qualify because he did not meet the basic requirements of a minimum of 15 years continuous service, having been employed by the TSC as an untrained teacher with effect from 1st May, 1987.

**Mr. Ojode:** Mr. Speaker, Sir, I would like to inform the Assistant Minister that out of the 9,250 primary school teachers in Ndhiwa Constituency, not a single one has been promoted. Those he is alleging to have been

promoted were promoted when they were outside the constituency. I would like to know from him why it is that primary school teachers, especially from my constituency, have never been promoted? He has talked only of about the 4,300 teachers, but what is he going to do with the balance of the teachers?

**Dr. Wamukoya:** Mr. Speaker, Sir, teachers are promoted countrywide. Some move into Ndhiwa Constituency when they have been promoted, and others move out when they have been promoted. There is no discrimination. We cannot say that all the 9,000 teachers in Ndhiwa Constituency have not been promoted. It may be untrue.

**Mr. Kiunjuri:** Mr. Speaker, Sir, we know that promotion of teachers has been taking place automatically, and especially for those who left college in 1997/98 and were automatically promoted to Job Group "K". Why did the Ministry promote only the new graduates and not those who had been serving for over 10 years on the same Job Group?

**Dr. Wamukoya:** Mr. Speaker, Sir, we have two schemes; one for graduate teachers and the other one for non-graduate teachers. The ones that hon. Kiunjuri is talking about, may be for graduate teachers who automatically move to the next grade - ATS II, after two years of service. But for them to move to ATS I, an advertisement is made and they have got to be interviewed.

**Mr. Ojode:** Mr. Speaker, Sir, could the Assistant Minister assure this House that both the graduate teachers and non-graduate teachers in Ndhiwa Constituency are going to be promoted? The reason why I want him to assure the House is because the figure which I have given him is very high, compared to the figure which he has laid on the Table. You will find out that those are not teachers from my constituency; they are teachers from hon. Owino Achola's Migori Constituency. Let him assure the House that the balance out of the 4,300 teachers he has mentioned from Ndhiwa Constituency will be promoted, and not from the neighbouring constituency. Why has the Ministry been assessing those teachers for the last three years but cannot promote them?

**Mr. Speaker:** Order! Do you want all the 9,000 teachers?

**Mr. Achola:** On a point of order, Mr. Speaker, Sir. Is hon. Ojode in order to mislead the House that most of the teachers in his Constituency are actually teachers from Migori Constituency when, in fact, Migori has got more than 5,000 teachers who have not been promoted?

**Mr. Speaker:** Order! Minister proceed!

**Dr. Wamukoya:** Mr. Speaker, Sir, I would like to assure Mr. Ojode that in the scheme for graduate teachers which is automatic, the teachers are going to be promoted from ATS III to ATS II and then to ATS I on interview. And on the other scheme for non-graduate teachers, I would like to assure him that we now have the Teachers Promotion Course, the first one having been done in 1998 for 4,300 teachers. They have been marked and the processing of the marks is going to start for two weeks, from next Sunday. Those who have passed are going to be promoted countrywide.

*Question No.410*

DIPLOMA COURSES AT KAKAMEGA  
MEDICAL COLLEGE

**Dr. Kulundu** asked the Minister for Medical Services:-

(a) if he is aware that Kakamega Medical Training College is not offering diploma courses in all disciplines; and,

(b) what plans the Ministry has to establish other medical training colleges in Western Province.

**The Minister for Public Health** (Prof. Ongeru): Mr. Speaker, Sir, though this Question was directed to the Minister for Medical Services, it falls under my docket.

I beg to reply.

(a) Kakamega Medical Training College does not offer diploma courses in all disciplines due to the limited facilities available at the centre.

(b) The Ministry does not have any plans at the moment to establish other medical training colleges in Western Province.

**Dr. Kulundu:** Mr. Speaker, Sir, Kakamega Medical Training College is the only one of its kind that offers training in medical courses in the entire Western Province. We are talking about a province with a population of more than six million people. Could the Minister tell us why this provincial medical training centre does not have facilities befitting a provincial institution?

**Prof. Ongeru:** Mr. Speaker, Sir, when the medical training colleges were established throughout the Republic of Kenya it was not envisaged that every single province must have an absolute, as the admission to all the colleges in the Republic of Kenya is based on merit of each candidate. A candidate from Kakamega can be posted to Embu Medical Training College or to Nyeri, whatever the case.

**Mr. Wamae:** Mr. Speaker, Sir, the Minister has said that recruitment to medical colleges is on merit. Is he not

aware that there has been a lot of favouritism in recruitment of students to medical training institutes?

**Prof. Ongeri:** Mr. Speaker, Sir, I am not aware. The last intake was published in all the three daily newspapers for everybody's scrutiny. And last week when I presented the Ministry's budget, I got a lot of parting on the back that it was done fairly and decently. Therefore, the issue does not arise.

**Col. Kiluta:** Mr. Speaker, Sir, bearing in mind the rate at which our population is growing, does the Minister have any plans at all to establish any new medical training colleges? If so, where does he plan to establish them?

**Prof. Ongeri:** Mr. Speaker, Sir, as I said earlier, we have no plans to establish new medical training colleges, but certainly, as and when the funds are available - we all know that at the moment, we cannot spend any additional funds in the expansion of any of our existing medical colleges - we will certainly not only rehabilitate, but expand the existing medical training colleges and increase their capacity.

**Mr. Sifuna:** Mr. Speaker, Sir, in 1994 a similar Question was raised in this House, and the Minister for Health at the time promised this House that Kakamega would start offering diploma medical certificates, and that he was going to transfer the certificate courses to Webuye District Hospital. Now the Minister is telling us that there is nothing of the sort. Could the Minister tell us why they have abandoned that promise?

**Prof. Ongeri:** Mr. Speaker, Sir, hon. Sifuna is obviously misleading the House. At Kakamega Medical Training College, we offer diploma courses in medical laboratory, community health nursing and in public health.

**Dr. Kulundu:** Mr. Speaker, Sir, does the Minister know that provinces such as Nyanza, Central, Coast and Eastern have got more medical training colleges than Western Province? Each of the above provinces has got three medical colleges while Rift Valley Province has got seven medical training colleges. What makes it very difficult for this Ministry to start more medical training colleges in Western Province? Is it because we are in the Opposition?

**Prof. Ongeri:** You are "very loyal" members of KANU. Therefore, there is no reason for you to panic. I would like to assure hon. Dr. Kulundu that a survey on all the existing colleges in this country will reveal that Western Province is well catered for.

**Mr. Gatabaki:** On a point of order, Mr. Speaker, Sir. Is it in order for hon. Dr. Kulundu to insinuate that Western Province has been neglected by the Government because it is in the Opposition, when he knows very well that hon. Mudavadi is being considered to be the Vice-President of this country?

*(Laughter)*

**Mr. Speaker:** Order, hon. Members! Dr. Kulundu, do not answer that. It was only last week when I advised hon. Gatabaki to take this House seriously. Mr. Gatabaki, this House expects you to be serious!

Next Question, Mr. Kalulu

*Question No.618*

COMPLETION OF MASII  
ELECTRIFICATION PROJECT

**Mr. Kalulu** alimuuliza Waziri wa Nishati:-

(a) kama anafahamu kwamba mradi wa stima kati ya Machakos na Masii ulioanzishwa mwaka wa 1980 haujakamilishwa na kuwa vifaa kama miti na nyuzi za taa za umeme vilipyopigiliwa wakati huo vimeporwa; na,

(b) ana mipango gani ya kufufua mradi huo mara moja.

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

(a) I am not aware. However, I am aware of a power-line from Masii to Kagumbu---

**Mr. Ndicho:** On a point of order, Mr. Speaker, Sir. I would like to seek guidance from the Chair. This Question is in Kiswahili and the Assistant Minister has chosen to answer in English. This is unfair because hon. Kalulu does not understand English!

**Mr. Speaker:** Order, Mr. Ndicho! You are totally out of order! The Assistant Minister has an option to either answer in English or in Kiswahili.

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

(a) I am not aware. However, I am aware of a power-line from Masii to Kagumbu whose construction was started in 1989 and later it was suspended due to lack of funds. I am also aware that a section of the line has been vandalised.

(b) Work on the project will resume once sufficient funds are secured.

**Mr. Kalulu:** Bw. Spika, Swali hili linahusu Kenya nzima. Kila sehemu ya nchi hii inahitaji umeme--

**The Assistant Minister for Agriculture and Rural Development** (Mr. Sumbeiywo): Jambo la nidhamu, Bw. Spika. Tunaomba mhe. Kalulu aongeze sauti ili tusikie vile anavyosema.

**Mr. Kalulu:** Bw. Spika, kwa sababu Waziri Msaidizi hakujibu Swali ipasavyo, je, linaweza kupelekwa kwa Kamati ya Bunge inayohusika ili lichunguzwe ipasavyo?

**Mr. Spika:** Bw. Kalulu, nimekupa nafasi umuulize Waziri Msaidizi Swali lako!

**Col. Kiluta:** Mr. Speaker, Sir, on a serious note, this project was started in 1989 and it was abandoned when the late hon. Makau defected to the Social Democratic Party (SDP). The poles were put in place and as soon as he left KANU, the project was suspended. Now that hon. Kalulu is a KANU Member of Parliament, could the Assistant Minister undertake to start this project once again?

**Mr. Chanzu:** Mr. Speaker, Sir, we have no problem with that because these projects are within Machakos District. The Member of Parliament is aware that in this year's Budget, there is Kshs11 million allocated for development projects in Machakos District.

**Mr. Katuku:** Mr. Speaker, Sir, even this Question is not clear. It talks about Machakos to Masii which is in my constituency. It should be from Masii to Ngunguni. This project went up to my constituency and stalled because the late hon. Makau defected. Could the Assistant Minister consider putting this line up to where it was intended to reach?

**Mr. Chanzu:** Mr. Speaker, Sir, that is agreed, but it is going to depend on the availability of funds.

**Mr. Kalulu:** Bw. Spika, je, Waziri Msaidizi anaweza kuliambia Bunge hili ni lini mradi huo utaanishwa tena?

**Mr. Chanzu:** Mr. Speaker, Sir, the project will start when sufficient funds are secured.

*Question No.672*

PROMOTION OF LOCAL PETROLEUM DEALERS

**Mr. Speaker:** Mr. Muite is not here? We will come back to that Question later.  
Next Question, Mr. Sifuna!

*Question No.626*

REMITTANCE OF PREMIUMS TO  
PIONEER ASSURANCE COMPANY

**Mr. Sifuna** asked the Minister for Local Government-

(a) whether he is aware that the Nairobi City Council deducted insurance premiums from its employees during 1997/98 financial year, but did not remit the same to Pioneer Assurance Company Limited;

(b) whether he is further aware that the following amounts and cheques were issued in favour of Pioneer Assurance Company Limited, but have not been released to date:

Cheque No.DateAmount

011113	24/02/98	183,494.70
7672	20/02/98	185,946.80
015568	19/06/98	162,003.80
015824	23/06/98	175,034.85
019905	06/10/98	182,109.65
019766	29/09/98	172,967.80
022676	21/12/98	345,266.50;

and,

(c) when the Council will pay the company the outstanding amount.

**The Assistant Minister for Local Government (Mr. Kiangoi):** Mr. Speaker, Sir, I would like to request that this Question be deferred. When this Question came up and the answer I got indicated that I was aware that money had been deducted from the employees of Nairobi City Council and not remitted to the insurance company, I demanded that the Town Clerk, Nairobi City Council, explains in writing why the money had not been remitted to the insurance company. I have not got an answer yet. To be able to answer this Question adequately, I have got to get answers to the issues that I raised with the Town Clerk. So, I am requesting that this Question be deferred to next week on Tuesday.

**Mr. Speaker:** Mr. Sifuna, is that alright with you?

**Mr. Sifuna:** Mr. Speaker, Sir, I have no problem with that.

*(Question deferred)*

*Question No.550*

ALLOCATION OF KANU GROUNDS

**Mr. Kiunjuri** asked the Minister for Lands and Settlement:-

(a) whether he is aware that KANU grounds, the only recreation centre in Nanyuki Town, has been allocated to private individuals;

(b) why plot allocations are going on despite a Government ban on the same; and,

(c) what immediate action he is taking to revoke the allocation.

**The Assistant Minister for Lands and Settlement** (Mr. Tarar): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that KANU grounds, the only recreation centre in Nanyuki Town, was allocated to private individuals in March, 1997.

(b) The Government banned plot allocations in July last year after the plot had been allocated but the ban still holds.

(c) The allocation was cancelled when it was realised that it was a recreational centre.

**Mr. Kiunjuri:** Mr. Speaker, Sir, it is true that plot allocations are going on, especially in Opposition-dominated areas. This is meant to discredit the Opposition leadership in those areas, so that the whole world can be convinced that the Opposition is equally corrupt. The only co-operation known in this country - but not recognized - is that between NDP and KANU. However, councillors, especially mayors, town clerks, district commissioners and land officers are co-operating in plot allocations, contrary to the Government directive.

Could the Assistant Minister tell this House whether there are other "small presidents" at the district level who can challenge the directives given by the President of this country?

**Mr. Tarar:** Mr. Speaker, Sir, I am not aware that there is any plot which is being allocated at this stage. Plot allocations in this country have been banned.

**Eng. Toro:** Mr. Speaker, Sir, it is a well-known fact that district commissioners are chairmen of plot allocation committees. Today, plot allocations are going on countrywide. We have cases in Maragwa District, especially Kandara Town Council where allocations are being carried out and back-dated to three years ago in order to beat the Government directive. What is the Ministry going to do about this practice?

**Mr. Tarar:** Mr. Speaker, Sir, I clearly stated that I am not aware that there are some allocations that are being processed at the district level. What I know is that plot allocations are processed in the office of the Commissioner of Lands.

**Mr. Gatabaki:** Thank you, Mr. Speaker, Sir. Considering that KANU is the ruling party and considering that the Nanyuki ground, which belongs to the ruling party, was allocated to individuals, is it in recognition of the fact that the ruling party has ceased to exist in Central Kenya?

**Mr. Tarar:** Mr. Speaker, Sir, I have already said before that the allocation of that particular plot was cancelled by my Ministry.

**Mr. Kiunjuri:** Mr. Speaker, Sir, it is true that councils still allocate plots. It seems as if the Assistant Minister has not investigated the matter from the district level to find out whether councils allocate plots. The Commissioner of Lands might not allocate plots at the district level, but councillors still allocate them. The Assistant Minister has not investigated this case.

Mr. Speaker, Sir, could he, first, investigate whether councillors allocate plots at the district level and come back with a clear answer? Secondly, what will the Ministry do to ensure that the people who were given allotment letters will not suffer when they are cancelled?

**Mr. Tarar:** Mr. Speaker, Sir, I have said that we will investigate the issue of plot allocation in various districts.

**Mr. Kitonga:** Jambo la nidhamu, Bw. Spika. Ninadhani ni vizuri kama Waziri Msaidizi atachunguza mambo haya, kwa sababu tunafahamu kwamba KANU imekaa kama mbwa; hutapika, hufuata matapiko yake na kuyala! Kwa hivyo, inawezekana kuwa mahali hapa hapajabatilishwa.

*(Laughter)*

**The Assistant Minister for Agriculture, Livestock and Rural Development** (Mr. Sumbeiywo): On a point of order, Mr. Speaker, Sir. Does the Chair think that associating KANU with dogs is Parliamentary language?

**Mr. Speaker:** Order! I think it is uncalled for and very provocative. So, will you please keep provocation out of this place!

**The Assistant Minister for Local Government** (Mr. Kiangoi): On a point of order, Mr. Speaker, Sir. Since the Chair has ruled that the language is provocative, can the hon. Member withdraw and apologise to the KANU side?

**Mr. Speaker:** Order! I have already done away with that matter. I said that it is very provocative and he should not repeat it. I have also said that every hon. Member should respect every hon. Member from each political party and that is it.

**The Assistant Minister for Local Government** (Mr. Kiangoi): On a point of order, Mr. Speaker, Sir. We are offended. What remedy do we have other than the hon. Member withdrawing the statement and apologising to the House?

**Mr. Speaker:** Order! I think I have already said that hon. Members must avoid provocative issues. You can see how it is. If everybody else stood out there and insulted the party opposite or next door, then we would have a lot of trouble here.

**Mr. Angwenyi:** On a point of order, Mr. Speaker, Sir. A dog is a very good animal; It keeps watch over our homes.

*(Laughter)*

**Mr. Speaker:** Order! Order, hon. Members! Mr. Angwenyi, you are obviously entitled to your own opinion and others can hold their own opinion, but you can see that it is creating some emotion. I want that to be over now. Whether a dog is a good or bad animal, that is really individual liking, but keep dogs out of here!

**Dr. Ochuodho:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Overruled! Let us move on to Mr. Omamba's Question for the second time.

**Mr. Omamba:** Mr. Speaker, Sir, may I apologise for coming late.

**Mr. Speaker:** Very well. Are you asking your Question now?

*Question No.634*

REVIVAL OF URIRI WATER PROJECT

**Mr. Omamba** asked the Minister for Water Development:-

(a) whether he is aware that Uriri Water Project which was built through community effort has stalled; and,

(b) what plans he has to revive the project in order to supply water to various institutions in the area.

**The Minister for Water Development** (Mr. Ng'eny): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that Uriri Water Supply has stalled.

(b) My Ministry through the *El Nino* Programme with the World Bank has identified Uriri, Macalder, Karungu, Oyani, Obwara and Rapogi Water Supplies for rehabilitation in Migori District at an estimated cost of Kshs26.08 million.

My Ministry has already provided technical assistance in the hydrogeological surveys for the ground water based supplies. Further, awareness creation on management of water supplies by the communities concerned and the policy direction is being undertaken. In this regard, the beneficiaries are expected to form water users committees with a view to raising funds to meet operational and maintenance costs and rehabilitation in future.

**Mr. Omamba:** Mr. Speaker, Sir, the water project has been there since 1979. This is a period within which a child can be born and complete his secondary education. Now that the Minister is not sincere, why does he group this project with the projects that will be catered for by this amount of money, and if that is the case, how much money is allocated to Uriri Water Supply?

**Mr. Ng'eny:** Mr. Speaker, Sir, that fund is allocated to those projects I have mentioned irrespective of where they are located, because identification was carried out and funds allocated accordingly.

**Mr. Omamba:** Mr. Speaker, Sir, the Minister should be honest because he has not carried out any investigation. This project is long overdue and the committee he has talked about had met, dug a shallow well, built a tank, bought a generator and installed pipes. Could he go back and find the truth because he is not telling the House the truth? Are these materials there, or am I just imagining that they are there?

**Mr. Ng'eny:** Mr. Speaker, Sir, in fact, the hon. Member should be grateful to the Government, because initially, this project was a community project, for which the Government was only required to come in with technical assistance. Now, with the *El Nino* funds, the Government is coming in.

**Mr. Achola:** Thank you, Mr. Speaker, Sir. Could the Minister stop giving us long history and instead tell us when Uriri Water Project will be revitalised? This is because we were told that this money was available in 1998 and up-to-now, nothing has happened. When will he revitalise this project? He should forget telling us stories.

**Mr. Ng'eny:** Mr. Speaker, Sir, the Uriri Water Supply Schemes, because they are quite a number, are under

the *El Nino* Programme. According to my information, the survey is being carried out with a view to implementing it.

**Mr. Achola:** On a point of order! Again, the Minister has not told us when the project will be implemented. This Minister gave us a schedule of the projects that were going to be done in 1998, and Uriri Water Project was one of them. Now he is telling us that some studies are being done. There was no need to do studies here because this was an existing water supply. We are saying that it was damaged during the *El Nino* rains. So, when will it be done? That is simple.

**Mr. Speaker:** That is a point of argument and not a point of order!

**Mr. Achola:** He should answer.

**Mr. Speaker:** Order! He will not! Is there anybody who is interested in the question?

**Dr. Kulundu:** Mr. Speaker, Sir, since the Minister knew that the water project fell under the *El Nino* Emergency Programme, why could he not refer the Question to the Office of the President where such projects are undertaken?

**Mr. arap Ng'eny:** Mr. Speaker, Sir, everybody knows that there is collective responsibility.

*Question No.672*

PROMOTION OF LOCAL  
PETROLEUM DEALERS

**Mr. Muite** asked the Minister for Energy:-

- (a) whether he is aware of the unfair business practices adopted by the cartel of multinational petroleum companies against the Kenya Independent Petroleum Dealers Association (KIPDA), an association of local entrepreneurs seeking a market share in the petroleum industry; and,
- (b) what steps he is taking to promote the local entrepreneurs in the interest of economic nationalism, and to prevent monopolies by multinational cartels.

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

(a) I am not aware.

(b) The Government has deregulated the petroleum products distribution sector in order to create a commercially competitive environment for the players in the sector. The Government has initiated the construction of a common loading facility in Nairobi, which will be ready for use by new local entrants in the sector by the end of next year. Further, plans are underway to finance the construction of a similar common loading facility in Mombasa.

Finally, the Government will, in the near future, table a Petroleum Bill in this august House. The Bill will aim at maintaining a level-playing field for all operators in the petroleum sector.

**Mr. Muite:** Mr. Speaker, Sir, the Assistant Minister has said that he is not aware. I would like to make him aware by placing a memorandum by the local entrepreneurs on the Table.

*(Mr. Muite laid the memorandum on the Table)*

Mr. Speaker, Sir, is the Assistant Minister aware of the difference between liberalisation and control? Control should not be there in a liberalised market. But the difference should be there between control and regulation. What specific steps is he taking to protect local entrepreneurs from being frustrated by the multinational oil companies, in the interest of economic nationalism? He must protect our people! What affirmative action is he taking to promote their interests?

**Mr. Chanzu:** Mr. Speaker, Sir, when you open up a market, it is for participants to play. I have just said that steps have been put in place to enable the local entrepreneurs to participate in the oil business. There are common loading facilities in Nakuru, Eldoret and Kisumu. They are operated locally. The facility that we are putting up in Nairobi will enable the local petrol dealers to participate freely. Again, I think they get their products from the multinationals!

**Mr. Gatabaki:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** I hope you are serious this time!

**Mr. Gatabaki:** Yes, I am serious! Is the Assistant Minister not misleading the House by telling us that the Government is concerned about the locals, when only recently, the Government allowed Shell/BP to acquire Agip and control 30 per cent of the oil market?

**Mr. Chanzu:** Mr. Speaker, Sir, in the first place, that is a different question. Secondly, Shell/BP acquired Agip and not the KIPDA!

**Mr. Mbela:** Mr. Speaker, Sir, the Assistant Minister is misleading this House! In the last six years, after we liberalised the oil market, the multinational oil companies have formed themselves into a cartel! There is no way a local company can operate, unless the Government comes up with an affirmative action to regulate the market. The African business people cannot control the prices. Could the Assistant Minister tell us what positive action he has taken to control the prices?

**Mr. Chanzu:** Mr. Speaker, Sir, in the first place, if I can remember very well, hon. Mbela was a Minister in the same Ministry! I do not know what steps he took as a Minister! Secondly---

**Mr. Angwenyi:** On a point of order, Mr. Speaker, Sir. We do not want to revert to the past! He has been asked what steps he is taking now, to appease the independent oil operators and make regulations against the cartels!

**Mr. Speaker:** Order! I do not recall any time that hon. Mbela was "the Government" as it were! You are being asked as a Government! So, will you answer that question!

**Mr. Chanzu:** Mr. Speaker, Sir, I think I was cut short! I was answering the question! Secondly, I will bring a Bill to this House, and hon. Members will have an opportunity to make more suggestions on how best the sector should be run. The Bill is soon coming before the House. I would like to give that assurance!

**Mr. Raila:** Mr. Speaker, Sir, hon. Mbela is right about cartels. Oil companies are usually very fast in increasing oil prices whenever crude prices go up. The pump price never comes down!

But, Mr. Speaker, Sir, there is harassment of independent oil dealers by the Provincial Administration on flimsy grounds of safety. The Provincial Administration knows nothing about safety in the oil industry! Could the Assistant Minister give an undertaking to this House that the Government will not allow the multinational oil companies to use the Provincial Administration to harass independent private local oil dealers on flimsy grounds that they are breaking safety laws which they know nothing about?

**Mr. Chanzu:** Mr. Speaker, Sir, that is a good point. It is well taken. We will look into it.

### QUESTIONS BY PRIVATE NOTICE

#### CONFISCATION OF REUTERS EQUIPMENT

**Dr. Ochuodho:** Mr. Speaker, Sir, I beg to ask the Minister for Information, Transport and Communications, the following Question by Private Notice.

(a) Could the Minister clarify under what circumstances Reuters was issued with a licence to uplink data via satellite?

(b) Why did the Communications Commission of Kenya (CCK) confiscate Reuters equipment?

(c) What is the current Government position on the matter?

**The Minister for Information, Transport and Communications (Mr. Mudavadi):** Mr. Speaker, Sir, I beg to reply.

(a) Reuters Limited has never been granted a licence to uplink data via satellite. However, an application for licensing Reuters to that effect was lodged with the CCK by Telkom Kenya Limited on 19th June, 2000.

(b) While this application was being processed, Reuters with Telkom, installed the equipment on the DFCK Tower Building, where they have their headquarters. While the process of finalising the licensing procedures - that is paperwork and formalities - was going on, the CCK moved into the offices of Reuters, since they had detected unauthorised omissions from the Finance House Building and in the process, disconnected the services of Reuters. That situation has now been regularised.

(c) Mr. Speaker, Sir, the current official Government position on the matter still remains as stated in the Policy Sector Paper, which was issued on 19th April, 1999. That Paper states that any individual or company needing a telecommunications uplink for international connectivity is referred to Telkom Kenya, who have the necessary infrastructure for the service, utilising its Kensat Network. Telkom Kenya is, therefore, still the only organisation that can provide those services. Reuters is doing so through the Kensat connections.

**Dr. Ochuodho:** Mr. Speaker, Sir, the House may recall that, exactly two days after the Minister had launched the Reuter's facility, the CCK went and confiscated the equipment. One wonders who is in charge of the Ministry. Is it the Director-General of CCK, the Managing Director of Telkom Kenya or the Minister? The Minister said that Telkom Kenya did apply on behalf of Reuters on 19th June, 2000. Was this application made through a legal notice as required by law? Why did they have to apply on behalf of Reuters?

**Mr. Mudavadi:** Mr. Speaker, Sir, I will have to acknowledge that there was some serious confusion on the part of the agencies involved in this facility to the extent that, immediately after I had launched this service, they went and tried to interfere with it. As I said, this problem has been sorted out and it has been regularised. I hope and trust that



we shall not see any such attempts of these organisations moving in, in an over-zealous manner without following the proper procedures. With regard to the question of Telkom Kenya being the applicant, I said the policy statement that was issued in April, 2000, still gives Telkom Kenya the monopoly over these uplink services. It is on this basis that Telkom Kenya, working in conjunction with Reuters, did file the application.

**Mr. Kibaki:** Mr. Speaker, Sir, the Minister should clarify this matter. Is he not aware that by giving Telkom Kenya a monopoly for five years, he is denying telecommunications development for the whole of Kenya? We are lagging behind all our neighbours and will continue to lag behind. If we do not develop that sector of telecommunications, the whole economy will not catch up and they are pretending to be struggling to make the economy revive. The economy will not revive if this monopoly is not broken! What is the Minister going to do about that? Is he going to stagnate the economy for five years or will he change his mind and policy?

**Mr. Mudavadi:** Mr. Speaker, Sir, there is merit in reviewing the policy statements that were developed in April, 1999, on the Telkom sector because there are, indeed, some aspects of that policy statements which grant unnecessary monopoly to the Telkom structure. We are in the process of looking at that policy afresh so that, while looking at the privatisation programme as a whole, we can provide a better environment for competition and upgrading of these services.

**Dr. Ochuodho:** Mr. Speaker, Sir, we know that many telecommunication service providers and many media houses have applied for a licence to have up-linking facilities and the *Nation TV* is one of them, and I am sure the *Citizen* and the KTN are others. The House in its wisdom passed the Kenya Communications Act. Section 5(2) of the Act states that: "There shall be no monopoly or duopoly within the Telkom Services." The Minister is referring to the Government Telkom Policy Paper. Is he implying that the Government policy document is above an Act passed in this Parliament and assented to by the Head of State?

*(Applause)*

**Mr. Mudavadi:** Mr. Speaker, Sir, I did not in any way imply that an ordinary policy document is above Parliament. Indeed, I said that, there are merits in reviewing the policy statement prepared by the Government at that time, bearing in mind the technological changes that are taking place and also the need that may justify reviewing of some of the laws that we have within the Communications Act.

**Mr. Michuki:** On a point of order, Mr. Speaker, Sir. Is it in order for the Minister, in a Question as important as this, and because he was involved in the matter, not to disclose to this House that, the disconnection that he did, cost this economy and commercial banks in particular, Kshs250 million? Is he in order not to disclose this huge loss to commercial banks and other commercial institutions because of disconnection?

**Mr. Mudavadi:** Mr. Speaker, Sir, I may not be able to know the quantum of the loss that was necessitated by the disconnection. But it is true that the Reuters provide a very essential service to the financial sections in this country and many other countries. But I do not have any quantum or actual figures of any losses that may have arisen.

**Dr. Ochuodho:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Dr. Ochuodho, we have no room for that point of order! Proceed, Mr. Raila!

NON-PAYMENT OF SALARIES TO  
TOM MBOYA COLLEGE EMPLOYEES

**Mr. Raila:** Mr. Speaker, Sir, I beg to ask the Minister for Labour the following Question by Private Notice.

(a) Is the Minister aware that 45 employees of Tom Mboya Labour College have not been paid their salaries/wages for the past 15 months by their employer, the Central Organisation of Trade Unions (COTU) and that, consequently, their children have been sent away from schools due to non-payment of fees?

(b) Could the Minister take an urgent action to ensure that COTU honours its contractual obligation by paying salary arrears to its staff?

**The Minister for Labour (Mr. Ngutu):** Mr. Speaker, Sir, I beg to reply.

(a) I am aware.

(b) Since August, 2000, when this matter was referred to us, my officers have made efforts to have COTU work out modalities of clearing the salaries/wages arrears, but all has been in vain. Consequently, the matter which has now been referred to the Chief Magistrate's Court, Nairobi, for arbitration has the Case No.2407/2000.

**Mr. Raila:** Mr. Speaker, Sir, this is "a case of a speck in one eye and a log in the other eye." The COTU is the workers' organisation which is supposed to represent the interests of workers. This includes harassing employers when they fail to pay their employees. Now, the COTU is in flagrant violation of its contractual obligation to its workers.

Mr. Speaker, Sir, will the Minister in charge of labour and who knows very well that there is the Industrial Court for resolution of industrial disputes ensure that COTU lives up to its contractual obligation and if not so, put COTU under receivership?

**Mr. Ngutu:** Mr. Speaker, Sir, I agree that COTU has had some financial problems. According to the Secretary General of COTU, the reason for not paying the salaries/wages was due to the adverse economic situation within the organisation. But we have already tried our very best and have referred the matter to court. We are now waiting for the decision of the court.

**Mr. Anyona:** Mr. Speaker, Sir, to my understanding, a matter is referred to court because there is some dispute to be resolved. But in a matter where an employer of whatever description has failed to pay his workers, that is a breach of the law! So, why has the Minister not taken the normal step of charging people in a court for breaking the law?

**Mr. Ngutu:** Mr. Speaker, Sir, matters of employers and employees are serious and we cannot just go to court and start prosecuting employers. We normally try to negotiate and allow peaceful settlement by both parties. This is what we have done by taking the matter to the industrial court so that it can be discussed and finally a solution found by both parties.

**Mr. Raila:** Mr. Speaker, Sir, COTU is the worst employer in the country and yet it continues to receive money from workers in their monthly contributions. Where does all that money go to? Secondly, could the Minister order COTU to pay the staff who have not been paid for the last 15 months and are being harassed by their landlords and their children are being sent away from school?

**Mr. Ngutu:** Mr. Speaker, Sir, as I have said, we have done our very best and we hope the matter will be settled as soon as possible through the court.

**Mr. Ndicho:** On a point of order, Mr. Speaker, Sir. Would I be in order to ask you to tell the Minister that ever since COTU started co-operating with KANU and became affiliated to KANU, that is the time it started destroying not only its own workers payment obligations but even the general workers in the whole of this country?

Mr. Speaker, Sir, would I be in order now to ask the Minister to de-link COTU from KANU because before they co-operated, COTU was doing very well?

**Mr. Speaker:** That is not a supplementary question by the way. Would you like to comment, Mr. Minister?

**Mr. Ngutu:** No, Mr. Speaker, Sir.

**Prof. Anyang'-Nyong'o:** On a point of order, Mr. Speaker, Sir!

**Mr. Speaker:** Order, Professor Anyang-Nyong'o.

**Prof. Anyang'-Nyong'o:** Mr. Speaker, Sir, it is a very genuine point of order.

**Mr. Speaker:** Order! You know it is 3.30 p.m. I should be ending Question Time and since I have Mr. N. Nyagah's Question, I believe I must reach it.

**Prof. Anyang'-Nyong'o:** Mr. Speaker, Sir, my point of order is: Hon. Raila Odinga asked the Minister to state to this House whether it is true or not that, COTU deducts from every worker some amount of money that goes to look after its affairs. Since the Minister said that COTU is in dire financial straits, can he explain to the House what happens to those deductions that go to COTU every month to look into its affairs? Tom Mboya Labour College being one of the most important institutions under COTU, how can it be in financial straits when every worker contributes to COTU every month? Can he state to the House where the money is going?

**Mr. Ngutu:** Mr. Speaker, Sir, currently, I cannot say what they do with all their money since they have a lot of things to do within their organisation.

**Mr. Speaker:** Very well, Mr. N. Nyagah's Question!

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

**Mr. Speaker:** No, I have passed that time now.

#### COLLECTION OF CESS BY PRIVATE COMPANY

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

(a) Why has the Ministry allowed collection of cess by a private company at the retail market in Muthurwa, contrary to the Local Authority by-laws?

(b) Is the Minister aware that Nairobi City Council is losing at least Kshs300,000 per month which it earned previously, before allowing another parallel market to operate on the same grounds?

(c) What action will the Minister take to ensure that no collection of cess will be undertaken by any unauthorised body and that no parallel market operates within a radius of 100 yards?

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

(a) The issue of that particular private company collecting cess within the vicinity of Nairobi City Council retail market at Muthurwa is a matter before a court of law and, is therefore, *sub judice* vide Milimani Commercial Courts Ref. No.RMCC/2584. Previously, there was another court case that also went before the court vide the same Court No.871 of 1997.

**Mr. Speaker:** It is between who and who?

**The Assistant Minister for Local Government** (Mr. Kiangoi): The matter is between the private company, Park Towers Limited and Nairobi City Council.

**Mr. Speaker:** And what is the nature of the dispute?

**The Assistant Minister Local Government** (Mr. Kiangoi): Mr. Speaker, Sir, the dispute is over--- If I may explain, this Question is as a result of activities of a private company, Ms. Park Towers, who are collecting money from traders who trade in fresh produce at the company's plot which is adjacent to the City retail market. That is why the Question is: "Whether the by-laws do not bar that private company from collecting cess?". However, this private company had obtained a licence to deal in fresh produce and, therefore, they charge cess on any other trader who goes there to trade in fresh produce. Therefore, when they were being prohibited from doing that, they went to court and hence, the references that I have given.

**Mr. Speaker:** Mr. N. Nyagah, what is your reaction?

**Mr. N. Nyagah:** Mr. Speaker, Sir, this is extremely unfortunate. There can never be a dispute whatsoever, because the law is very clear; that, nobody can collect cess other than a local authority as Cap. 265 says. So, what dispute are we talking about? However, I think it is also genuine that we must be told that this land was illegally allocated to Mulu Mutisya and his group which is called "Park Towers." They have an illegal collection of cess from a kiosk that is not fit to be used by human beings and so on.

**Mr. Speaker:** Can I look at the pleas so that I can advise whether it is *sub judice* or not? Mr. N. Nyagah, can I do so?

**Mr. N. Nyagah:** Mr. Speaker, Sir, the Assistant Minister has it.

**The Assistant Minister for Local Government** (Mr. Kiangoi): Mr. Speaker, Sir, thank you. I think that will save the day. The fact is that there is a dispute and I will get the pleadings and hand them over to you.

**Mr. Speaker:** Can you hand the pleadings to the Clerk here? I will look at it and know whether it is *sub judice* or not, so that I can know what to do with the Question.

**The Assistant Minister for Local Government** (Mr. Kiangoi): Yes, but the fact is that there is a dispute.

**Mr. Speaker:** Very well. Next Order!

## MINISTERIAL STATEMENT

### CLARIFICATION ON SONY SUGAR COMPANY

**The Assistant Minister for Agriculture and Rural Development** (Mr. Sumbeiywo): Mr. Speaker, Sir, I had requested earlier on to clarify to [**The Assistant Minister for Agriculture and Rural Development** a Question which I answered here on Wednesday, 25th October this year. I duly responded from the Floor of this House to a Question by Private Notice that was asked by hon. Ochilo-Ayacko. The Question was: "Is the Minister aware that South Nyanza Sugar Company Limited (SONY) is facing imminent closure, mainly as a result of cash flow problems arising from the lack of cane?"

Mr. Speaker, Sir, the reply was: "I am aware that SONY like all other sugar companies in the country, is currently faced with cane supply problem arising from the industry, due to wide cane shortage. The industry is facing this shortage as a result of---

**Mr. Speaker:** Mr. Assistant Minister, what is the problem?

**The Assistant Minister for Agriculture** (Mr. Sumbeiywo): Mr. Speaker, Sir, I just want to clarify what was reported by *The East African Standard* in its Thursday's caption, which was on the following day. It reported that: "Yes, SONY may collapse - Government admits." That conveys a totally different message from what was in my reply. The report further insinuated that: "The Ministry of Agriculture had admitted that SONY is on the brink of collapse and faces imminent closure due to scarcity of sugar-cane."

Mr. Speaker, Sir, in my reply, I categorically said: "The cane supply problem affecting all sugar companies in the country, SONY included, would not lead to imminent closure of the factory." I further indicated in my reply that: "Cash-flow problems currently being experienced by the company due to reduced cane supply to the factory are expected to ease by February, 2001."

Mr. Speaker, Sir, in conclusion, my reply, therefore, was a clear assurance to all sugar-cane farmers supplying cane to the company, including other stakeholders that, the company has put in place adequate measures to guard against any imminent closure of the factory, save for a scheduled two weeks mini-maintenance stoppage in early November. The assurance that I gave to this House on that particular day that SONY does not face imminent closure still stands and I would wish to request that, this message be conveyed accurately by both the electronic and print media.

Thank you, Mr. Speaker, Sir.

**Mr. Ndicho:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Order! Mr. Ndicho, we will not open debate on that because the Assistant Minister was clarifying what he had said. If he misses a point, it will be shown to him by the Press.

**Mr. Ndicho:** On a point of order, Mr. Speaker, Sir. What the Assistant Minister has clarified is exactly what happened with hon. Madoka, when he talked about the scrapping of some districts by the Government and the President told him "No!" Also, Mr. Sunkuli said something in this House and the President told him off. Therefore, I am sure that the Assistant Minister made that clarification because he was told; "Nani alikwambia kusema hayo maneno? Could you go and retract it?" We must be saved from these things because the President is contradicting what the Ministers say in this House.

**Mr. Speaker:** Order! Next Order!

**Mr. Angwenyi:** On a point of order, Mr. Speaker, Sir. He was supposed to make a Ministerial Statement.

**Mr. Speaker:** Order! Mr. Angwenyi, what do you take this House for? You do not just stand up there and pretend that there is nobody in authority here.

Next Order.

## BILL

### *Second Reading*

#### THE FINANCE BILL

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

Hon. Members will recall that when delivering the Budget Speech to this House, I made various proposals aimed at bolstering our economic growth. These proposals which are mainly core to fiscal policy adjustments are contained in this Finance Bill. Our main focus in this year's fiscal budget addressed the serious economic downturn. For the last four years, the Kenyan economy posted a declining trend. This situation is untenable and has led to rising levels of unemployment and poverty amongst our people. This year the situation has not been made simpler by the severe drought conditions which have adversely affected not only the water levels in our dams and hence diminished hydro-electric power generation capacity, but has also affected agricultural production adversely thus triggering food shortages. Short-term measures such as engaging emergency power generators have been taken to address the power shortages. Three companies have already been contracted to generate electricity to ensure power supply to manufacturers and domestic users.

In addition, Mr. Speaker, Sir, the Government has received additional aid of 40 million special drawing rights which is equivalent to about USA\$52 million from the IMF and another USA\$72 million from the World Bank, that will be specifically used to fund drought-related expenditure. We expect more assistance in this area from other development partners.

Mr. Speaker, Sir, major policy instruments geared towards making fiscal and monetary adjustments in the light of the prevailing economic conditions are in place to facilitate economic recovery. Expenditure tightening and prioritisation will be achieved through the Medium-Term Expenditure Framework (MTEF) Budget approach which has commenced this year. National development objectives will be realised under the MTEF through established sectoral approaches that will only target the core projects. Our broader aim during the MTEF period is to progressively increase real per capita GDP growth to at least 3 per cent per year on a sustainable basis. In order for this to happen, the share of the total Government expenditure will be reduced from 27.5 to 24 per cent by the year 2002/2003, while the total Government revenue will be maintained at 24 per cent of GDP. This, however, is now a challenge due to the severe drought and the resultant consequences which now make the projected growth to be only about 0.5 per cent.

As I mentioned during my Budget Speech, in the medium term, I intend to focus on projects which have expenditure patterns geared to support growth and poverty reduction. I further intend to accelerate public sector reform programmes which in this 2000/2001 financial year cover personnel retrenchment in the sector. Some of these measures may be painstaking particularly, retrenchment. However, we need to enhance service delivery in the public sector, to

inculcate professionalism in the public service and also to raise productivity.

Mr. Speaker, Sir, this year's Budget proposals put considerable emphasis on private sector led growth as a significant step towards poverty alleviation and unemployment reduction. This ties in very well with our public investment programmes, collates carefully under the MTEF approach and sharply focuses to support growth and poverty reduction. Our measures on poverty reduction have received acclaim and hon. Members are aware that these form the basis of external support negotiations with our multilateral partners of whose fruitful results the public is aware. However, we will not sit on our laurels and our intention is to carry out reviews of the Interim Poverty Reduction Strategy Paper with the aim of firming it up by the second quarter of the year 2001. Subsequently, this should form a pragmatic and clear approach to our medium term objectives.

Mr. Speaker, Sir, turning to the actual measures in the Finance Bill, under the Customs and Excise Act, I propose to provide for a tribunal to resolve disputes concerning customs value. To make tax administration more effective, penal charges have been introduced to deal with anyone bent on infringing customs regulations, particularly through diversion of goods meant for export into the domestic market. To reduce bureaucratic rigors and reduce both compliance and administrative costs, limits of amounts the revenue commissioners can waive without prior approval by the Minister have been enhanced.

Mr. Speaker, Sir, this year, I propose to assist manufacturers weather the effects of the economic downturn through rationalisations and lowering of import duty rates on key inputs and raw materials. I further propose to do away with the complex tariff structure by eliminating suspended duty on all, except oil products. Duty rates will now be capped at 40 per cent, excluding rates applicable to major agricultural commodities. Furthermore, a study will be commissioned to research on tariff rates with a view to harmonising sectoral duty rates. We also propose to harmonise tariff structures with those of COMESA and our East African Community trading partners. To establish a common external tariff under the COMESA agreement, import duties will be reduced to zero, effective 31st October, 2000. That is today. This will be applied on a reciprocal basis and duty rates will be reduced according to levels accorded to Kenyan exports by each respective COMESA member state.

Efforts will also be made to strictly enforce rules of origin. Due to great concern about the road carnage, I propose to raise surcharges on large buses and lorries over five tonnes and also prohibit importation of the same category of vehicles where they are more than eight years old.

Mr. Speaker, Sir, the current drought conditions have made it necessary to lower duty on maize and milk to ensure domestic supplies are supplemented with imports. Similarly, to alleviate the shortage of electricity occasioned by the declining hydro-power generation, in addition to other measures, electrical generators and generator sets are made duty and VAT free. Other positive considerations have been made to alleviate the energy crisis. Independent power producers are already taking advantage of concessions to import additional generating facilities to enhance their capability in order to sell power to the national grid.

My Ministry allocated a sum of Kshs60 million to the Kenya Revenue Authority (KRA) to refund duties and fuel expended by those who own generators of a capacity of 100 KVA or above. This refund system is already operational and manufacturers are getting refunds promptly.

Mr. Speaker, Sir, turning to VAT measures, the standard rate of VAT has been raised from 15 per cent to 18 per cent, and also from 16 per cent to 18 per cent for hotels and restaurant service. To encourage investments and export, the provision for refund of excess input deductions are being amended by making refunds available to all businesses based on their making zero-rated supplies, or undertaking major investments in capital, where input tax is in excess of Kshs1 million. With effect from 1st January 2001, I propose to make all services subject to VAT except those appearing on a negative list such as health, education and financial services, among others. Prepared and preserved food items will now be subject to VAT at retail level, while basic food items will not be subject to VAT at the retail level. The Bill also proposes measures to create greater certainty in the construction sector by defining the tax points in terms of issuance of certificates for completion of work by an architect, consultant engineer, or other supervisory professionals.

Mr. Speaker, Sir, under Income Tax measures, I propose to raise Personal Tax Relief by 20 per cent and thus remove 200,000 low wage earners from the tax bracket. Investments in industrial building, machinery and equipment are now enjoying 100 per cent investment deductions. This is meant to accelerate investment in the country in the short-run. In the longrun, investment deductions will be progressively reduced to 60 per cent. Measures to increase the tax deductible contribution limit to encourage savings and to reduce mortgage interest to ease financial burden of home ownership are contained in the Bill. I propose to broaden the collection of withholding taxes on management and professional fees paid to non-residents. Distraint agents will now proceed to effect Distraint Orders without recourse to tax officers.

Mr. Speaker, Sir, under miscellaneous measures I will remove a number of charges and levies which have raised the cost of production. I propose to abolish double trade licence fees under the various controlling Acts

applicable to practising professionals. The Nairobi Stock Exchange (NSE) may now raise capital through new and expanded listing. This will not be subject to payment of stamp duty. Delays in payment of the single business permit will no longer be prudent as this is now liable to 3 per cent per month penal charges. To accelerate appraisal of annual estimates of Local Authorities, a deadline of 60 days is now mandatory. I propose to allow one half of 1 per cent of the Local Authorities Transfer Fund (LATF) funds to be used for operational expenditure. As an on-going measure, the Banking Act is amended to improve efficiency in service delivery. This year, I propose to amend the Penal Code to make issuance of bouncing cheques and cheque kiting an offence.

Mr. Speaker, Sir, I have only highlighted a few measures. Other fiscal measures are proposed in the Finance Bill. Ultimately, we have taken note of the issues raised by hon. Members during the debate on the Financial Statement. I wish to assure them that these comments, together with their contributions on the Finance Bill, will be considered fully and where appropriate, action will be taken.

In conclusion, Mr. Speaker, Sir, I wish to once again urge all hon. Members to put national interest first. Let us work together to establish an environment in which strong economic recovery and sustained growth can take place. I therefore, appeal to hon. Members to support these measures which are intended to deal effectively with the enormous economic challenges that face our beloved nation.

With those few remarks, I beg to move.

**The Minister for Information, Transport and Communications** (Mr. Mudavadi): Mr. Speaker, Sir, I stand to second the Finance Bill and, basically, to make just a couple of points. The Finance Bill is ideally a statement of intent where the Minister for Finance brings to this House some proposals that continue to help in the rationalisation of the broad tax measures.

In the Bill, you will find that there are issues that relate to Customs, Income Tax and VAT. Over the years, especially with the liberalisation programme; the thrust of the economic policy that the Government has been pursuing is geared towards ensuring that the tax measures or revenue collection procedures are streamlined. This will ensure that we move away from a regime of numerous tariffs to a regime of fewer and simple tariffs that are readily applicable for those who want to import or do business in whatever format.

One of the issues that also needs to come through in this Bill and in future, which I hope the Minister for Finance will work on, is that, in the whole process of rationalisation particularly when it comes to the VAT; the economy has been bad and the VAT rate of 18 per cent is extremely painful to the majority of Kenyans. Even though it may be regarded as a consumer tax, it is an extremely painful tax. I would like to urge the Minister for Finance that, while we look at this matter and hopefully support him to collect his revenue for Government expenditure, he should ensure that the whole process of the VAT structure is quickly streamlined. Hopefully, we can quickly have one single VAT structure, but rates that will be more acceptable and comfortable to the consumers.

We are seeing a scenario where the prices of essential commodities like fuel have gone up astronomically, primarily for two reasons. The first one is the exchange rate depreciation. Secondly, the Middle East crisis that has caused petroleum prices to rise. I think we need to also look at our taxation structure and rationalisation so that, somewhere along the line, the Government can help in mitigating against these excessive price hikes by looking at its Excise Duty, Import Duty and indeed, even by looking at the Road Maintenance and Fuel Levy which are components that are incorporated in this Finance Bill.

Mr. Speaker, Sir, the other thing that I would like hon. Members to consider very critically is that, there are very specific clauses that are being introduced for certain aspects of industry; the motor industry and so forth. When we look at giant organisations such as the Lornho Group folding up in the motor industry, we need to ask ourselves what really is happening to the economy. It may be that our taxation regimes that are causing many industries or organisations to close down, be they those trading or those working on a commercial venture or even hotels for that matter. If you go to the Coast Province, where we have the largest concentration of our hotels, there are so many of them that are facing receivership or about to go into receivership. This is a very painful aspect. So, we need to quickly urge the Ministry of Finance--- I join other Kenyans in urging them to look at the tax structure very carefully to see what can be done and what amendments can be brought to the Floor of this House while we debate this particular Bill, so that we can jumpstart some of these sectors that seem to have suffered heavily under previous policy or tax regimes.

Mr. Speaker, Sir, I also want to state that it is quite normal to have a scenario or a situation where, for instance, in the motor industry, we have assembly lines being put up locally. It is indeed positive to see that over the years, we have had the likes of AVA in Mombasa who have done a very good job in assembling vehicles. However, they are facing extreme pressure from imported vehicles, some of which may be neither roadworthy nor ideal for our roads; be they saloon or commercial vehicles. These measures need to be looked at critically within the context of the Finance Bill so that we can provide some level of support. I say "support" and not "protectionism". We must provide a level of support to our local industry. Without that, we shall not be able to grow. We clearly know that unemployment has become one of the centre pieces of our problems in the country today. We are not unable to create sufficient jobs to take

care of those who are entering the job market. This trend should be reversed very urgently. Clearly, if, within our tax rationalisation, we do not come up with adequate incentives to support our industrial, agricultural and other sectors, we will not be in a position to reverse this situation. This is a serious trend because, somewhere along the line, even the measures we are putting in place to raise revenue will become unworkable. What revenue will you raise if all these industries collapse? So, this is a serious issue which, I think, we should address collectively and look critically at the very specific clauses that have been brought here, so that the whole taxation and revenue collection, among others processes, are streamlined, so that they are not punitive. We should put in place the kind of system that will encourage self-compliance with a lot of issues that would ordinarily require a very top-heavy Kenya Revenue Authority (KRA) to chase people and make them comply with tax collection requirements.

With those few remarks, I beg to second.

*(Question proposed)*

**Mr. Speaker:** Mr. Keriri, proceed, knowing that you are the respondent of the Official Opposition.

**Mr. Keriri:** Thank you, Mr. Speaker. Sir, I would like to say a few things about the Finance Bill, which the Minister has very ably presented to this House.

Mr. Speaker, Sir, most of things that are contained in this Bill were touched on during the debate on the Budget Speech, but there is a number of things that the Minister has spoken about, which are very important. The Bill tries to rationalise the financial management process in this country. In doing so, the Minister has placed a lot of emphasis on liberalisation. I think we have understood the idea of liberalising this country's economy rather wrongly.

*[Mr. Speaker left the Chair]*

*[Mr. Deputy Speaker took the Chair]*

Mr. Deputy Speaker Sir, the Government appears to have taken liberalisation to mean withholding assistance to this country's agricultural and industrial sectors. In my view, liberalisation is not running away from assisting these sectors. Liberalisation is, in fact, expected to avoid unnecessary interference by the Government in commercial activities, but provide the necessary assistance to our industries, agriculture included. The process of liberalisation is being implemented in a manner that indicates that we understand the process to mean "forgetting farmers' welfare". There are no credit facilities for farmers any more. There is, in fact, nothing, either in this Bill or the Budget, which ensures that farmers can produce the food required in this country even though we used to be self-sufficient in food production.

We keep on saying that drought is the cause of the current food shortage being experienced in this country. However, the truth is that there is more to this problem than drought. If farmers do not get good seeds, or credit with which to buy those seeds, fertilisers and other inputs, they cannot produce anything. I would, therefore, like to urge the Minister, in his next move in rationalisation, to think seriously about revamping the agricultural sector and how to revive the institutions that used to help the sector.

Mr. Deputy Speaker, Sir, the Government's understanding of liberalisation of the oil sub-sector, which is supposed to serve both the agricultural and industrial sectors, seem to be that we should allow its players to do anything that they feel like, including activities that can ruin this country's economy completely. Allowing oil companies to form cartels and raise the prices of oil products whenever crude oil price increase, but refuse to reduce them when the price of crude oil falls, is, in fact, tantamount to undermining the interests of this country's farmers and industrialists. Whenever we talk about this problem, we are accused of trying to bring back the system of price controls by the Government.

As an hon. Member said here, during Question Time, the word "controls" does not mean the same as the word "regulations". We can have regulations in place that avoid unnecessary controls - regulations that can set mechanisms by which oil companies can raise or reduce the prices of oil products when the value of the Kenyan Shilling improves or when the price of crude oil decreases. We, however, do not see any of these provisions in any of the business that the Government carries out. There must be a way of regulating operations in the oil industry.

Mr. Deputy Speaker, Sir, we are now happy that the price of tea seems to be improving. Because of less Government interference in that sub-sector, tea farmers are now benefiting more from that produce. However, according to the taxation measures announced by the Minister for Finance during the Budget Speech, which are contained in the Finance Bill, the farmer is over-taxed. For example, the Minister must think about rationalising the presumptive tax being charged on farm produce. During his Budget Speech, the Minister announced that anybody who was earning less than Kshs9,000 was, from that day, exempted from paying income tax. However, tea and coffee farmers who earn as

little as Kshs1,000 pay presumptive tax; even if they earn less than Kshs9,000, they pay 2 per cent presumptive tax on those earnings. The Minister must consider the plight of such farmers, because I do not think it is fair to charge them presumptive tax.

On the issue of Value Added Tax (VAT), I am grateful to the Seconder of this Motion, the Minister for Transport, Information and Communications, who has been a Minister for Finance before, who pointed out that VAT is being levied rather irrationally today. The VAT levying system that is in place enables traders to withhold Government money. When some people buy spare parts from shops, shopkeepers advise them that if they pay in cash, those spare parts will be sold to them at prices that do not include VAT. If you do not get a receipt, then, you do not pay the VAT because you have given the trader that cash for which you do not need a receipt because you will not claim any tax. That matter must be looked into. One way of looking at it is to have a system that starts from a base which, in fact, avoids most of the cheating. In my view, if you start it at manufacturer and import levels, I think you are getting somewhere nearer to avoiding cheats and denying them the money which they take away from the Government. The way it is today, the VAT affects the manufacturer, importer, distributor, wholesaler and retailer.

*(Loud consultations)*

**Mr. Deputy Speaker:** Order! There is an undertone of cacophony. Let the hon. Member be heard.

**Mr. Keriri:** Thank you, Mr. Deputy Speaker, Sir. I was going to inform you that most of that is coming from the Minister for Finance because my friend, hon. Ojodeh, has gone there to consult him when he should be listening to the things that matter most to him as the Minister.

I was talking about the VAT and the Minister was not listening to me. I said that the VAT must be rationalised, and the former Minister for Finance, Mr. Musalia Mudavadi, has put it far much better than I can put it now. Mr. Okemo, if you consult him - since he is your predecessor - he will help you to rationalise the VAT because there are so many cheats involved in it. I did say that we must tax from the manufacturer and importer levels before we go to the distributor. The current system is such that you have the manufacturer, distributor, retailer and others, and by the time you get to the smallest retailer, you have lost trace of the VAT. I think the Minister should carry out a little bit of study on the VAT system which, in fact, will not give room to cheats who want to steal money from the Government because the taxpayers need it. We want to use that money to develop our agriculture. If the Minister can consider that, it will be good. If he wants to consult, we will be happy and we are available, we are ready to be consulted.

One of the problems about the taxation measures is that they are all made secret and are not discussed on a wider level than just being discussed by a few officers in the Treasury. We ought to discuss these matters much more widely and ask for the views of the people because they are at the root of the performance. Those people who are implementing the tax measures are the people who should be consulted. They may not be told about the secrets that the Minister keeping but they can be consulted on the problems that they are coming cross. I remember there was talk of a consultative commission, but I have never heard of it, nor heard of how the consultation machinery works. But I think it should work openly.

One of the problems of this Government, which the Minister for Finance serves, is that the members think they know all. But I do not think that the Minister thinks so. Mr. Minister, I do not think that it is true that you know all. There are other people who know something that will help this Government. There are things that we should be told about. The Minister talked about retrenchment in the Public Service. It is a subject of today's debate. I do not think that hon. Members were *per se* opposed to retrenchment. They are concerned about the lack of consultation before anything happens.

We know that the World Bank and the International Monetary Fund (IMF) have given conditions in streamlining our Civil Service, and we agreed to do that. But it must be done by us - by bringing a Sessional Paper to the House. That is all we want. You should tell us "This is what we want to do because of this and that and the benefits and disadvantages of not doing it are the following." Then, we will argue and advise the Government on how to go ahead, and you will never hear anybody complaining thereafter. The Government should be asked to trust the people of this country through those they have elected to represent them in Parliament. The Government should tell us about their plans and we shall approve them.

Coming back to the Finance Bill, in the taxation measures, we talk about tax on raw materials. That is a subject that has been talked about and people have written about it in the print media and discussed it in the electronic media. I think it is a healthy way of doing it. I think that there is a tendency as I said earlier on, of thinking that liberalisation means lack of regulations and freedom to leave people to do everything by themselves; the survival of the fittest. I think that is wrong. We must agree that our industries are still young and we cannot even afford to be members of the Common Market for Eastern and Southern Africa (COMESA). Our President is now attending a very important meeting. It is difficult because we are competing with giants like South Africa and Egypt whose economies are very



developed and in fact, who have a lot of liberal assistance to their own industry. We are talking about an exporter who can sell an item into this market today at a cheaper price than the producer can spend to produce - not to sell. That alone means the following: That, in fact, our producers will not be able to compete in that item that comes from South Africa and Egypt because they have removed duty on their raw materials. They are not taxing their raw materials. They are subsidized. Someone seems to be telling us that any assistance to our industry is very bad for a free market economy.

I think we have been cheated. A market economy, like ours, cannot be called a free economy because there is no perfect competition. The people do not produce the same type of things. If we do not assist our industries, we cannot afford, in fact, to be useful members of COMESA because we will not gain from it unless we assist our industries.. I want to tell the Minister that assistance does not mean bringing back controls; it means assisting our people to produce.

When we talk about fuel prices, and interest rates charged by the banks, and we are writing about them every day in the Press--- Some say: "You people want to bring back controls. You are chasing away foreign investors." We are not chasing anybody away; but we want to assist our farmers and industries, so that they can compete with those who are being assisted by their government. The day when we will be able to compete with those others, is the day our economy will begin to develop and pick up because we have an industry that allows people to produce efficiently and less cheaply.

When we say: "Leave them alone; we cannot control them; they must produce efficiently; they must produce good quality goods so that they can compete," we are saying that quality and price are important. That price must be achieved by a system that allows a producer or manufacturer to get to it. The only way he can get to that price is by asking himself: "Does he get cheap labour by paying the local wage which we demand must be paid? Does he get the raw material at a price he can afford?" Does he, in fact, pay tax at a level that our industries can afford? These are things that we must go back to; to assist our industries. There is no option. If we think there is an option, then I do not think we can compete with any one else outside this country. If we cannot compete, we cannot sell. If we cannot sell, we cannot employ people because we shall not produce, so the level of unemployment goes up. That is the problem we have. That is about local industry.

The VAT was reduced the year before last year. It was increased this year. We thought that tax on hotels, tourism and so on would not be increased if we were going to encourage a revival of our tourism industry. I know the Minister needs money. If I was in his shoes, I would want to get revenue to finance the Budget. But there are other areas where you do not get revenue through taxation. If you allow the tourism industry to pick up, you will get more tax revenue from the operators and not from your tourism tax. It is common economic sense that you do not get more by the size of the tax, but by the volume; that is, people who are prepared or able to produce in the industry. If you produce more, you get more money from the tax. The tax may be low, but you will get more by the volume. The capacity for people to produce is what gives us more money. We seem to think that we will get more by taxing people more. That, in fact, gets you less tax revenue and that is dangerous for any economy. We must be prepared to reduce tax to encourage production and employment, and therefore, earn more money by creating a bigger base of the people who pay tax. We should not tax a small farmer who earns about Kshs5,000 a year and then he pays Presumptive Tax, which I must ask the Minister to please do away with.

Most of the issues were discussed during in the Budget debate, but a few things need to be brought to the Minister's attention. Right now, we are discussing the coffee industry. I am grateful to the Minister for Agriculture, who has done a lot of work to preach to everyone this idea of consultation. I think the Minister is doing a very good job. There is a lot of debate about what we do with coffee. The coffee industry has just plummeted. It is almost non-existent. Production and the prices have gone down and we are earning very little from coffee. The farmers are suffering and they cannot educate their children. We must also avoid experts who come from abroad to advise us on what to do with our coffee. We must sort out our problems. There was suspicion the other day, that some people want to come and advise our Government to do away with co-operative movement, co-operative societies and so on, and liberalise the coffee industry to the extent that a coffee farmer should sell his coffee where he wants. We must liberalise the coffee industry, but we must ensure that the small coffee farmer is not cheated. The only way he can avoid being cheated is by being encouraged to be a member of a co-operative society. We must, therefore, do our best to encourage the rationalisation and stabilisation of our co-operative movement in the agricultural sector. It is in a mess. The Government must come in - not necessarily to give them money - but to assist. Do not hide under the umbrella of liberalisation; that "we are no longer there, therefore, it is your *shauri*." I feel very hurt when I hear someone saying: "We are no longer there, it is your *shauri*." We do not want to control them unnecessarily, but we must assist them.

We must insist that the farmer is consulted and that our coffee auction and the coffee exchange work properly. Today, I think there is a cartel in that auction. We must insist that the farmers are allowed to appoint their own brokers in that auction instead of allowing those who are interested in buying coffee, selling it abroad and processing it, to be the only ones that deal in the coffee auction. It is unfair! The consultation that is going on should insist that the auction system must allow for the co-operative societies, the big farmers on their own, and everyone who sells coffee to be

involved in appointing brokers to that exchange. If the Minister can take aspects of this nature into account, I think we shall benefit the economy.

With those few words, I support the Bill.

**The Minister of State, Office of the President** (Mr. Nassir): Bw. Naibu Spika, sina maneno mengi, kwa sababu maneno mengi hayatajenga nchi. Tunapokuwa na ukosefu wa pesa ni wajibu wetu kusaidia ili tuondoe taabu. Wakati umefika kwa Wabunge wote kuzunguka Kenya ili kujua taabu walizo nazo wenzetu na jinsi wanavyozitumia pesa zao. Kuna mahali pengine humu Kenya ambapo watu hawana maji, chakula na pesa za kuwalipia watoto wao karo. Hawa wanafaa wafikiriwe kwanza hata kama si watu wakutoka sehemu yako. Ijapokuwa umechaguliwa Mombasa, nia ni kuwasaidia watu hawa ambao wana taabu. Leo tukipata njia ya kutumia pesa, ni lazima tuwafikirie watu kama hao.

Bw. Naibu Spika, ninafikiri kwamba ni lazima tujadiliane wakati wa kurekebisha Katiba. Ni lazima tujadiliane vile pesa za Kenya zitatumika. Pia, ni lazima tujadiliane vile tutawasaidia maskini na wale ambao hawana elimu. Mkoa wa Pwani una bahari na samaki, lakini Serikali yetu haijafikiria kuweka vifaa vya kuhifadhi samaki ili watu wote wavue samaki na kuwauza nje. Kwa hivyo, kabla pesa hazijachukuliwa na kufanyiwa mipango yoyote, ni lazima kila mji na mtaa uulizwe taabu zake; macho yasifungwe na kuangalia upande mmoja. Taabu ambazo tunazo leo ni nyingi sana, kwa mfano, watu wetu ni maskini, hawana ardhi na chakula. Ningependa kuwaomba Wabunge wenzangu watembelee sehemu ambazo zina taabu ili wajionee vile mambo yalivyo. Kabla hujafikiria juu ya kujenga daraja, shule kubwa na chuo kikubwa, ni lazima ufikirie juu ya afya ya watu.

Wizara hii ina kazi kubwa ya kuwasaidia Wakenya wenye taabu nyingi. Tuna ardhi huko Kwale ambayo inazalisha pamba, sukari na kahawa, lakini tangu wakati wa Mwingereza, hakuna mtu yeyote ambaye ameenda huko kuwasaidia wanaoakaa huko ili nao wapate pesa kama binadamu wengine. Waziri alisema kwamba kahawa hii ni kidogo lakini kidogo kidogo hujaza kibaba. Tuna mambo mengi na inafaa tusaidiane hapa Kenya badala ya kufikiria ni nani atakuwa mkubwa, au kutafuta watu kuwasaidia *Mungiki* kuvua wanawake nguo zao barabarani. Pia, kuna mambo mengi ambayo tungesaidiana hapa nchini badala ya kuwasaidia watoto kuwa wanaume kuliko wanaume wengine katika Kenya. Mimi ningewaomba wazazi wa watoto hao wasidanganywe na watu hao, kwa sababu wale ambao wanawasaidia watoto hao, watoto wao wako Ulaya wakisoma na kuwaacha watoto wa maskini wakiteseka.

Kwa upande wa pesa, ninakubali kupitishwa kwa Mswada huu, lakini ningependa kuiomba Wizara ya Fedha iangalie Kenya nzima. Ningependa kusema kwamba haifai kuinua mji wa Nairobi ili iwe mkubwa zaidi, huku watu katika sehemu zingine wakifa kutokana na njaa. Juzi niliona daraja likijengwa katika barabara ya kuelekea JKIA, lakini kuna watu wengine ambao wako na watoto shuleni na hawana karo. Ni kwa nini Wizara haitazami mambo ya kuwasaidia wananchi wa Kenya? Ikiwa si hivyo, siku moja, watu watakapoambiwa wapige kura kuwachagua Wabunge, watauliza ni Wabunge gani ambao hawana faida? Watasema kwamba Wabunge hawasaidii lolote. Tangu nichaguliwe kuwa Mbunge miaka 30 iliyopita, nimeongea juu ya uvuvi huko Mkoa wa Pwani, lakini hakuna anayelitia maanani jambo hilo. Ningependa kusema kwamba Wabunge ambao wanatoka Wilaya ya Kwale wanazungumza juu ya kiwanda chao cha sukari, lakini hakuna mtu ambaye analitia maanani jambo hili. Kwa hivyo, nyinyi watu ambao mnafahamu kusoma inafaa mtuombea mema. Ijapokuwa Mungu aliwapa nyinyi mambo mazuri na sisi akatupatia mabaya, mnaweza kutuombea.

Mimi sina mambo mengi, lakini ninaiomba Wizara hii iangalie Kenya nzima. Leo - hata Mhe. Kamotho alikuwa hapa - inafaa pesa hizi zigawanywe sawa sawa. Inafaa Wizara ya Serikali za Wilaya ipewe pesa za taa, elimu, barabara na afya ili iweze kuendesha mambo yake vyema. Ni lazima Wizara hii iteue maofisa wa kwuenda kila wilaya ili wachunguze mambo ya pesa. Ukisikia madiwani wanateta kwamba wanataka kumtoa ofisini mwenzao, ni kwa sababu wanataka kula tu. Ningependa kusema kwamba mimi nilikuwa diwani. Ikiwa hukupata, unaanza vita vikali na meya, na ikiwa meya anampatia kila mtu kitu, huwa hakuna taabu. Ningependa kuwaomba Wabunge watembee Kenya yetu yote. Tukiona nchi yetu vile ilivyo na umaskini tulio nao na taabu ya watu wetu ambao hawana kazi, mahali pa kulala, mashamba na hata karo za watoto wao, tutakuwa na imani kubwa sana. Hata vita kati yetu vitangoja hadi siku ya kupiga kura. Watu ambao wana elimu, na wengine ni mawakili katika nchi hii, wanafikiria juu ya kumwangusha fulani na kumpandisha fulani. Ningependa kusema kwamba yule mtu ambaye ni mkubwa zaidi ni yule ambaye anaweza kuleta amani na heshima kati ya Wakenya. Pia, mkubwa zaidi ni yule mtu ambaye anafanya Wakenya wasiwe na taabu. Miaka yote ambayo nimekuwa katika Bungel hili, nimesema kwamba hakuna siasa Kenya kwa sababu iliisha wakati wa hayati Mzee Jomo Kenyatta, Tom Mboya, Jaramogi Oginga Odinga, Ronald Ngala na watu wengine. Sasa sisi tunapigana ili tuwe Wabunge, Mawaziri au Rais na tunasahau taabu zinazowakumba wananchi. Tumezungumza juu ya ufisadi lakini ikiwa Wakenya wanataka kuondoa ufisadi, ni heri pesa zipelekwe katika kila wilaya, kwa sababu hakuna mtu mjinga hapa Nairobi. Ningependa kusema kwamba mtu anapotoka Murang'a, Mombasa au Kisumu na kufika Nairobi, anakuwa mwerevu zaidi.

Kwa hivyo, mimi ninaunga mkono Mswada huu.

Ahsanteni sana.

**Mr. Michuki:** Thank you, Mr. Deputy Speaker, Sir for granting me the opportunity to contribute to this debate. I think one thing we have to accept, and is not in dispute, is the fact that there must be taxation, because it is out of taxation that the services required by the general public are financed. In other words, the whole approach is that if you want to have the privilege to obtain services from a given institution, then that privilege must be accompanied by a responsibility. In this case, Kenyans accept to be taxed, so that their common services can be funded and, thereafter, benefit everyone.

Mr. Deputy Speaker, Sir, having said that, it is equally important that monies raised through taxation must be used prudently by those who have been given the privilege by Kenyans to govern. They are given that privilege to govern and they must accept the responsibility to be accountable. Those two things go together. Responsibilities and privileges are inseparable. You cannot enjoy one without shouldering the other. It would appear that, that general principle is lacking in the KANU Government. The relationship between privilege and responsibility is lacking to the extent that, those in the Government are prepared to enjoy the privilege of governing without being accountable. That privilege has been conferred upon them! They have to be persuaded to be accountable through the Public Accounts Committee Reports and newspapers. They have to be pushed to be accountable and responsible. They have to be prodded to be responsible. They are not ready to be responsible. But they are ready to enjoy the privilege of governing and hence, control the resources.

The proposals out before us by the Minister for Finance are noble. They ought to be supported. But there are certain aspects of those proposals that have departed from the characteristics that must accompany any proposals on taxation. One characteristic of taxation is sense of equity and justice. There are quite a number of them. The other characteristic is that, tax should be based on ascertainable income. The other characteristic is that, tax is collectable. But, first of all, I would like to concentrate on what I would like to say, based on the issue of equity.

Mr. Deputy Speaker, Sir, one or two proposals which the Minister has brought before this House are not well thought-out! If implemented by this House, it would be unjust to Kenyans. It has already been referred to here; that is the issue of presumptive tax. First of all, presumptive tax lacks one major characteristic of the principles of taxation. That is: Income must be ascertainable. In that particular case, you cannot ascertain the income. So, to that extent, it is unfair. It is not equitable to impose a tax like that. But more fundamentally, it is that tax, looked at against what the Minister proposes in the Bill, in relation to income tax. He says: "Any person, who earns Kshs10,800 per month or less is exempt from taxation". If you multiply that by 12 months, you will get the annual income. It is much higher than the presumed tax from a coffee, maize or tea grower. Take the tea growers for example. Most of our small scale tea growers pick about 3,000 kilograms per year. That is where majority of our tea growers are! On the average, that does not give them more than Kshs5,000 a month, if you take the payments at the rate of Kshs20 per kilogramme. That gives them about Kshs60,000 per year. Now, that presumed income is already within the bracket which the Minister has exempted in the income tax. Therefore, to that extent, he has been very unfair to the small-scale farmers, and to the small trader who is not making as much as the person who is already exempted. I would like to urge the House to reject that proposal of presumptive tax. The presumptive taxpayers that the Minister has brought forward are already exempt on the basis of incomes which are already ascertainable, which are less than Kshs10,800.

Similarly, if you look at the small sugar cane-growers---

#### QUORUM

**Eng. Muriuki:** On a point of order, Mr. Deputy Speaker, Sir. Is there a quorum in the House?

**Mr. Deputy Speaker:** No, we do not have a quorum. Ring the Division Bell.

*(The Division Bell was rung)*

**Mr. Deputy Speaker:** Order! Order, hon. Members! We have a quorum now. Proceed, hon. Michuki!

**Mr. Michuki:** Mr. Deputy Speaker, Sir, I was saying that all these farmers, the tea farmer, coffee farmer, sugar-cane farmer, and the small-scale maize grower were all presumed to have had an income. If that income was really followed up, these farmers would have fallen within the exemption bracket that is now provided for in the income tax. Therefore, to impose Presumptive Tax on their presumed income is unjust, it is against the principles of equity and it is actually sinful! The Minister should abolish Presumptive Tax. If he has any doubts, let him ask for a list of payments from the sugar factories, the Kenya Tea Development Agency (KTDA), the Coffee Board of Kenya, so that he may know that these people cannot possibly fall under any bracket of taxation, if the income tax provision in this Bill has to be followed.

Mr. Deputy Speaker, Sir, I did say that it is equally important for the taxation principles that money so raised be spent properly. To my recollection, the revenue proposals which the Minister has brought before this House, or that

will arise from this taxation, plus any other income on existing rates which have not been affected--- I stand to be corrected by the Minister, if he thinks my figures are not correct. For this year, I reckon that the figure will be about Kshs220 billion. That, in any language, is a lot of money. Depending on how it is spent, it would be possible, for example, to fund the requirements in our hospitals from taxation money, even before we borrow from anybody overseas. However, this can only happen if the money is properly husbanded and if the expenditures are controlled and if financial orders, and the Code of Regulations within the Civil Service, are properly followed. If there was discipline and the desire to rule this country by law because all those financial regulation arise from the laws we pass in this Parliament, it would be possible to do away completely with cost-sharing in hospitals.

Mr. Deputy Speaker, Sir, I am saying this because during my contact with people, I have heard of horrible cases; about young couples who have no employment; no land to till, even for their own food and they have to beg for food. Their young children have fallen sick and died while they watch because they could not get any help from anybody; not even in Government hospitals. Nonetheless, here we are, talking about cost-sharing at the expense of people's lives.

Mr. Deputy Speaker, Sir, if you go to the Ambassador Hotel right now, the taxi man there will tell you that he has been there for a week without any business because people cannot afford to move from there to the other side of the town by a taxi. That man has to spend the whole day without eating, waiting for somebody to hire his taxi. He becomes a beggar in the evening! The Minister continues to glorify cost-sharing as if there was anything to be shared! There is nothing to be shared! Children die while being watched by their young parents and yet hon. Nassir is talking about *Mungiki*! Who is pushing these young people into *Mungiki* sect other than the Government because of the way it is governing its people, the way it is misusing resources and the way it does not respect the law?

Mr. Deputy Speaker, there are people who have education but they cannot get jobs.

**The Minister for Public Health** (Prof. Ongeri): On a point of order, Mr. Deputy Speaker, Sir. Is it in order for hon. Michuki to openly support a clandestine organisation called *Mungiki* in a debate of this nature?

**Mr. Michuki:** Mr. Deputy Speaker, Sir, that is not a point of order. It is a point argument. I think the Minister will have his own time to argue.

Mr. Deputy Speaker, Sir, can I have the Chair's protection so that I can articulate what I have in mind?

**Mr. Deputy Speaker:** Order!

**The Minister for Public Health** (Prof. Ongeri): On a point of order, Mr. Deputy Speaker, Sir. Hon. Michuki has made a very serious statement on the Floor of the House, that he supports the *Mungiki* because of A, B, C and D. Is he in order to support a clandestine organisation which contravenes the law of this land? This Parliament is for preservation of the law.

**Mr. Michuki:** Mr. Deputy Speaker, Sir, I do not have to be persuaded by Prof. Ongeri's argument because that is his own opinion. In his opinion, maybe, he is right. But I am equally right. I am saying that people are being pushed into certain behaviours, just like we have robbers in this City who cannot earn a living in any other way and, therefore, they resort to robbery. I am saying that, because of lack of beneficial policies from the Government, young people are being pushed into what you are now calling *Mungiki*. You are so frightened that instead of concentrating on what you should do to eliminate this problem, you are worried about *Mungiki*!

**The Vice-President** (Prof. Saitoti): On a point of order, Mr. Deputy Speaker, Sir. Sorry, I hate to interrupt the hon. Member but the debate is about the Finance Bill and taxation measures, not about *Mungiki* and all the others. Is the hon. Member in order to divert from the context of the debate to other extraneous issues?

**Mr. Michuki:** Mr. Deputy Speaker, Sir, I am talking about misuse of resources, and I am saying that if resources were properly used--- I referred to Kshs220 billion which Kenyans are paying to this inefficient Government. The Government is using resources inefficiently and thus pushing some people into behaviours which then become obnoxious to them. So, if they want these behaviours to be corrected, they should correct their own behaviour first. That is all I am saying. I am saying that children are dying.

**The Minister for Public Health** (Prof. Ongeri): On a point of order, Mr. Deputy Speaker, Sir. Hon. Michuki is talking as if he has a thermometer to measure--- So, is he in order to try and mislead this House by imputing improper motives to this side of the House?

**Mr. Deputy Speaker:** Order! I think we have heard quite enough about *Mungiki* and if it is not a proscribed society, then hon. Michuki has not committed any offence in this House to refer to it. Secondly, and more importantly, hon. Michuki is quite right to point out that if we are going to approve the Finance Bill and pass it into law, which gives effect to taxation measures which the Minister for Finance announced here on Budget Day, then he has every right to ask that the money be spent properly.

Proceed!

**Mr. Michuki:** Mr. Deputy Speaker, Sir, I am saying that just as much as it is important that we pay taxes

which we are prepared to pay, I am trying to emphasise the other side of the coin, that it is even more important that what we pay by way of taxes is properly spent. I am also saying that we should reduce misuse of public funds which this House has to deal with every year, during its consideration of the Public Accounts Committee, the Public Investment Committee and other reports. Hopefully, this is a matter that the Minister will take seriously.

Mr. Deputy Speaker, Sir, I do believe that any Government which ignores the rule of law in its own administration whether it is in finance, human relations or solving people's problems, will fail. The Minister has just told us that he has now revised what we thought would be a 1.4 per cent growth in the economy downwards to 0.5. Presumably, that is progress and improvement. This is because if it is improvement, surely what evidence do we have that, come the next budget, we shall not be talking about minus growth of the economy? This is possible because the areas that foster growth are not being encouraged to do so. The gentleman who spoke before me, and Minister hon. Nassir, talked about the need for incentives in industries. Right now, if you look at the tourism sector, I understand from those who know the Coast better that already, 12 hotels at the Coast are on sale and here we are with proposals that are increasing the taxation burden on the tourism industry. I should have thought that the service industry, being the biggest employer, would be encouraged, through certain taxation measures, to continue so that it employs more people. As we have said here before, even in Europe and North America, the service industry employs over 70 per cent of the people because of the encouragement it gets. I am talking about the baking industry, tourism and all sectors of the service industry. This is because they are encouraged and, therefore, I trust that the Minister will have a second thought on these matters because we need to revive production, get this economy growing and create employment for various reasons.

Mr. Deputy Speaker, Sir, I want to end my contribution by saying that I look forward to the day when the Minister for Finance will come to this House and tell us that out of the revenue that Kenyans have produced, he has been able to meet his expenditure requirements and spared some money for other development programmes. This is because all our development is now being financed by foreigners. All our money is going into consumption. This country used to transfer monies, a minimum of K£2 million every year, and sometimes a maximum of K£5 million, to contribute to other development programmes. We have reached a point where we cannot talk about development without making reference to begging. You know, we are looking for donors to finance various projects. We are beggars and we do not want to accept that and yet, our development is being actually financed by foreigners and not us. Therefore, I look forward to that day.

With those few remarks, I beg to support.

**Mr. Mkalla:** Mr. Deputy Speaker, Sir, thank you, for giving me this opportunity to contribute to this debate. On behalf of the Members of the Departmental Committee on Finance, Planning and Trade, and pursuant to the provisions of Standing Order No.101 (3), I would like to take this opportunity to present to the House the report and recommendations of the Committee on the Finance Bill, 2000.

The Finance Bill is a tabulation that shows how the Minister intends to raise the shortfall between expenditures and revenues. It shows the various taxation measures that include the Customs, VAT, Income Tax and various miscellaneous incomes. The budgeted revenue for the year 2000/2001 is estimated to be Kshs248.63 billion, whereas the budgeted expenditure for the same period is estimated to be Kshs268.2 billion. This, therefore, gives a total Government deficit of Kshs21 billion for the year in question. This deficit is the one being addressed under the Finance Bill. The Minister has shown the various interventions and corrective steps he intends to take in the course of the current Financial Year and this will become an Act on 1st January, 2000.

The Finance Bill was referred to the Committee on 19th July, 2000 upon a Motion moved by the Minister for Finance and pursuant to the provisions of Standing Order 101 No.101 (1). The Finance Committee held three sittings to discuss the various aspects of the Bill. The Minister for Finance, accompanied by the Permanent Secretary, Financial Secretary and other senior officials of the Ministry, attended the sittings of the Committee and discussed the contents and implications of the Bill in detail. The deliberations of the Committee were also enriched by contributions from the management of the Kenya Revenue Authority (KRA).

Mr. Deputy Speaker, Sir, part one of this Bill shows the effective dates of the various taxation policies. Others have been backdated to 1996 while the bulk of the recommendations take effect from 1st July, 2001. The Committee noted with concern that the backdating of the law could have far-reaching effects. As regards part two, on Customs and Excise Duty, Clause 2 is being amended to provide for the establishment of a hearing tribunal. The chairman of the proposed tribunal, and six members are expected to be appointed by the Minister for Finance. The Committee did concur with this proposal. The details of the tribunal are shown under Clause 7.

Clause 3 is being amended to provide for destruction of imported substandard goods at the Customs Warehouse, without being released to the market. The Committee did agree with this proposal because we would not like our local market to be filled with substandard goods. This proposal by the Minister was highly supported by the Committee. Clause 5 is amended to empower the Commissioner-General to extend warehousing periods beyond the

normal three months for the locally assembled motor vehicles. Again, we did concur with this recommendation.

Mr. Deputy Speaker, Sir, Clause 8 is being amended to remove duty waiver power from the Minister for Finance, for passenger vehicles below 26 seating capacity in respect of charitable organisations and NGOs. We did not concur with this particular amendment. I will be giving our recommendation soon. Clause 7 contains the proposal to empower the Minister for Finance to waive duty on imported fuel for use in electric generators. The Minister assured the Committee that this will not be abused as the Government has put adequate measures in place.

The Committee noted the continued adulteration of petroleum products by unscrupulous dealers and asked the Minister for Energy to revamp supervision and policing of petroleum stations. This is because this adulteration is causing a lot of pollution in the country today.

Clause 17 provides for deterrent measures against Safari Rally participants who import vehicles duty-free and fail to participate in the event. The Committee did agree with the Minister that if **[Mr. Mkalla]** anybody brings in some vehicles for Safari Rally and does not participate, there should be no waiver of duty for him because he will already have cheated the system in bringing that car and yet it will not have been used for the intended purpose.

Clause 39 proposes to empower the Minister to exempt equipment and spare parts for the rehabilitation of electric power generators from Customs duties up to 30th June, 2001. Here, the Committee observed that the prices of generators, despite that arrangement, have not fallen. The Committee also felt that the Minister should review this position depending on the rains.

Mr. Deputy Speaker, Sir, we also did look at the income tax situation. The Committee observed that the tax department should cease to use the Kenyan pound to define their tax brackets. They should now be using the Kenya shilling instead of the Kenya pound. The Minister has also recommended that earnings below Kshs9,000 should be tax free. Again, here we did agree, but I think one hon. Member of the Committee did comment on the Presumptive Tax which covers any income from Kshs1 upwards, as opposed to the tax-free bracket which has been given to other Kenyans. So, we did discuss that as a Committee, and we felt the issue of the Presumptive Tax was unfair, especially to the farmers who are being taxed while other Kenyans who are getting salaries within the same income brackets are not being taxed. So, the Committee felt that this unfair tax situation must be removed.

Clauses 64 and 69 deal with the increase in fines, from Kshs100,000 to Kshs500,000, for those who contravene the Petroleum Act. I think I had already commented on that. We did concur with that proposal by the Minister. Clauses 70 to 81 relate to the Betting, Lotteries and Gaming Act. The activities of tax collection have been transferred to the Income Tax Department from the Ministry of Home Affairs, Heritage and Sports. We did concur with this one.

Mr. Deputy Speaker, Sir, we also looked into Clause 91 where the Minister intends to transfer the revenue collection activities of the following institutions to the KRA. These are: Hotels and Restaurant Act Cap. 494, the Horticulture Crop Development Authority, imposition of fees and charges Order 1995, the Kenya Sugar Authority, imposition of Levy Order 1998 and Standard Levy Order. The Committee objected to the transfer of Hotels and Restaurant Act to KRA. Consequently, the Committee recommends that the Minister defers this amendment to next year to enable the Committee to discuss the financial implications of the same. The Committee noted that His Excellency the President had proposed that the Kenya Sugar Authority Levy should continue to be collected by the KSA and not the KRA. The Committee, therefore, concurred with the President's directive. Over all, the Committee recommends that the whole Clause be deferred, subject to the provision of additional information to the House by the Minister and the stakeholders.

With regard to Clause 93, which proposes to exempt some activities of Capital Markets Authority from Stamp Duty, we did concur with the Minister. In Clauses 98 to 103, the Minister has recommended several procedures referring to the amalgamation of banks and the transfer of assets and liabilities. The Committee concurred with the recommended procedures.

Mr. Deputy Speaker, Sir, there are several observations which we made as a Committee. The Committee considered the Finance Bill and observed the following:-

The increase on VAT from 16 to 18 per cent has impacted negatively on the purchasing power of the ordinary people generally and in particular the tourism industry which is the major revenue earner.

On the question of income tax, farmers earning less than the income in the tax exempt brackets pay the Presumptive Tax while those working in the formal sector and earn the same income as that of the farmers are exempted. Therefore, there is no level playing ground. There is no justification for KRA to take over the revenue collection functions while certain State Corporations have been specifically created by an Act of Parliament to perform the same functions. This causes redundancies. Under Clause 2, the Minister for Finance has overwhelming power to appoint the chairman and the members of the tribunal. But on this, at least, the Committee did support what the Minister was saying.

Mr. Deputy Speaker, Sir, the following are the recommended amendments to the Finance Bill agreed upon by the Committee and the Minister for Finance:-

Under Clause 2, the Minister for Finance should specify the category of persons to be appointed to the tribunal. This is because we have been told the Minister will be appointing the chairman and six other members for the purposes of the tribunal. But we are saying that, there must be specific criteria which must be laid down so that when the appointment is made, everybody would know what is to be done. The Minister should not just appoint anybody to the tribunal.

Mr. Deputy Speaker, Sir, the Committee proposed that Clause 8 be amended to reinstate the duty waiver power of the Minister for Finance in order to support the NGOs and charitable organisations. The Committee further recommended that the vehicles owned by NGOs and charitable organisations should have special registration numbers for ease of identification to curb misuse. We thought that when these vehicles are allowed in duty free, sometimes they are misused. However, we think if there are some special registration instead of using the same ones which are currently used, we will be able to identify them and stop any possible misuse.

On Clause 11, Mr. Deputy Speaker, Sir, the Committee recommended that there should be no duty waiver on fuel imported for use in electric generators. This is because there has been no reduction in the prices of this commodity even with the introduction of that particular clause. On Clause 39, the Committee recommended that there should not be duty waiver on equipment and parts for the rehabilitation of electric power generators. It is the same argument which I have put for the fuel imported for use in electric generators.

Mr. Deputy Speaker, Sir, the Committee recommended that Clause 91(9) be amended to specify sections of the Hotel and Restaurant Act, Cap.494, that are being taken over by the KRA. The Committee further recommended that the Minister for Finance should provide an action plan for the taking over of the functions of the other State corporations by the KRA.

Finally, Mr. Deputy Speaker, Sir, on the issue of the VAT, the Committee recommended that the increase on VAT from 15 to 18 per cent should be reviewed with a view to lowering it, as it is impacting negatively on the purchasing power of the ordinary people who cannot afford even the basic needs today. Secondly, given the current slump in the tourism industry, it is necessary to lower VAT as an incentive to resuscitate the industry.

In conclusion, Mr. Deputy Speaker, Sir, may I take this opportunity to thank the Members of the Committee for availing themselves and attending the sittings and for their valuable contributions they made during the deliberations on the Bill. I would also like to thank the Minister for Finance and his team. As you are aware, the Finance Bill, being largely taxation oriented warranted deep discussions and analysis by the Committee, but with limited room for amendment. Considering the current economic situation, the Committee felt that the Minister needs all the support he can get in his efforts to revitalise the economy.

Thank you.

*(Applause)*

**Prof. Anyang'-Nyong'o:** Mr. Deputy Speaker, Sir, I arise to contribute to the Finance Bill.

I would like to request the Minister for Finance to take into consideration the remarks made by the Chairman of the Finance Committee, hon. Mkalla, and to try and incorporate those amendments into the Bill. I think they are extremely important. Having been duly considered by a Committee of the House, it will be important for the Minister to incorporate those amendments because they reflect the strong feelings of the House.

Mr. Deputy Speaker, Sir, the Finance Bill is on the supply side of things. In other words, the Government is trying to get money which it is going to spend, assuming that this House is agreeable to the way that money is going to be spent. So, the House must, indeed, give the Government the go-ahead to spend and raise taxes. But the House has serious questions not only on how the Government spends its money as the hon. Michuki was explaining earlier because it has serious misgivings on the way the Government tries to raise money. It is counter-productive to tax a nation or people beyond the point where they do not have incomes. If people do not have incomes, it becomes counter-productive to tax them. The Government will be taxing people assuming that it is rendering services to them, but they will not have money to invest or to buy those services. The situation in Kenya today is that the Government keeps on raising money through taxation by impoverishing Kenyans. Kenyans, including people in this Government, except a few, do not have money to spend. This is a very serious issue. This issue is also at the base of the so-called interest rates. If you keep on charging people interest and they do not have the money to pay, you are doing a useless job. Even when you go to seize their properties and then sell them, there is nobody to buy them. So, you are doing a useless job.

The Government should address the following basic question in Kenya: Can you tax a nation which does not have an income? The Government itself does not have an income, so they go with a begging bowl from the IMF, the World Bank because everybody trying to get money. If the Government itself does not have an income, where do

Kenyans get an income from? So, the fundamental question is: Have we really arrived at the point where it is sensible to discuss a Finance Bill, or have we arrived at a point where we should be discussing other types of Bills and not a Finance Bill? I find it very difficult to balance my books and I do pity those with lower incomes than me. If I am finding it difficult to balance my books, what about the school teacher, the policeman, sweeper, or the Serjeant-At-Arms in the National Assembly? If these people do not have an income, why are we passing the Finance Bill? Who is going to pay the tax?

Mr. Deputy Speaker, Sir, this Government has proposed in this Finance Bill that there is a very high penalty for issuing bouncing cheques. The Minister did say during the Budget Speech and I remember his predecessor, hon. Mudavadi, also said a similar thing, that the Government was intending to pass a law which will criminalise bouncing cheques. If that law were to come into being, this Government will be in prison today because the number of Government cheques bouncing is alarming. Contractors and business persons in this town cannot do business because they have bouncing cheques from this Government. Government departments themselves cannot pay the KPLC electricity bills. They cannot pay Telkom Kenya Ltd telephone bills and quite often, their phones had disconnected. Sometimes ago, I was trying to call the Ministry of Agriculture and the phones were not going through until I called Telkom Kenya Ltd itself and asked them to put me through to the Ministry of Agriculture. They told me they cannot put me through because their phones have been disconnected. Here is a Government now passing a law criminalising bouncing cheques. Before that law is passed, there should a rider to that law that when a Government cheque bounces, the Attorney-General and the Minister for Finance will be held for a criminal offence. They should go to prison on behalf of the Government.

So, Mr. Deputy Speaker, Sir, when we are discussing the Finance Bill, let us seriously take the fundamentals into consideration today. What are the fundamentals? The Government itself is broke and so it cannot accuse others of being broke when their cheques are bouncing. The people are broke, so you cannot tax them as they are doing. The Government should find a way of raising taxes other than taxing broke people. I have proposed to this Government one of the reliable sources of taxation. One American economist called George wrote about it sometime ago and said that one of the most reliable forms of taxation is land. Let us introduce a progressive land tax in this country and go away from the moribund, ancient and decadent land rates and rents. These are colonial taxes. They do not make sense in Kenya today. We should abolish these so-called taxes and come up with a progressive land tax in this country so that if a productive land in Limuru of two acres is lying idle, it will be taxed at a certain rate. If you have a non-productive land in North Eastern Province of 1,000 acres, nobody is going to bother about it. We should leave it to the camels and herdsmen because if you tax it, nobody is going to buy it. Let us have a progressive land tax and make people who are hoarding land which they bought cheaply many years ago pay for it by driving up the land taxes. If they do not pay the tax, they will sell the land. When they sell the land, there will be taxation on that land and the Government will get money and all productive land will be put to use. If it is put to use, then we will have had income which we can tax. But at the moment, if you were to take a census on the other side of the House, you will find that 90 per cent of people there are hoarders of land. They are not using it but they are speculating. Ninety per cent of the people on that side will take the so-called title deeds to the banks, and get huge loans, while that land is not productive. But if they do not put that loan to productive use either, and it becomes a vicious circle. Land is being hoarded and tycoons are using that title deed to get money from the banks. But they are not putting that money into productive use and the banks are not recovering the money. There are arrears in the banks because interest rates are going up and the economy is stuck. Kenya economy today is like what happens to Nairobi when it rains.

When it rains in Nairobi these days, vehicles on the roads do not move due to heavy traffic jams, but the traffic police officers do nothing to help to ease the jam. This Government is like the traffic police officers of this nation. The Government sees that there is a jam in the economy, but it goes ahead and produces Finance Bills, which do not help anybody, and all that happens is that the economy remains at standstill. I would like a much more fundamental discussion on where we are going with this country economy. I submit to this House that, even if we pass this Finance Bill - hon. Okemo is happy that Kenyans are going to pay taxes - we should remember that by this time next year, we shall be debating a similar Bill, but we shall have remained in this same "traffic jam" that we see in Nairobi whenever it rains; we will have gone nowhere. I assure you that every hon. Member who will speak here will ask the Minister to reduce the amount of Value Added Tax charged (VAT) on commodities. What does VAT do? Essentially, VAT penalises the low income earners. The income of such persons has not increased over the last 10 years, but the amount of VAT being charged on the commodities they consume has increased. So, the Government is telling these people: "If you were buying two shirts 10 years ago, do not buy a shirt. Or, if you want a shirt, steal one".

We, in this House, are lucky, because our salaries have been increasing. Judges, too, are lucky, because they can increase their salaries. Other people in Government, who can write cheques or certificates and be paid something, and rural area chiefs, who get Kshs10.00 from persons requesting for their dead kin's death certificates, are lucky, because they have ways of getting an extra income to beat VAT. However, using the word "lucky" with regard to these



people is also very capricious. Those people are not lucky; they are vicious. Compared to the ordinary Kenyan, we are all very vicious; the ordinary Kenyan has not had his income increased over the last 10 years, but VAT has increased. How does he survive?

I would like to submit to the Minister for Finance that if he did his calculations to find out the rate of increase of incomes among various social classes in this country, and the rate of increase at which they are paying taxation, he will find that we are being very vicious to the ordinary Kenyan; he will realise that this particular VAT increase has particularly hit the ordinary Kenya. If we were to be social democratic and support the people in the lower classes with the taxes they pay, we would increase VAT by 3 per cent and use that money to support the education and health sectors. This way, the lower income earner, who suffers from paying VAT, will end up getting back value for that money through a working, affordable and accessible social welfare system, particularly in the form of health and education services.

Mr. Deputy Speaker, Sir, I am appalled that some of the most basic rights of a citizen in a civilised Republic - such as education and health services - are no longer accessible to the most ordinary citizens of this country. By the term "most ordinary citizen" I mean those Kenyans whom, when you wake up in the morning, we find them serving tea on your table, those who, when your wife gives birth to a child at hospitals, take her and the child home, and those who provide milk for that child. When such ordinary Kenyans fall sick they have nowhere to go and seek medical services. When such people give birth to babies, their babies are not assured basic education, so that they can grow to become civilised human beings by the age of 18 years, when they qualify to vote.

So, we increase the VAT rate after considering the margins of expenses by the Government, which have very little to do with the basic needs, such as health and education services, for Kenyans. I will not approve this Finance Bill if I do not see something, in the Government policy, that substantially increases expenditure on basic services such as health education, by using VAT income. This is because, I think that, that is where social justice lies. Even the manner in which the Kenya Revenue Authority (KRA) collects VAT leaves a lot to be desired. A couple of years ago, this House passed the Kenya Revenue Authority Bill, which, essentially gave the KRA substantial autonomy, and its officials substantial incomes. Indeed, to be frank, the KRA employees were the first "Dream Team" we had in this nation. The assumption then was that if we paid those people well, they would perform well. During the first three years of the KRA existence, revenue collection went up; that was between 1995 and 1997. However, the rate of increase of revenue collected by the Government since 1997 has remained the same to-date; it has not gone up.

The assumption that by giving the KRA autonomy, and its staff a lot of money, would result in performance in terms of increase in revenue collection by the Government, has not been proved right through experience. When the same KRA officials, go to collect VAT from businessmen, who can hardly make money anyway, they intimidate them, by telling them: "We have assessed you for so much money; if you do not pay in the next two days, we will assess you for even a higher figure". So, the businessman panics and gives out money without proper assessment of revenue payable by him, but because of mere intimidation. We get such stories from businessmen everyday.

Very recently, the Eastern Action Club of African (EACA) asked Kenyans with problems on taxes being collected from them by the KRA, through an advertisement published in the newspapers, to write to the EACA, so that they could find out the nature of the problems. I have looked at the correspondence sent to the EACA by many Kenyan business persons and realised that they are suffering from intimidation from the KRA officials. Contrary to our belief that the KRA would be doing a good job, to this day, the KRA is still a den of corruption. Let the Government wake up. Kenyans are not going to be hoodwinked, whether there is a Dream Team or no Dream Team. Whether at the KRA or in Office of the President, Kenyans want the Government to perform; they want fairness and justice in the way in which taxes are raised and spent by the Government.

Mr. Deputy Speaker, Sir, a lot has been said in this House about income tax and pension funds. Any ordinary Kenyan who works for a living thinks of two things: The money that he earns when he is living and working, and the money that he will earn when he is still living but not working, in other words, when he is not getting salary. The first one is called "an income", while the other is called "pension".

Income is taxed by the Government. The Government is supposed to be contributing to pension funds and looking after its own citizens funds when they cease to be employed.

Mr. Deputy Speaker, Sir, we did in this House pass recently the Retirement Benefits Authority (RBA) Act. The RBA is supposed to regulate and look after pension funds of all Kenyans. The RBA is supposed to make sure that all pensioners are treated fairly and alike and meant to ensure that, those institutions - both in the Government and outside - do obey certain basic rules of the game governing pension funds. Ever since we established the RBA, it has not made known its rules and regulations that will govern all the fund managers and pension funds. Yet, the Act gave them the power to do so. Why has the RBA not done that? The RBA has not done that because we know of incaltrance in the Government itself. The highest institutions in this Government like the Central Bank of Kenya (CBK) should set an example of bringing itself under the rules of the RBA. The Government should be in a position to publish widely the

rules and regulations of the RBA.

We know the extent to which pension funds have been mismanaged by parastatals and the Government. As I talk today, thousands of workers who were employees of the former Kenya Posts and Telecommunications Corporation (KPTC) are not receiving their pensions because the KPTC mis-invested the pension funds into all kinds of banks and financial institutions some of which are owned by hon. Members sitting opposite me, and they know it. In 1980s, some of the so-called financial institutions and banks sunk and collapsed. We know that a working financial system should have an insurance scheme so that when a bank or financial institution goes under with people's money, the people are protected and those who have mis-managed those funds in those banks and financial institutions are penalised. In Kenya, the reverse is the case. The people are penalised and those who mismanage these funds in these institutions are protected. The law is completely put upside down.

To-date, I will tell you that some of us who are shareholders in these banks and who very innocently and patriotically gave some managers the responsibility to manage these funds on our behalf woke up one morning only to be told that the financial institutions has sank and yet we see the same people who have mismanaged these institutions driving around in huge cars and setting up insurance firms. I will submit to this House that most of the tycoons who managed and owned these non-banking financial institutions which collapsed - if you carried out a census - you will find that each and every one of them today owns an insurance firm. In other words, they mismanage people's deposits and shares and, perhaps, colluded with the CBK. While their financial institutions were collapsing, they went through the other door and set up insurance firms quite often under the same names the former financial institution.

These are among the most vicious things I have ever seen in life, and today, they are walking scot-free. In fact, there are some of the tycoons who contribute so handsomely to Harambees in churches, weddings and funerals. The only unfortunate thing is that they will not be there to contribute to Harambees at their own funerals. I am sure they wish they could do that. But if we are passing a Finance Bill, and asking the Government or the Government is asking us to give it the authority to raise taxes, and we know that millions and billions of shilling of pension funds have sunk, and those facts are known, why can this Government not also propose laws to ensure that the money is recovered? Why is it that we are always quick to propose laws to tax people who are hard-working and earning their income whereas people who have squandered other people's income are let to go scot-free and we keep on appointing them to serve in commissions and boards? This is because if you look at this whole thing, there are various proposals through various laws making proposals on how money will be raised. We know that there is a lot of money sitting somewhere which should be put into the coffers of this Government for purposes of raising revenue. I am making that point because pension funds are one of the biggest processes of domestic savings from which this Government can get money to finance capital development which can create wealth in this country and which can be taxed. This is because, if you finance capital development, you put people to work - those people have an income which you can tax.

If this Government is not looking after its own pension funds, and use it as a resource of domestic savings to finance capital formation, then, obviously, it is counter-productive and it will be coming here every year and asking us to give out money. This is because, first of all, you are not keeping the wealth from which those taxes should come. We are talking here passionately about proper management of pension funds, because we want to give you a base for taxing Kenyans. You cannot tax Kenyans if there is no economic growth and they do not have employment from which you get income or if they do not have income in their pockets to spend on other economic activities which you tax through VAT.

*[Mr. Deputy Speaker left the Chair]*

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

So, let me also discuss one more thing. I am going to use an English word which does not exist, but I will create it today. What are some of those activities in this nation which are "vatable?" What is the vatability of taxing somebody who is eating one "ndazi" in New Rwathia Hotel? Is that vatable?

**The Temporary Deputy Speaker** (Mr. Poghisio): Which word are you using?

**Prof. Anyang'-Nyong'o:** Mr. Temporary Deputy Speaker, Sir, I am using the word "vatable," from the word VAT.

**The Temporary Deputy Speaker** (Mr. Poghisio): That is an English word.

**Prof. Anyang'-Nyong'o:** Is it?

**Hon. Members:** Yes.

**Prof. Anyang'-Nyong'o:** Mr. Temporary Deputy Speaker, Sir, I am glad the Government side has done some homework recently and has caught up with the language. That is very good, and I am very happy.

We must make very fundamental decisions in this nation. What are some of those activities which are vatable?" I will give you an example. If you eat in a restaurant today, you will be taxed VAT, Service Charge and Training Levy - three taxes. I have done that calculation so regularly that you will find that 33\_ per cent of the money that you are paying in that restaurant is going to taxes. In other words, a Kenyan who wants to eat has to be penalised one third of the amount of food that he or she wants to eat which goes to tax. It is a true fact. So, to what extent is that fair to Kenyans? I do not mind you taxing those people in tourist hotels and other places. I went to a Chinese Corner Restaurant in Westlands to eat a meal one night - I can bring the receipts - and found out that 33\_ per cent of the money you pay for one meal is made up of tax. It is not a big hotel; it is just a standard hotel.

**Hon. Members:** No!

**Prof. Anyang'-Nyong'o:** Mr. Temporary Deputy Speaker, Sir, do not be defensive. By the way, I am trying to help you because there is an extent you should not go to if you go taxing people, and the reason why I am saying that, is because---

**The Vice-President** (Prof. Saitoti): On a point of order, Mr. Temporary Deputy Speaker, Sir. I believe that the hon. Member is misleading the House. There is a cut-off point for the VAT and the turnover of the business has got to be over certain substantial amount for it to become "vatable" - Kshs3.6 million - to enable the ordinary person when he or she goes in the smaller places not to be "vatable."

**Prof. Anyang'-Nyong'o:** Mr. Temporary Deputy Speaker, Sir, the Vice-President did not really get my point. My point was not on the size of business to be taxed, because what I was saying--- The activity I am talking about is eating because it is a very basic thing. I think that when you tax an activity or you eat so much you should not destroy that business or injure the well being of Kenyans. In a restaurant, you are taxed VAT, Training Levy and Service Charge. If you put all those taxes together, they amount to 33\_ per cent of the amount of money one pays for that food. That immediately discourages people from going to eat out. I will give you an example of a restaurant I frequent. I have noticed the number of clients going to that restaurant has been decreasing to the extent that if you go there on a Monday or Tuesday evening you are lucky to find two clients. Very soon that fellow will close down his business and go to Hong Kong. You will have lost business and people will have lost employment. Those of us who would like to release our wives and maids on certain nights to do other things like going to classes have also gone down in increasing the standard of life of Kenyans.

You have to think in holistic terms. Do not just come here with a Finance Bill without having the bigger picture of economic growth in this nation. The problem on the other side is that there is such a closeness of mind that Kenyans are not getting the bigger picture. When you tell this to Prof. Ongeru since he does not get the bigger picture he says "no". I do not expect him to say otherwise because if he said otherwise he would be getting the bigger picture. Of course, he will rise up on a point of order without getting the bigger picture.

**The Minister for Public Health** (Prof. Ongeru): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member not drifting towards trivialities which do not protect the future of this House?

**Prof. Anyang'-Nyong'o:** Since hon. Prof. Ongeru is always trivial, sometimes it is helpful to drift into trivialities so that he can understand what is going on in this nation. The most tragic thing in this nation is that trivialities tend to pre-dominate the minds of people like hon. Prof. Ongeru.

I beg to oppose.

**Mr. Nyachae:** Thank you, Temporary Deputy Speaker, Sir. I am going to be very brief and I will not go into details like Prof. Anyang'-Nyong'o.

The first point I want to make is that the country is going through a very difficult situation. We have to bear that point in mind. To get out of that situation, although it may take time, we need to encourage those who are struggling to do something towards that end in dealing with the problem. While I disagree with a number of issues on taxation measures, and I do not want to go into details of each clause, I think we should give an indication to the Minister for Finance that he is doing his best under very difficult conditions. We should give him a sign of encouragement that: "Please, listen to us; please, do your best. You are trying as much as you can, but also listen to what is being said by other people." This is not a situation where the Government alone can be involved and sort out the problems that are facing this country. We are in a situation where everybody in this nation is affected. This, therefore, requires those managing the affairs of this nation, particularly in the area of the economy, to listen to the concerns being expressed.

If I talk on behalf of the farmers, first let me say this: If you want to milk a cow, you have to feed it. In this nation if you want taxes from people, you must enable them to make money. There is no point in increasing and spreading taxes to everybody and yet the fact on the ground is that those people you are taxing cannot pay those taxes. We are simply pushing people to cough out everything and in the end they will become totally poor. You will end up with no taxes at all. There is no message of encouragement either in this Bill or even in the Votes of any Ministry and particularly that of the Ministry of Agriculture. If anything, the farmers are just getting confused and they do not understand what is happening to this country. We have signals right now that we will continue having famine, even next

year. What are we doing about that? These are the issues we should address.

When hon. Michuki was talking about *Mungiki*, everybody stood up and told him: "Do not talk about *Mungiki*! Are you supporting *Mungiki*?", and all sorts of things. Forget the name "*Mungiki*"; just talk about Kenyans and their poverty and unemployment. Forget *Mungiki*; you can call them whatever name. You will soon find that you are not only faced with *Mungiki*; you will be faced with all types of organisations. Whether you will call them *Mungiki*, Ojwang, Kisii or what, they are going to be there if you do not do something about it. The situation in this country is worrying even these Ministers who are in front here. None of us is comfortable until we reach our houses to find out whether our wives and children have arrived. We have seen some children being beaten up together with their bodyguards. Those are indications of how frustrating the situation has become. Kenyans who are poor do not care whether you have a flag, or are an hon. Member, a business person or a farmer. They want to share whatever loot you have. This is the problem we have right now in this country.

I have seen so much writing in the Press about the allowances that are given to the MPs. You will see MPs in this House wearing suits and ties and the ladies carrying cardigans and necklaces, but the truth of the matter is that at the end of each month, these people are unable to meet the obligations demanded by those poor people they are representing. The amount of salary you give them does not matter. As long as you have so many discontented people in the constituency, they will demand something from an hon. Member of Parliament, a councillor and anybody else who is employed, because they have no income. I would like to appeal to the hon. Minister for Finance to instil discipline by indicating the core services that should be rendered by Ministries and finding out how the funds that are made available for the core services are utilised. You cannot have funds allocated by this House to buy Land Cruisers and so on for Ministers to go to our constituencies and keep on abusing us! Is that rendering a core service?

*(Applause)*

What I am saying is the truth. Ministers who have been visiting Gusii District have been going there in cars which bear Government registration number plates to condemn hon. Nyachae and raise little money. In fact, they do not raise enough money to help the Kisii people. They just go there to fight and condemn hon. Nyachae. I would like to inform them that they are wasting their time and public funds!

*(Applause)*

**The Minister for Public Health** (Prof. Ongeri): On a point of order, Mr. Temporary Deputy Speaker, Sir. Could the hon. Member name these Ministers because he is casting aspersions? I would like him to be absolutely direct?

**Mr. Angwenyi:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Could that Minister substantiate the statement that the critics from Kisii who assisted the Government should know that their days are numbered?

**The Temporary Deputy Speaker** (Mr. Poghiso): Order! Mr. Angwenyi, I do not want this to be reduced to Kisii politics. We are discussing serious business of the House.

**Mr. Nyachae:** Mr. Temporary Deputy Speaker, Sir, because hon. Prof. Ongeri is my neighbour at home, I do not want it to appear as if we have brought our problems from Kisii to this House. Therefore, I just want to remind him in very simple words that, recently, there have been tours that have been made in that constituency and cars bearing Government registration number plates have been used, and the person they have been talking about is hon. Nyachae. Hon. Nyachae is his "father" because he cannot talk about somebody whom he does not recognise. Therefore, he should continue recognising me by talking about me.

That is not the issue---

**The Minister for Public Health** (Prof. Ongeri) On a point of order, Mr. Temporary Deputy Speaker, Sir. Could hon. Nyachae substantiate what he is saying here, that biologically, he is my father and mother? Could he lay the evidence on this Table?

**Mr. Nyachae:** Mr. Temporary Deputy Speaker, Sir, I will not reply to that point of order---

**The Minister for Medical Services** (Dr. Anangwe): On a point of order, Mr. Temporary Deputy Speaker, Sir.

**Hon. Members:** Sit down!

**The Minister for Medical Services** (Dr. Anangwe): This is not a Kisii house; it is the National Assembly!

**Mr. Nyachae:** Mr. Temporary Deputy Speaker, Sir, again, I do not want to respond because I cannot see Dr. Kulundu here in the House, because he might be interested to go into the issue of biological fathers and mothers, but for now, let us go into the issue of protecting public funds.

(Laughter)

I am saying that whatever tax you get from the people, you should not use it in a wasteful manner by going around the country insulting other people. Let me tell the hon. Members today that there are two things: If hon. Prof. Ongeru has any battle in Kisii, let him and I go back home and then the Kisii people will decide. So, let us not deal with that issue here.

**The Temporary Deputy Speaker** (Mr. Posighio): Mr. Nyachae, can you go back to Kisii?

**Mr. Nyachae:** Mr. Temporary Deputy Speaker, Sir, that is where I want to go---

**The Minister for Public Health** (Prof. Ongeru): On a point of order, Mr. Temporary Deputy Speaker, Sir. It would appear that hon. Nyachae wants to have a duel with me! That is the way he wants to put it!

**The Temporary Deputy Speaker** (Mr. Poghiso): Order! Can you keep to the subject before the House?

**Mr. Nyachae:** Mr. Temporary Deputy Speaker, Sir, let me leave that aside and say this: On the issue of tax management, let them jump up! When people pay their taxes, they expect services. The roads must be there. Medicine must be in hospitals. Our appeal is that, if we pass the Bill, let that money be used properly. I have looked at all kinds of reports, including the Reports of the Public Accounts Committee and the recent Mbogua Report! All the money discussed in those Reports came from the taxpayers. When those Reports are tabled, those mentioned always stand up to deny! So, where did the money go? Could we, for once, agree that we have done messes and that we have been thieves and all kinds of people? They should repent and start afresh! We will give you money to start afresh and manage it properly. That is what we are interested in.

Mr. Temporary Deputy Speaker, Sir, every time the Minister for Finance stands up to issue a statement on how the economy is performing, I always sympathise with him! He genuinely points out what he is trying to do under very difficult conditions. But are his colleagues genuinely willing to support him? That is the issue. You will talk about the "Dream Team" for ever. You can give them millions, but so long as they are surrounded by parasites - here again, I am not pointing at anybody because anything that "eats" you is a parasite - we will find it very difficult to feel confident that the taxes we are giving will be used properly. We are imposing painful taxes on our people. It is extremely painful. I know how painful it is because I am one of the taxpayers! If it can be painful to me, what about the ordinary poor man? Life has become miserable.

The other day, I checked the incomes of the ordinary people who work in the factories. They are paid Kshs6,000 each. That person lives in a *mabati* house and pays Kshs2,000 rent. He has to travel every morning to and from work. If you calculate that, even if you gave him Kshs100 per day for transport, he has saved nothing! Now, think about his wife, children, their education and stomachs! How will he take care of himself and his family? Then, imagine the graduates and high school leavers. All our children that we have struggled to educate are in the streets. They have become criminals.

Mr. Temporary Deputy Speaker, Sir, why can we not create a situation in life which can allow children to feel worth living like respected people, and not think of becoming criminals? We must do something! I am worried very much about the trend of things in this country. There is nothing worse than managing a frustrated society.

Mr. Temporary Deputy Speaker, Sir, in my assessment, if you carried out a referendum and you asked Kenyans two questions: Do you want a constitutional review or do you want us to give priority to economic growth? All of them will tell you to suspend the review of Constitution process and improve life conditions first. That is the message you are going to get from Kenyans. What is the point of having a constitutional review which demands that, "correct this, I want you not to have power; I want you to allow me to say something" and so on. That is the constitutional review issue! All right, it has an element of governance. However, even with all that governance and so on with an empty stomach and tattered clothes, with a wife or a child without a blanket; what do you expect?

Mr. Temporary Deputy Speaker, Sir, if we have to change the situation in this country, let us start thinking in terms of food provision to the people. I am not personally opposed to the Minister for Finance taxation measures, but I am saying that, whatever the Minister will review in his taxation measures, let him give priority to food production. At least, let food prices become cheaper in this country. I want to tell the Minister today that, as a miller, at least, I have a system of knowing how people are eating these days. Very few families in this country are having two meals a day. The majority of the families eat one meal a day, if they can afford it. Millers have changed our selling methods. Instead of packing two kilograms of unga to sell, we are now packing one-kilogramme packets because that is what some people can afford.

We are currently talking about the problem of HIV/AIDS and so on. How are you going to contain this problem of HIV/AIDS when people cannot afford to keep their families in Nairobi? For your information, the majority of people working in Nairobi have sent away their wives and children home because they cannot afford to keep them here in the City. Now, this is a man who used to live with his wife and family. His wife has gone away because he

cannot feed her in the town and yet, he may need a woman. So, how are you going to contain this problem of AIDS? You know, these are the factors which actually can accelerate the problems which we are trying to contain. Men with families have been sent home and when anyone of us here including MPs goes home, he has to carry some maize in his car to come and grind it here in Nairobi for eating. I also do the same because I cannot afford to buy expensive food in our supermarkets here. That is the life that we are leading here in Kenya now.

Mr. Temporary Deputy Speaker, Sir, we have never, even during colonial days and even since Independence in Kenya, faced this kind of problem where you cannot afford to pay school fees or get decent accommodation, clothing, a blanket, textbooks for your children, food and then you keep on saying, the way our good ladies are complaining, that wives are being tortured and what-have-you. We never even asked: "Why are some of these men torturing their wives?" This is because they start debating on how they can take care of a child or why did the husband not provide food and a quarrel begins, which leads to a fight. I will give you a case of one of my employees who told me a story. In May, that employee was reporting to work before 7.00 a.m. and after closing our offices between 5.30 p.m. and 6.30 p.m., the man still used to hang around. So, one day I called him to the office and asked him: "Why do you not report to work at the normal time?" "Why do you leave late?" "Is it that you want to break into the offices or what?" The employee told me: "If I go home too early, my children will ask for this and that although I do not have it; so, I will leave here and hide somewhere in a bar even without drinking and then go home at midnight. Since my wife is likely to wake the children up to ask me for fees and other things, I again wake up at 5.00 a.m. in order to run away from my children." That is the kind of life people are living in Nairobi here. That is miserable.

Mr. Temporary Deputy Speaker, Sir, we are even trying to save money in terms of retrenchment, but can we do it in the right way? Let those who are not good performers go.

I have a case where an old man aged 53 was left working while his son who graduated from the university three years ago and was employed by the Government, was retrenched. The old man said: "Retrench me and leave my son" but he was told: "No". The old man said: "Since I am capable as an old man to go and eat *wimbi* at home, leave my son here with his wife", but he was told "No." Surely, there is something wrong somewhere.

Mr. Temporary Deputy Speaker, Sir, those in the Front Bench should not assume that they know everything. You should not assume that you have all the ideas to deal with the problems of this country. You must listen to other leaders, whether they are in the Opposition or the KANU rebels. They are all Kenyans who want to assist the Government to overcome all these problems.

Please, can you listen to them because you have ears to do so? If you do not want to listen to what we are saying, then go and see a doctor and ask him to seal your ears, so that you cannot hear what we say when you come here. When we have stopped talking, then you can open them and go to listen to your wives.

Thank you, Sir.

**Ms. Karua:** Mr. Temporary Deputy Speaker, Sir, we all know that, if this House does not approve the taxation measures, then the Government would collapse because it will not have money to implement its programmes or to give services. We seem to forget this fact all the time and we keep on lamenting all the time that the Government is ignoring the recommendations by PAC and PIC. It is time we asked ourselves: Why should we approve taxation measures when people have been mentioned adversely by Committees of this House for looting public coffers continue to serve in their positions? Are we going to approve taxation measures, so that we give the looters a field day? This House would be doing Kenyans a favour if we withheld our approval of the Finance Bill until recommendations of this House on the way public finances are managed are taken seriously.

Mr. Temporary Deputy Speaker, Sir, the culture of this Government has been to reward and promote looters. I want to say as an hon. Member of this House, that we have the power to alter the course of things and the time has come now. I must now state categorically that I am opposing the Finance Bill. This is for the simple reason that it is obvious that quite a chunk of the taxes collected will end up being misused.

Mr. Temporary Deputy Speaker, Sir, we were told last year that the Government would curb public spending and that the Ministers and Permanent Secretaries would be limited to a few cars. At the end of the day, they still have their fleets. We are still seeing people using their official vehicles for private duty.

Mr. Temporary Deputy Speaker, Sir, we have seen Ministers going to face criminal cases in their official cars and we wonder what it has to do with the Government.

*(Applause)*

Mr. Temporary Deputy Speaker, Sir, we have seen people charged with offenses relating to mismanagement of public finances retained in the Government. Are we ready, therefore, to approve taxation measures when this is going on? Is it not time that we set a new chapter for Kenya? We are saying that this House need not wait for the time when we shall have an implementation Committee. This House can implement its own recommendations by withholding

consent until it does what it is supposed to do. Then we can give our approval to the taxation measures when we are sure that this money which Kenyans are giving at this time when they are so economically hard-hit by the bad economic situation will go back to them for services. Otherwise, the taxation measures proposed, although they are not exactly what one would dream of, would be reasonable if we were sure that this money will be used for the welfare of Kenyans.

Mr. Temporary Deputy Speaker, Sir, I have seen proposals to amend several sections of the law, especially those relating to the Petroleum Act, particularly the storage of petroleum and the selling of adulterated petroleum products. These are good measures because they are about the welfare and safety of the consumer. But the question that comes to one's mind is whether the law will be applied selectively. Is this law meant to crack down on the small Kenyan people who are now selling petroleum products? Are these laws designed to get them out of the market and protect the multinationals?

Mr. Temporary Deputy Speaker, Sir, we want to be assured that the law will not be applied selectively, and that it will apply to both multinationals and the small middlemen who are distributing petroleum products. We know that even multi-national oil companies do occasionally sell adulterated products. We do not want to see a situation like the one we had recently when the Government licensed private petroleum dealers and then sent the Provincial Administration to crack down on the those petroleum stations claiming that they were not up to standard. We wonder why they were licensed without being given the conditions, only to be hounded later. These are the doubts that are lingering in our minds as

to the seriousness of the proposal the Government is giving.

Mr. Temporary Deputy Speaker, Sir, there are also penalties for transporters of petroleum products. Once again, these are okay if the law is applied evenly. But with the record of the Attorney-General's Office on double standards on application of our laws, it leaves a lot of doubts in our minds. There is also Section 28 which is advocating for duty rebate for horticultural and floricultural products. I do not know why the Government has not found it necessary to extend this to the entire agricultural sector, so that the coffee and tea farmers also benefit from tax rebate. Have they remembered floriculture because the fat cats are the ones in that business? We need to review our policies. Let us not have policies that only target the well-to-do and ignore the welfare of the majority of Kenyans. The economy of this country is sustained not by the fat cats in the floriculture business, but more so by the small-scale farmers who are breaking their backs in the tea and coffee sub-sector. So, let us remember them when we are making these proposals.

Mr. Temporary Deputy Speaker, Sir, we have also seen proposals for duty rebate for motor cycles and spare parts meant for rallies. This is a sport for the rich. One wonders whether it is a consideration that, perhaps, the children of the fat cats and those affiliated to them are into these sports. Why do we raise duty on mitumba which Kenyans are depending on and abolish duty on a sport that is purely for the well-to-do? These are the questions we expect the Minister will take seriously, so that next time we have taxation measures before this House, they should be pro-people and not for the benefit of a section of the community.

One wonders what logic is there of taxing small items like underpants for boys, men, girls and women and letting the motor cycles and their spare parts go without duty. We also do not know how many are coming in under the pretext that they are coming for rallies and then ending up being sold on the market.

Again, Mr. Temporary Deputy Speaker, Sir, we need to be assured that taxation measures will be applied evenly. We know that it is the small person who is paying taxes in Kenya. The big companies and again, the very same fat cats are not being visited by the KRA officials. It is the small professionals who are being bothered day in, day out. If taxes were collected from every Kenyan, I doubt that we would need donor money. We would be self-financing. If also, we cut down on spending, we would be self-financing. We are losing a lot of money on maintenance of Government vehicles given to senior officers and Ministers. We are also losing a lot of money on telephones where senior officers and Ministers not only have direct lines, but mobile phones. Can these luxuries be limited so that we do not have to over-tax Kenyans to finance the lavish lifestyle of those in authority when we cannot even get medicine in our hospitals?

Mr. Temporary Deputy Speaker, Sir, it is also a well known fact that when there is a reshuffle of Ministers, they always change the decorations and furniture in their offices to suit their taste.

We hope that this is something which again will be stopped so that we curb spending. We do not want to be asked to tighten our belts---

**The Temporary Deputy Speaker** (Mr. Poghiso): Order! You have 20 minutes remaining and you will continue next time. **An hon. Member:** Let her continue!

#### ADJOURNMENT

**The Temporary Deputy Speaker** (Mr. Poghiso): Hon. Members, it is time to interrupt the business of the House. Therefore, the House stands adjourned until tomorrow, Wednesday, 1st November, at 9.00 a.m.

The House rose at 6.30 p.m.