

## NATIONAL ASSEMBLY

### OFFICIAL REPORT

Tuesday, 16th June, 1998

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

### PRAYERS

### ORAL ANSWERS TO QUESTIONS

*Question No.129*

#### DELAYED HARVEST OF MATURE CANE

**Mr. Wafula** asked the Minister for Agriculture:-

(a) whether he is aware that Nzoia Sugar Company Limited has failed to harvest cane at its maturity age of 18 months;

(b) whether he is further aware that the cane is now overgrown to the tune of 48 months and almost getting to waste; and,

(c) what steps he is taking to see that this problem is alleviated and the cane harvested immediately.

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

(a) I am aware that Nzoia Sugar Company Limited has surplus cane that its current crushing capacity cannot cope with and that it has failed to harvest cane at its maturity age.

(b) I am also aware that the age of the oldest cane in the sugar-cane scheme was 44 months as at April, 1998, and not 48 months although the difference is very little. I would also like to say that currently the oldest cane is 35 months old.

I am further aware that unless quick action is taken, some of the cane could indeed go to waste.

(c) Among the steps that my Ministry is taking in order to eradicate the problems facing Nzoia Sugar Company Limited include drawing up a harvesting programme between the growers and the miller, that is the company, through the Nzoia Outgrowers Company Limited. This programme gives priority for the harvesting of the oldest of the mature cane and only allows minimal blending with the younger cane to achieve a reasonable sugar recovery level.

**The Assistant Minister for Planning and National Development** (Mr. Sumbeiywo): On a point of order, Mr. Speaker, Sir. I do not know whether you can hear some strange voices and we cannot follow the answers from the Minister? There is some music being played somewhere.

**Mr. Speaker:** Order! I can, indeed, hear something like that. I do not know where it is emanating from.

**An hon. Member:** Find out!

**Mr. Speaker:** Order! Anyway, I will find out where it is emanating from. If the music is emanating from Parliament Buildings, then there is something that I can do about it, but if it is emanating from Uhuru Park, maybe, the Mayor of Nairobi can hear that and stop it.

Proceed, Mr. Wafula.

**Mr. Wafula:** Mr. Speaker, Sir, now that the Minister has confirmed that the sugar-cane is overgrown, is he aware that if it is overgrown, it loses value? I would like the Minister to tell the House who is going to compensate the farmers for the losses directly occasioned by the sugar company. Secondly, the Minister is misleading the House when he says that the oldest cane is 35 months old when hon. Sifuna's cane is 48 months old. Why should the Minister mislead this House?

**Mr. Mudavadi:** Mr. Speaker, Sir, I just want to stress that on the question of Nzoia Sugar Company compensating the farmers, or how soon they can pay the farmers, I would like to admit that Nzoia Sugar Company will not be able to do proper justice to farmers on a long-term basis until the phase two of the expansion programme is completed. But, in the meantime, through minimal rehabilitation of the plant, we have been able to

improve the crushing capacity from 2,600 to 2,700 tonnes of cane per day. The maximum capacity at the moment is actually about 3,000 tonnes. But clearly, the farmers in the area have been able to increase their production to the extent that the factory cannot cope at the moment. The issue is that on the question of the age of the cane, I think whether it is 35 or 48 months old, the fact is that the cane is over-mature, and that is still a disservice to the farmers.

**Mr. Speaker:** I would like to advise the House that I will have to finish Questions by 3.15 p.m.

**Mr. Sifuna:** Now, Mr. Speaker, Sir, arising from the Minister's reply, could he tell the House why the Government is so much willing to bail out private companies like the Kenya Co-operative Creameries (KCC) by giving them Kshs800 million, when it cannot afford to bail out Nzoia Sugar Company, which is a parastatal? What plan does the Government have to settle the financial problems of Nzoia Sugar Company, the way it has treated KCC?

**Mr. Mudavadi:** Mr. Speaker, Sir, I can just very briefly state the following:

(1) The Government, at the moment, is at a very advanced stage of putting in place competent technical management in Nzoia Sugar Company, so that the efficiency of that factory can be improved.

(2) I would like to say that the Government has, indeed, provided some assistance to farmers in Nzoia sugar area, through part settlement of the amount owed to them in previous years.

(3) At the moment, the Government is still servicing a lot of debts on behalf of Nzoia Sugar Company, where it did guarantee those debts.

**Prof. Anyang'-Nyong'o:** On a point of order, Mr. Speaker, Sir. Is the Minister in order to mislead this House in his answer to the hon. Sifuna's supplementary question, that the Government is doing its best to solve the Nzoia Sugar Company problems, when it has turned a blind eye and a deaf ear to the Inter-Ministerial Committee Report on Nzoia Sugar Company, which recommended very definite measures to be taken if that company is to be turned around?

**Mr. Mudavadi:** Mr. Speaker, Sir, I am not misleading the House. I have said that, the first step towards assisting Nzoia Sugar Company is to ensure that we can get competent management in that organisation. I want to say that towards the end of last year, international tenders were put across to seek people or organisations that have the competence to handle a sugar factory efficiently to be put in place, and the Government will work with them towards a proper mode of assisting Nzoia Sugar Company.

#### *Question No.176*

#### COLLECTION OF REVENUE FROM SUGAR IMPORTERS

**Mr. Mwiraria** asked the Minister for Finance whether the Ministry had collected revenue from all sugar importers who imported sugar in 1997 without paying taxes.

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

No, we have not collected all the revenue from all sugar importers who imported sugar in 1997 without paying taxes.

Mr. Speaker, Sir, in 1997, a few companies entered sugar in transit that was suspected to have been diverted into the local market later. The companies involved were identified and the directors of some of them were arrested and charged with the offences and the cases are pending in court.

Mr. Speaker, Sir, the Customs Department pursued payments from the insurance companies which guaranteed the bonds, but the court granted them an injunction restraining the Commissioner of Customs and Excise from taking any recovery measures on the bonds until the matter is heard and determined by the court.

Mr. Speaker, Sir, one of the importers, Femi & Co. has fully paid his tax. Thank you.

**Mr. Mwiraria:** Mr. Speaker, Sir, I thank the Assistant Minister, but I would like to hear from him who the other importers were and how much money they owe the Government.

**Mr. Keah:** Mr. Speaker, Sir, those involved are 14 companies and with your permission, I will read their names. They are as follows:

- (1) Air Cargo Forwarders - Kshs9, 826,302
- (2) Suguhe Company Ltd. - Kshs72, 714,481
- (3) Manaja Afrique - Kshs4,888,902
- (4) Golden West Forwarders - Kshs38,503,589

- (5) Speedwing Conveyors - Kshs26,423,064
- (6) Diani Freighters - Kshs11,807,064
- (7) Yuston Cargo Ltd. - Kshs28,939,563
- (8) Diah Forwarders - Kshs25,238,176
- (9) Falco Ltd. - Kshs19,377,135
- (10) Wings of Good Hope - Kshs19,611,704
- (11) Tamab Agencies - Kshs84,597,512
- (12) Cradlo Clearing and Forwarding - Kshs83,899,804
- (13) Space Speed Freighters - Kshs39,787,520
- (14) Afrofreight Forwarders - Kshs30,582,109

**Hon. Members:** What is the total?

**Mr. Keah:** I am sorry I have not added them up, but I can do so.

**Mr. Kaptan:** Mr. Speaker, Sir, have all these 14 companies gone to court to seek injunctions? If not, has the Ministry recovered all the money from those who have not got injunctions?

**Mr. Keah:** Yes, I can confirm as follows. There is a court injunction No.480 in the High court, given on the 16th May, 1997, covering five companies, namely: Yuston Cargo, Diah Forwarders, Falco Ltd., Wings of Good Hope and Tamab Agencies. Those are under Intra-Africa Insurance Company Limited. Another cluster is under Stallion Insurance Company Limited. The court injunction is No.468 in the High Court, given on 15th May, 1997. These include Air Cargo Forwarders, Suguche Company, Manaja Afrique, Golden West Forwarders, Speedwing Conveyors and Diani Freighters. The other one is Tamaab Agencies, which falls under Apollo Insurance Company Ltd. The case injunction number is 524, dated 20th June, 1997. Then, there is Space Speed Freighters under African Banking Corporation, whose injunction number is 115. This is in the Mombasa Court, dated 16th April, 1998. Afro-Freight Forwarders, under National Bank of Kenya, injunction No.113, dated 3rd April, 1998.

**Mr. Wamae:** Mr. Speaker, Sir, would the hon. Assistant Minister let the House know the companies which have paid duty and how much they have paid? Secondly, since the Minister for Finance said in the Budget Speech that there would be no injunction and if they have an injunction they have to pay in advance, are the companies which have now got injunctions going to be affected by that decision?

**Mr. Keah:** Mr. Speaker, Sir, the company that paid duty in full, which is not one of those that went to court is Femi & Company Limited, but I am afraid I do not have the figure here with me. I do not know how much it paid, but I have just been checking with the Commissioner of Customs and Excise and I got that name. The amount can be given later if there is need.

**Mr. Mwiraria:** Mr. Speaker, Sir, I would like to ask the Minister whether collection of that revenue was part of the agreement between the Government and the Bretton Wood institutions. If so, is this what is making our relations with those institutions strained? Well, I understand what they are doing to correct the situation.

**Mr. Keah:** Mr. Speaker, Sir, there is no demand from the Bretton Wood institutions that we do our house-keeping. Naturally, good house-keeping or good governance is expected of us by all our development partners. This being an item which is of concern, as far as governance is concerned they are naturally interested in it. But I would not say that this item has created sour relations between us and them. In any case, the relations are good. They are not sour.

*Question No.086*

MEASURES TO COMBAT MALARIA MENACE

**Mr. Anyona** asked the Minister for Health, in view of the serious malaria upsurge in Bomet, Gucha, Kisii, Trans Mara, Wajir and Nyamira districts, if he could inform the House:

- (a) The number of beds in the district hospitals and health centres in each district and the total number of out-patient malaria cases handled and treated at each hospital, health centre and dispensary in the respective districts between January and March, 1998;
- (b) the total number of deaths of malaria cases at each hospital and health centre in the respective districts in the said period; and,
- (c) the measures taken by the Ministry to combat the malaria menace in the said districts and the country in general.

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

(a) The number of beds in district hospitals and health centres and the total number of out-patient malaria cases handled and treated are as follows:

DistrictNo. of BedsCases Treated

Bomet Kipkatet Sub-Dist. Hospital	124	61,150
Cheptalal Sub-health Centre	24	
Kisii & Gucha - Kisii Dist. Hospital	262	34,142
Trans Mara - Kilgoris and Longorian Sub-district Hospital -		41,995
Wajir Wajir District Hospital	171	3,297
NyamiraNyamira District Hospital	197	9,605

(b) The total number of deaths in each district hospital and health centres and dispensaries, excluding private institutions, is as follows:

DistrictNo. of Deaths

Bomet 98  
Kisii and Gucha 515  
Trans Mara 110  
Wajir 312  
Nyamira 1

(c) My Ministry is combating the menace through strategic measures. One is by strengthening of case management, whereby anti-malaria drugs are supplied through supplementary drug kit to complement the usual drugs supplied on monthly basis. The health providers are also trained and supervised. Secondly, the communities affected have been mobilised to engage in malaria preventive activities and awareness campaigns to sensitise the people on the symptoms and signs of malaria. We also make people aware that they need to seek treatment early and how to avoid getting malaria by cleaning the environment. The use of insecticide-treated bed net has been promoted within these communities. Lastly, the destruction of breeding sites, drainage of stagnant water ponds, larvaciding and limited residual chemical carrying have been undertaken.

**Mr. Anyona:** Mr. Speaker, Sir, this Government is its own worst enemy. If the Assistant Minister is not aware of that, let me tell him that there may be an enemy within. I say that because you will remember that the Minister for Health came to your Office to plead for more time to be able to bring here a satisfactory answer. This answer is totally unsatisfactory. I do not know where to begin my supplementary question. For instance, he talks of bed capacity in Kisii District Hospital as being 262 beds. That is not correct! The figure is 242 beds and 50 cots. Even he has said that there no beds at all in the health centres. That is not correct. There are a lot of beds in Maran, Gisuus, Kihumbu and Keroka Health Centres. In Nyamira, for example, the bed capacity is 242. Here, he says they are 197. When this debate was going on, I did go round on behalf of all the Kisii Members of Parliament to see what the situation was like. I went to every hospital and I spoke with the Medical Officer of Health and all his staff. Out of that discussion, I compiled a report on the three districts of Kisii, Gucha and Nyamira as a basis for the leaders of the community to be able to deal with this problem because the Government is doing nothing. The report has been circulated to all hon. Members from the Kisii community, who were waiting for this answer in order to know what to do next. In view of the fact that the answer is totally unsatisfactory and is unrelated to the facts that I collected from the medical officers, will he now accept my report?

I will lay it on the Table of the House. The same report is in the hands of hon. Members from the Kisii community. Will he come back here with a proper answer in respect of the Gusii districts?

*(Mr. Anyona laid the document on the Table)*

**Mr. Criticos:** Mr. Speaker, Sir, I will not do that. I have given an answer in connection with deaths as a result of the malaria menace. What is not quoted here are the cots and the beds in maternity wings where there were no malaria patients. I wish the hon. Member had given us his report earlier instead of circulating it among the hon. Members from the Kisii community. My answer is very satisfactory because it shows what happened on the ground.

**Mr. N. Nyagah:** Mr. Speaker, Sir, the question of the malaria menace is known in this country. It is a killer disease. Let me quote what the Minister for Health said last year, on 6th August, 1997, and then find out from the Assistant Minister how far the Government has gone in combating the malaria menace in this country.

The Minister said: "The Ministry, in collaboration with other research institutions, will conduct operational research on the identification, transmission and management of the ever emerging new strains of malaria." In relation to the number of cases reported all over this country, how far the Ministry has gone in dealing with what was promised in a Ministerial Statement by the former Minister for Health?

**Mr. Criticos:** Mr. Speaker, Sir, we are touching on a slightly different issue for which I do not have a specific answer. However, we had an increase of malaria cases due to the *El Nino* rain. Hon. Anyona will agree with me that the Minister for Health toured specifically his area to assess the problem. We found that his area had the highest number of malaria cases in the country. However, if hon. Nyagah asks a specific Question, I will give him specific details of what we have done to combat the malaria menace.

**Mr. Anyona:** Mr. Speaker, Sir, I am extremely disturbed. If the Assistant Minister insists that he will not carry out further investigations and come back here with a proper answer, then we are doing nothing in this House. For instance, he talked about Trans Mara District I have never been there. He said that there were 41,995 cases of malaria, yet he further told us that there are no beds in the district hospital or in health centres. Is he not misleading the House? Is it not clear that this is a ridiculous answer? I think the Chair should help this House to exert its authority

by ordering the Assistant Minister to go back and bring us a proper answer to this Question.

**Mr. Criticos:** Mr. Speaker, Sir, I do not really find any problem with this answer. I have given the number of cases and deaths as reported. I did not give the details on beds in Trans Mara Sub-district Hospital because I did not have that information. When I was answering the Question, he was busy talking to another hon. Member, and so he did not listen to my answer.

**Mr. Anyona:** On a point of order, Mr. Speaker, Sir. The truth is now beginning to come out. Is the Assistant Minister now in order to admit that he did not have the information and yet he has given us figures, which are misleading this House?

**Mr. Criticos:** Mr. Speaker, Sir, I was asked to give information on five districts. These include Transmara but I said I have no information on Transmara. But the hon. Member was too busy discussing other issues when I was busy answering his colleague's Question, who is seated next to him!

**Mr. Speaker:** Very well. Hon. Shaaban!

**Mr. Shaaban:** Mr. Speaker, Sir, there was a time when about 40 people died in Wajir District during the *El Nino* floods. We have since been told that the number of deaths was unusually big and that **[Mr. Shaaban]** it was as a result of radioactive materials that were buried in the area during the exploration for oil in the district. Could the Assistant Minister confirm or deny that the high number of deaths was not only due to malaria but also because of the radioactive materials that was buried in the area during the said oil exploration?

**Mr. Criticos:** Mr. Speaker, Sir, I am not aware of any such thing. What I am aware of is the outbreak of typhoid and malaria which occurred during the *El Nino* rains. The Ministry of Health is not aware of any radioactive materials buried in the area. If the hon. Member has got detailed information, he could give it to me so that we can investigate the allegations.

*Question No.098*

DEMAND FOR TELEPHONE SERVICES IN KANGEMA

**Mr. Michuki** asked the Minister for Transport and Communications:-

- (a) if he is aware that there is unsatisfied demand for telephone services in Kangema Constituency; and,
- (b) when the following markets will be provided with public telephones: Kiamara, Karugia, Gacharaigu, Gitugu, Rwathia, Kanyenyaini, Kiruri, Tuthu, Wanyerere and Karurumo.

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

(a) The Minister is aware that there is demand for telephone services in Kangema Constituency which has not been met. However, the Kenya Posts and Telecommunications Corporation (KPTC) has made efforts to satisfy this demand but the Corporation's efforts to satisfy this demand have been frustrated by constant vandalism of telephone distribution cables.

(b) The Kenya Posts and Telecommunications Corporation will, during the next financial year, restore telephone services in the area by replacing the stolen cables. As a long-term solution to the problem of vandalism, the corporation is considering introducing alternative methods which may include the new technology of using the wireless loop.

**Mr. Michuki:** Mr. Speaker, Sir, while appreciating the Assistant Minister's reply to the Question, I am also wondering whether he is not aware that other than Gacharaigu and Rwathia, where telephone cables were vandalised, all those other markets have never had telephone services. In fact, this will be the first time they will have telephone services, if the service will actually be installed there in the next financial year as per the Assistant Minister's pledge. Is he aware that only two markets had their telephone services vandalised? This should not be used as an excuse for not installing telephone services in other places in the constituency.

**Mr. Obure:** Mr. Speaker, Sir, the information I have is that all the markets and urban centres hon. Michuki has mentioned were served at one time or the other. Kiamara Market, for example, had telephone facilities in place but the cables were vandalised. Karugia also had a telephone service which was served from Kahuhia Telephone Exchange but the cables were vandalised. In fact, this applies to all the said market centres. But as I have said, we are looking forward to restoring these lines and I am sure that the people of Kangema will be in communication with the rest of the world in the next financial year.

**Mr. Speaker:** Hon. Ndwiga! Sorry, what is your name? You look like hon. Ndwiga.

**Mr. P.S. Kihara:** My name is Mr. Kihara.

**Mr. Speaker:** Well, proceed!

**Mr. P.S. Kihara:** Mr. Speaker, Sir, I would like to request the Assistant Minister to impress upon his staff that it makes business sense to provide telephone facilities where there is demand as opposed to the current practice of providing these facilities as a favour to the people. Can the Assistant Minister take the necessary steps and impress upon his staff that they will not be doing us a favour by providing telephone services, and it, indeed, makes good business sense?

*(Applause)*

**Mr. Obure:** Mr. Speaker, Sir, the statement by the hon. Member for Naivasha cannot be over-emphasised. We agree with him entirely, and his point will be stressed to all public servants, including employees of the Kenya Posts and Telecommunications Corporation.

**Mr. Speaker:** Mr. David Musila's Question!

*Question No.236*

#### MODERNISATION OF MWINGI EXCHANGE

**Mr. Musila** asked the Minister for Transport and Telecommunications:-

- (a) if he is aware that Mwingi Telephone Exchange is constantly out of order; and,
- (b) what steps he is taking to ensure that Mwingi Telephone Exchange is upgraded or modernised to improve communication in the District and to provide telephone services to other areas in the District such as Nuu, Ukasi, Mumbuani, Mui, Thitani and Nguutani, which have steps is the Assistant Minister taking to improve telephone services in most parts of Ukambani? Ukambani is not linked to the rest of Kenya. A district like Makueni cannot be reached on phone because it does not have STD facilities. People are forced to take the whole day in order to communicate with the DC's office. What steps is the Assistant Minister taking to make sure that these services are improved for the benefit of those areas?

**Mr. Obure:** Mr. Speaker, Sir, every effort is being made to provide telephone linkage because we know how important it is to our communities. You know that there is an overall plan and there is a Bill pending before this House which we cannot anticipate now. We believe that once that Bill is debated and approved, there will be a complete transformation of the whole system and that what we are talking about now may be a thing of the past.

*Question No.072*

#### DISPOSAL OF RADIOACTIVE WASTE

**Dr. Leakey** asked the Minister for Environmental Conservation:-

- (a) whether he could inform the House about procedures in practice for disposal of low grade radioactive waste that accumulates at hospitals, clinics and research institutions; and,
- (b) whether he could also indicate the capacity and supervision of such procedures.

**Mr. Speaker:** Is there anybody here from the Ministry of Environmental Conservation? The Minister

is not here. That Question will be deferred.

*(Question deferred)*

### QUESTIONS BY PRIVATE NOTICE

#### COLLECTION OF MONEY BY NIB

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

(a) Is the Minister aware that the National Irrigation Board, Mwea Scheme, is collecting money and/or farm produce from farmers in order to offer services in the scheme, in particular to supply irrigation water?

(b) Is he further aware that rice farmers in Mwea have not received their advance payment which was due in January, 1998?

(c) If the answers to "a" and "b" above are in the affirmative, what arrangements does the Ministry have to effect the advance payment due to the farmers and to ensure that the scheme operates smoothly?

**The Assistant Minister for Agriculture (Dr. Wamukoya):** Mr. Speaker, Sir, I beg to reply.

(a) I am aware that the National Irrigation Board (NIB) is collecting money from farmers who were unable to clear their debts from last seasons' 1997/98 crop. This is in line with the resolutions passed by the board of directors' meeting held on 15th April, 1998. The meeting resolved that farmers who delivered low quantities of paddy as a result of selling to private buyers be made to clear their debts before any further services are provided to them.

(b) I would like the hon. Member to note that all the farmers who qualified for advances were advanced payment amounting to Kshs40,634,200 between January and March, 1998. However, as per the meeting of 27th January, 1998, between farmers, local leaders, Scheme management and the Provincial Administration, it was resolved that payment be advanced to those farmers who delivered at least 15 bags per acre for Basmati rice and 25 bags per acre for Sindano rice. Hence, those who delivered less than this were not supposed to get any advance payment.

(c) The Board has already advanced money to those who are eligible for payments. However, the extension officers in the Ministry have been advising farmers on the importance of delivering all their crops to the Board rather than selling it to private millers, who are now over 100 in Mwea Irrigation Scheme.

Mr. Speaker, Sir, the Board is ready to ensure and provide timely services and inputs to all the farmers who deliver all their produce to the Board. The Board will, in future, pay bonuses to those who deliver above average quantities of paddy. This move is expected to encourage and improve paddy deliveries.

**Mr. Nderitu:** Mr. Speaker, Sir, first I am disturbed by the answer from the Assistant Minister. The answer is completely misleading. That is not how things are on the ground. Farmers have not got the advance payment which is meant to assist them to harvest. The money we are talking about here is the amount which they did not get for purposes of harvesting. Secondly, the other issue is why the NIB is not rendering services to the farmers. The reason given by the Assistant Minister is that the farmers did not deliver their paddy to the NIB. Is the Assistant Minister aware the farmers are owed Kshs225 million by the NIB and that if the farmers are paid this money, they will pay for all services, 100 per cent?

**Dr. Wamukoya:** Mr. Speaker, Sir, farmers have already been paid Kshs157, 905,200 for their crop of 1997/98. From January 1998 to March 1998, they have already been paid Kshs40,634,200.

**Mr. Kibicho:** Is the Assistant Minister aware that notwithstanding the payments which the farmers made for services, the NIB has failed to manage the Scheme and as a result, that Scheme has become a centre of breeding mosquitoes and bilharzia and that it is a health hazard to the farmers?

**Dr. Wamukoya:** Mr. Speaker, Sir, from 1993 onwards, the Japanese Government has assisted in improving the water canals and now the water is running properly. The amount of stagnant water has been greatly reduced and, therefore, the question of mosquitoes being too many does not arise.

**Mr. Keriri:** Mr. Speaker, Sir, can the Assistant Minister tell us why the rice produced by Mwea people is sold to businessmen who travel all the way from Embu, Kirinyaga, Nyeri and Meru to the NIB offices to pay a cheque for a consignment to be collected at the NIB stores in Mwea? Can he also tell us why there is the condition that if they must buy directly from Mwea, they must buy rice worth Kshs10 million? Rice traders cannot afford these type of conditions. I think this condition has been put in place to make it difficult for them to buy rice at Mwea so that someone at the NIB offices in Nairobi can get something out of it. Is this not an

encouragement of corruption?

**Dr. Wamukoya:** Mr. Speaker, Sir, what I know is that it is a matter of competition. Private millers purchase the paddy on cash-on-delivery basis, hence, the temptation for the farmers to sell paddy to them instead of delivering it to the NIB which will pay in the months of June and July, owing to cash-flow limitations.

**Mr. Maore:** On a point of order, Mr. Speaker, Sir. The Assistant Minister has answered the wrong Question.

**Mr. Speaker:** Order! Hon. Members, you can see that we have gone beyond the time I had indicated. We have a Motion that must be dealt with before 3.30 p.m. For that reason, I am, in fact, postponing Mr. Kajembe's Question by Private Notice to tomorrow morning. Mr. Kajembe, your Question is deferred to tomorrow morning.

#### NON-REMITTANCE OF FUNDS TO NHC

**(Mr. Kajembe)** to ask the Minister for Local Authorities:-

(a) Is the Minister aware that house (plot) allottees at Mikindani, Chaani and Miritini site and service schemes funded by the World Bank to give shelter to the low income groups have been given fourteen (14) days notice to repay their loan balances in full to the National Housing Corporation (NHC)?

(b) Is he further aware that allottees have regularly repaid their loans to Mombasa Municipal Council and that it is the Council which has failed to remit the same to the National Housing Corporation?

(c) If the answers to "a" and "b" are in the affirmative could the Minister prevail upon the National Housing Corporation to withdraw the said notice and order the Council to sort out the matter with the National Housing Corporation instead of victimising innocent allottees?

*(Question deferred)*

That ends Question time. Next Order!

**Mr. Munyao:** On a point of order, Mr. Speaker, Sir. We need some guidance from the Chair. It is very unfair for the House to keep on loading the Order Paper with Questions which Members do not have time to handle. Instead of handling these Questions half-way, why can the Chair not allow only a few Questions which can be answered satisfactorily, instead of overloading the Order Paper?

**Mr. Speaker:** Sometimes the Members are not there to ask Questions; sometimes Questions are not as exciting as they ought to be, and sometimes even two Questions can take a long time.

**Mr. Munyao:** Mr. Speaker, Sir, let us assume that---

**Mr. Speaker:** Order, Mr. Munyao!

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

**Mr. Speaker:** Mr. Keriri, please, understand me. If it is a pressing matter, I am also pressed for time. Please, see me later and I will give you all the assistance you require. Now we must make progress.

#### MINISTERIAL STATEMENT

##### MISREPORTING BY THE *DAILY NATION*

**The Minister for Finance** (Mr. Nyachae): Mr. Speaker, Sir, I have found it necessary to draw the attention of the House to the contents of the editorial that appeared in the *Daily Nation* issue of 13th June, 1998. Among the issues raised in that editorial were that:

1. The Minister held a lavish party at the Hotel Inter-Continental after the Budget Speech.
2. The Finance Minister has a fleet of official cars attached to him.
3. The Minister should lead by example by handing over the extra official vehicles allocated to him and those held by officers under him.
4. Powerful people should not interfere with the proposed down-sizing of the public sector.
5. The Government, when down-sizing, should not target those who did not vote for the ruling party.

Mr. Speaker, Sir, I do not find it necessary to respond to all these issues raised but it is clear that this newspaper has a suspicious agenda which appears bent on creating disaffection between the Government and the



people. However, as regards the Budget Day party, this has been a tradition since Independence and the objective has been to give the Members of Parliament an opportunity to hear early comments and opinions from the business community, professionals, diplomats and the general public as they prepare to debate the Financial Statement and subsequently, taxation and expenditure measures.

On motor vehicles, I would like to state this for the record of this House; that the Minister for Finance has only one official vehicle, while another six-year old vehicle is available on standby in case of a breakdown. To demonstrate our commitment to the economic reform measures, my Permanent Secretary had to surrender one of her official cars to the PS of the newly created Ministry of Rural Development. She now has only one vehicle attached to her, while another one is available on standby between her and the Financial Secretary who also has only one vehicle. From this, it should be clear that the Ministry is already leading by example. I wish to state categorically that I have never used Government vehicles for private purposes. Any other vehicles that I use are my personal vehicles and that does not concern the Press. Further more, I do not have Government telephones in my private residence. Instead, I use my private telephones for both Government and my private business, and do not claim reimbursement. I do not wish to comment on the tax and expenditure measures as these will be covered later during the debate on the Financial Statement. The mischievous comments regarding interference by powerful people in the process of down-sizing the public sector is a deliberate attempt to cause disaffection between the public and the Government as it questions the Government's sincerity regarding the measures it announced.

On the 25th of May, I wrote to the Attorney-General drawing his attention to the requirements under Section 13(a) of the Prevention of Corruption Act regarding its operational regulations and enclosed some suggestions for his consideration. However, on 3rd June, this particular newspaper made allegations that my suggestions originated from the IMF and the World Bank. This is misleading and actually constitutes witch-hunting which is intended to create misunderstanding between the Government of Kenya and the Bretton Woods institutions. As I stated in the Budget Speech, we need to cultivate unity of purpose. The economic situation that is facing us requires sincere commitment on the part of all of us and there is no room for targeting individual or specific institutions. A leading newspaper like the *Daily Nation* should lead by example, showing genuine commitment to the well-being of this nation as opposed to its current agenda.

### COMMUNICATION FROM THE CHAIR

#### APOLOGY FOR USE OF HARSH LANGUAGE

**Mr. Speaker:** Order! order! Hon. Members, I would like to take this opportunity to apologise to the House and to Mr. Mwenje for using very "difficult" language. I am sorry to the House and to Mr. Mwenje. There are no hard feelings.

Next Order!

### PROCEDURAL MOTION

#### LIMITATION OF DEBATE ON THE ANNUAL ESTIMATES

**The Minister for Lands and Settlement (Mr. Ngala):** Mr. Speaker, Sir, I beg to move the following Procedural Motion:-

THAT, the following limitations shall be applied to the business of the Annual Estimates:-

(i) Each speech in the debate on the Financial Statement on the Annual Estimates shall be limited to ten minutes, excluding the Mover's speech and reply time no time limit; and the Official Leader of Opposition or designated official spokesman who shall be limited to thirty minutes.

(ii) On the Motions "That Mr. Speaker do now leave the Chair to enable Minister to initiate debate on policy the Mover be limited to a total of one hour for replying to the debate; thirty minutes for the Leader of the Official Opposition or designated official spokesman; and that all other Members speaking be limited to ten minutes, provided that one hour before the Question of the Vote is put, the House shall go into Committee and the Chairman shall put every question necessary to dispose of the Vote then under consideration and shall forthwith put severally the Question necessary to dispose of the Vote;

(iii) Each speech in Committee of Ways and Means and Committee of Supply shall be limited to ten minutes.

Mr. Speaker, Sir, this is a very straightforward Motion---

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

**Mr. Speaker:** What is it, Mr. Anyona?

**Mr. Anyona:** Mr. Speaker, Sir, I would like to seek the guidance of the Chair on this particular business before the House. This Motion, as it stands on the Order Paper, really seems to be hanging in the air.

**Mr. Speaker:** What you should do is to let it come before the House. There is no Motion before the House.

**Mr. Anyona:** Yes, that is why I wanted to seek guidance from the Chair, as to whether the procedure issue should start now, or whether it should begin when the debate begins. I was just seeking guidance from the Chair. I merely wanted to say that, usually, a Motion of this kind is related to a particular provision of the Standing Orders. In this particular case, it should be Standing Order No.81, which, as we know, has problems which will be sorted out. Consequent to that, a resolution of the House was made on 7th April, 1998, and I would--

**Mr. Speaker:** Why do you not let the Motion come before the House, Mr. Anyona? There is no Motion before the House!

**Mr. Anyona:** But it is a question of procedure! I will do that.

**Mr. Speaker:** Yes, indeed. I think I have told hon. Members, all the time, that until a question has been proposed from the Chair, there is actually no question before the House! So, let the issue come before the House.

**The Minister for Lands and Settlement (Mr. Ngala):** Mr. Speaker, Sir, I was trying to

say that this is a Motion which is straightforward. We are trying to regulate time for the hon. Members in this House. We would like to have an orderly debate. The Minister for Finance presented his Budget proposals, and I am sure that many hon. Members would like to contribute. Therefore, this has the intention of making sure that as many hon. Members as possible do get an opportunity to say something about the Budget. I am sure one of the most important duties of this House is to debate on the Budget and I think this is one of the important duties we have as Members of Parliament. Therefore, allocation of time is necessary for us to be able to do that. Since the Minister read his Budget Speech, there has been a lot of stimulation among us Members of Parliament and many will be coming forward to contribute to this debate.

Mr. Speaker, Sir, since this is a straightforward Motion, I beg to move.

**The Minister for Agriculture (Mr. Mudavadi):** Thank you, Mr. Speaker, Sir. I beg to second the Motion moved by my colleague. Basically, I would just like to state that we have a sizeable number of Members of Parliament and judging from the points and issues that may be raised, we would like, at least, this House to give all Members ample opportunity to make some contribution to every aspect of the Financial Statement that was put forward by the Minister for Finance.

Secondly, I would just like to add that the issues that relate to finance and the Budgetary process will, indeed, take a very long time. Members will have several occasions to raise issues even during the stage when individual Ministries shall be putting forth their Estimates or moving Votes that relate to specific Ministries. We will also have ample time to discuss and raise some of the issues during the occasion when we will be discussing specific aspects relating to taxation, or the Finance Bill itself, in the course of the period that financial matters are being deliberated. So, the idea really is not to stifle debate or the contribution that the Members will be making, but to provide an opportunity for as many Members as possible to make their contribution and to raise issues regarding the Budget.

Mr. Speaker, Sir, I do not want to anticipate debate, but I do, of course, share some of the concerns that some Members may have; that, perhaps, ten minutes may not be adequate, and maybe they need more time to be able to articulate their position. However, taking into account that we are going to be looking at financial matters between now right up to the end of August and, perhaps, early September, within this space of time, I think, we shall be able to have an opportunity for virtually every Member to make a contribution.

With these remarks, I beg to second.

*(Question proposed)*

**Mr. Anyona:** Mr. Speaker, Sir, it is not an earth-shaking kind of issue, but I think it is important that the procedures of the House are logical and relevant. If you look at this Motion before the House, it is really hanging as I said because it does not spring from any particular provision, either of the Standing Orders, or the traditions or anything else. But I was going to say that because of the difficulties that the House faces over the problems of

Standing Order No.81, the House did agree that a general resolution would be made which would enable debate on the Presidential Address and the Budget Speech to carry on before the necessary reconsideration of Standing Orders is made. I was merely intending to point out that, I think that the normal correct procedure here is that this procedural Motion should have been hinged to the resolution of the House passed on 7th April, 1998, which really is the authority for us to do this.

**Mr. Speaker:** Mr. Anyona, do you know whether it is done?

**Mr. Anyona:** But, Mr. Speaker, Sir, if people do not know how the procedures of the House work, they will not know that this Motion is hanging and I thought that it is important---

**Mr. Speaker:** May I give one advice here. I think you are right when you say that, of course, we did amend Standing Order No.81 without considering this very important and crucial provision. But because of the fault, the House did pass a resolution as a matter of fact, on 7th April, allowing us to do exactly what we are doing. So, this Motion is grounded on the resolution of 7th April, 1998. So, if it did appear that it is grounded on nothing, may it then be on record that the Motion is grounded on the resolution of 7th April, 1998. Are we happy?

**An hon. Member:** Yes!

*(Question put and agreed to)*

**Mr. Raila:** On a point of order, Mr. Speaker, Sir. You did not put the Question to debate. Nobody was given a chance to stand and speak on this Motion.

**Mr. Speaker:** Yes, I know that, Mr. Raila, but there are certain questions which Mr. Speaker may put straightaway, particularly, on Motions of a procedural nature. This is because, in the end, the House will decide either to have the procedure adopted or rejected. I think the correct course for Mr. Speaker to take was to dispose of this Procedural Motion, so that we can go to the meat of the matter; the Financial Statement. I think we are just trying to bite the bone. So, can we go to the meat as the House has resolved? However, I want to advise the House that the business we are getting into now requires three hours. It, therefore, means that instead of rising today at 6.30 p.m. we shall rise at 6.40 p.m. to enable Members have their lawful three hours. So, we will now go to the other Motion straightaway.

## COMMITTEE OF WAYS AND MEANS

*(Order for Committee read)*

### MOTION

THAT MR. SPEAKER DO NOW LEAVE THE CHAIR

*(The Minister for Finance on 11.6.98)*

*(Resumption of Debate interrupted on 11.6.98)*

*(First Day of Budget Debate)*

**Mr. Mwiraria:** Thank you, Mr. Speaker, Sir, for giving me this opportunity to support the Motion. In Mombasa, the hon. Minister for Finance told, us in very clear terms, that the Kenyan economy was in the intensive care unit. In the Budget Speech he confirmed this by giving a lot of evidence and detailed information. So, the diagnosis is correct and exact. The Minister went ahead to tell us why the economy is in the intensive care unit, by spelling out the problems we are facing as a nation, such as low economic growth, unemployment, insecurity, corruption, uncontrolled domestic borrowing, dilapidated infrastructure, a bloated and an inefficient Civil Service, *et cetera*. So, to that extent, the causes of this disease which has put our economy into the intensive care unit are also correct.

Mr. Speaker, Sir, the Minister went further to prescribe treatment that must be given to the Kenyan economy if it has to survive. I stand to support those prescriptions, but I have to ask a few questions. The first question - I am glad the Minister is listening - is whether our economy is suffering from severe cancer and needs an operation. If that is the case, then it will need very painful injections to get rid of that cancer. Is the Minister ready and willing to carry out these operations without anaesthetics? Is the Minister able to count on the support

of his colleagues in holding down the patient while they perform the operation and give the very painful injection? Could he assure this House that he will succeed in this exercise?

Mr. Speaker, Sir, I am posing these questions to the Minister because some of the measures he proposes are well within his responsibility to implement. Some of the others are outside his sphere of responsibilities. They are in very sensitive areas where the collective responsibility of the entire Cabinet will be called upon to yield to. I am referring to issues such as corruption, insecurity and administration of justice.

Mr. Speaker, Sir, the issue of corruption is like an octopus. Everywhere I go, I come across it. I will cite two examples of petty corruption. The other day I was sent by my constituent to follow up his pension from a Ministry in Jogoo House. I went there, checked everything and all was in order. I went up the Hill and then I was told that income tax had not been cleared. So, I went back to Jogoo House. After two days, the matter was cleared. But when I went there, the officer who served me asked me to give him what he called "walking allowance", for walking from Jogoo House to the Income Tax offices to present the papers. I give this apparently petty case purely to illustrate how low we have sunk and to what extent corruption has become part of the Kenyan culture.

Mr. Speaker, Sir, the other incident I would like to quote is that, two days ago, matatus in North Meru did not operate. They did not operate because the operators had come to the conclusion that although the owners were buying the vehicles, they were earning the money for the police. This is because, every morning you would find six to seven police officers manning road blocks and demanding Kshs50 every time a matatu passes. At 1.00 p.m. they would change guard so that the new ones can also demand the same. These may appear to be petty examples, but the Government needs to make an all-out effort to eradicate corruption, if the measures the Minister has prescribed are going to be of any meaning.

Mr. Speaker, Sir, security has been responsible for the collapse of industries such as tourism. Unless security is guaranteed and fully restored, we cannot expect to get these industries back on track. The same applies to the administration of justice. There are cases where justice does not appear to be dispensed by our courts. Once again, unless the situation is rectified, and this needs to be done by the Judicial Department, then the prescriptions by the Minister will not succeed.

Mr. Speaker, Sir, let me now turn to some of the points raised by the Minister in the Budget Speech. First, the Minister clearly tells us that the agreement with the IMF and IBRD opens many financial support doors including quick disbursing funds and direct foreign investment.

The Budget Speech read here by the Minister for Finance has been praised by the donor community. However, the donors have indicated that they are not ready to resume aid to Kenya. Why was the Minister so silent on the demands by these two lending organisations for them to resume lending to our Government? I believe that it is necessary for our Government to critically examine the agreements it entered into with these two bodies, and ensure that they are strictly enforced. This will enable our good name amongst the donors to be restored.

Mr. Speaker, Sir, the Minister has a lot on fiscal and expenditure policies. I fully agree with the Minister that the reduction in interest rates is essential if the country is to get new investment, both local and foreign, and also faster growth. However, to achieve a substantial reduction in interest rates, which will attract foreign and local investment, I do not think that the Minister has taken sufficient measures. In the Budget, the Minister proposes a reduction of only five per cent on domestic debt. In addition, he proposes to introduce a two-year bond which is to be supported by life insurance firms. These firms must invest 20 per cent of their funds from life insurance premiums. I notice that tax evaders have been given an amnesty for non-payment of taxes provided they invest their funds in the two-year bond.

Last year, the Minister for Finance introduced the one-year bonds, which were floated in the Nairobi Stock Exchange (NSE). However, these bonds were, for all intents and purposes, a complete flop. When the first lot of Kshs5 billion worth of bonds was floated in the NSE, only Kshs117 million worth of bonds was taken. The question we really need to ask the Minister now is whether he thinks and believes that the macro-economic environment in Kenya will be conducive to investment in the two-year bond. In other words, the Minister should tell this House whether the environment here is conducive enough to enable a foreign investor to invest his money at a fixed rate for two years. In an economy where people have been used to investing in very lucrative short-term Treasury Bills, I believe that it is really unrealistic to expect much out of this two-year bond.

Mr. Speaker, Sir, I would now like to turn to the Minister's effort in providing a balanced Budget. I have almost called the Budget a diet because I have come to think that hon. Nadmits that agriculture is the engine of development in this country and yet, in his proposals, he has not made any suggestions as to how the Government proposes to assist the farmers in meeting the high cost of inputs, losses due to unexpected circumstances such as the *El Nino* rains and generally subsidising agriculture. Since the Agricultural Finance Corporation (AFC) can no longer give loans to farmers, we would like to suggest to the Minister to consider the establishment of a Fund to subsidise

agriculture, particularly the high cost of inputs, and to assist farmers with loans at affordable interest rates. Today, no farmer can survive if he borrows from commercial banks at very high interest rates of 30 to 35 per cent.

I would urge the Minister to consider seriously, the possibility of setting up either an agricultural fund, or a bank to assist the farmers in this country.

Mr. Speaker, Sir, there is another aspect that I would like to refer to in the agricultural field; namely, the fact that our coffee, tea and sugar cane farmers pay cess. The cess is now handed back to the farmers to develop the roads. In the coffee growing areas, something unusual is happening. The Coffee Board of Kenya (CBK) has elected its representatives in every district, and the cess money is handed over to them. I feel that the Government of Kenya should make it its business to ensure that the money is properly utilised for the benefit of the farmers concerned. This will make it easier to maintain roads which serve the farmers.

Mr. Speaker, Sir, still on the agricultural sector, we in the Democratic Party of Kenya (DP) believe that the Nyayo Tea Zones development effort has been a complete flop. If you go to areas where many of us come from, the tea has grown into big trees. It is not tended by anybody. It is a wasted investment. Therefore, we would like to urge the Government to privatise the tea zones. It should give the land to the young and able farmers. Even if they have to farm and pay a little money to the Government, it is better than leaving it to go to waste.

With regard to the public sector, the Government proposes to down-size the sector, the teaching force, to re-negotiate the teachers' salary agreements and to freeze employment. The question is whether the Government is not going to burn its fingers in the process. With regard to the teachers salaries, the mess that we are in now was created by the Government. This is because the Teachers' Commission Act provides that a committee of 11 people, five from the Ministry of Education and Human Resource Development, five from the TSC and an independent chairman, should negotiate salary increases and whatever they agree upon must be implemented. It is unfortunate that those who represented the Government when the present agreement was reached were not "awake enough" to know that the Government could not pay 150 to 200 per cent increases. The question that we want to put to the Government is: Have they spoken to the teachers before putting this matter forward, or are we likely to end up with another teachers strike which could be more painful than the one we had last year? This is because the economic situation is much more difficult.

Mr. Speaker, Sir, let me say that we support the proposed creation of a Local Authority Transfer Fund, into which the Government will be putting in monies from the Income Tax, and distributing it to local authorities.

The question is whether the Fund will be large enough to assist the struggling local authorities to make enough money to carry out their services. Last year, the Minister for Local Authorities more than doubled the number of councillors countrywide, and most of the county councils cannot afford to pay their councillors today. Many of them have not been paid since they were elected. The Fund is important, but the Minister must ensure that it is adequately funded to run the basic services and pay the salaries.

The other point which I liked in the Budget is the single business licence to be issued by the local authorities. However, business licences are issued by many Ministries. In many instances, you will find somebody requiring a licence from the Ministry of Trade, Ministry of Industrial Development, Ministry of Tourism and Wildlife and the Ministry of Local Authorities. Could the Government assure the House that they will be merging all these licences into one, so that once you get one licence, you can carry on with your business without looking for other licences?

Mr. Speaker, Sir, I would like to commend the Minister for being realistic and friendly to the taxpayers by reducing VAT by 1 per cent, raising the minimum taxable income, suspending presumptive tax and extending the tax amnesty. However, to a certain extent, these benefits are negated by raising advance taxes on matatus, additional new fringe benefits tax under the Income Tax Act and the minimum surcharge on second-hand vehicles.

Finally, let me say that the Minister stated rightly that several things are necessary to achieve substantial private investment. The measures that he has articulated call for concerted efforts and collective responsibility from the entire Government and the Cabinet. On whether this will be possible, only time will tell.

With those few remarks, I beg to support.

**Mr. Raila:** Thank you, Mr. Speaker, Sir, for giving me this opportunity to contribute to this Motion. I had risen earlier to ask for more time. I feel that political parties spokesmen should be given more time to speak on an important Motion like this one. I am happy that we have finally succeeded to get more time for the Leader of the Official Opposition Party because he leads the largest minority party in the House, but we think that other parliamentary political parties should be given more time to air their views on an issue like this. So, I feel that party spokesmen should be given 20 minutes and not 10 minutes as other speakers.

*[Mr. Speaker left the Chair]*

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

Mr. Temporary Deputy Speaker, Sir, this is a very bold Budget. It is based on the recommendations that were made at the Mombasa and Mbagathi forums. At that time, we did say that the country was facing economic crisis. We have said so many times in the past that at times like this there is need for Kenyans to reason together with a view to finding solutions to our crisis. That is why, we, in my party, have been talking about co-operation. Co-operation is the lowest level of association between political parties. We want to co-operate with all political parties in order to facilitate a peaceful transition in our country. I know that other hon. Members are going to speak on several other aspects of the Speech, but I just want to highlight a few. The Minister was very bold and strong on corruption. We generally agreed that corruption is one of the major causes of the problems that we are having today and the Minister has prescribed measures that are aimed at dealing with this issue of corruption. I want to remind him of the remarks which were made by none other than the Governor of the Central Bank of Kenya at the Mbagathi meeting. The Governor spoke out very candidly and said:

"Mr. President, forget about the little man down the road; the policeman. If we, the senior officers you have appointed; the Permanent Secretaries, the Chief Executives of various parastatals, the Governor of the Central Bank of Kenya, the Commissioner of Police and the Judiciary wanted to bring this cancer under control, we would do it in six months."

I think that is the direction we should follow.

The Minister has suggested appointing Financial Controllers in several Ministries. While I see his concern, I am at a loss when I consider that he has officers from his Ministry seconded to all the Ministries. I think what is needed is the goodwill and authority to perform responsibility. That additional bureaucracy will not solve the problem. The Minister needs to ensure that his officers, who are seconded to all these Ministries do their work. He also needs to ensure that those who are appointed as political leaders in those Ministries see to it that civil servants also perform their duties.

Mr. Temporary Deputy Speaker, Sir, I want to talk about the liberalisation of the sugar industry. It has been stated that the sugar industry is going to be liberalised and that before the end of the year, the Government intends to sell its shares in Mumias and Chemelil Sugar Factories. We have stated that these factories were set up using public funds and the plantations are found on land acquired from the farmers at peanuts. That is why when we talk about economic empowerment and equity in distribution of a nation's wealth, we must address the crucial issue of empowering our farmers at the sugar growing areas. That is the reason why we have said that the farmers in those areas should be given an opportunity to buy the Government shares. We know that if this process is taken to the Nairobi Stock Exchange (NSE), the people who managed to accumulate some capital - some of them through corrupt deals during the past regimes - are the ones who are going to purchase these shares using what I consider to be an excuse or dubious reasons for doing so. There should be a programme of liberalisation to empower our farmers.

Mr. Temporary Deputy Speaker, Sir, on the export promotion, it is unfortunate that the European Union has imposed a ban on the importation of fish from the African market using what I consider to be an excuse or dubious reasons for doing so. I think this is a discriminative trade practice which should be condemned by all the countries which are talking about liberalisation. In this regard, I want to draw the attention of this House to the African Growth and Opportunity Bill which is currently before the United States Congress. This Bill is at the moment stalled at the Senate of the United States Congress. Many people have criticised this Bill without knowing its provisions. Section 8 of the Bill talks about eliminating trade barriers and encouraging export, and specifically with regard to Kenya and Mauritius, it states as follows:-

"Subsequent to the agreement on textile and clothing, the United States shall eliminate the existing quotas on the textile and apparel export to the United States from Kenya within 30 days after that country adopts an efficient visa system to guard against unlawful transshipment of textile and apparel goods and the use of counterfeit documents..."

That is the clause that refers to Kenya. It is upon this Government to try to lobby the United States Congress so that this Bill is finally passed so that Kenyan textile can find free access to the United States market. But the Bill has stalled because of unscrupulous businessmen in this country, who have been using this country as a transit for textile that is imported from Asia for export to the USA. So, again, the question of corruption is here.

Mr. Temporary Deputy Speaker, Sir, the Pre-shipment Inspection (PSI) is another crucial issue that the Government should pay more attention to. This very important exercise should also be liberalised. Let the SGS

compete together with other companies. Let this exercise be tendered because we know that SGS is having problems with several governments over pre-shipment inspection. We, therefore, want this exercise to be tendered to the most suitable company.

Mr. Temporary Deputy Speaker, Sir, we deplore the war between Eritrea and Ethiopia and we would like to record here our concern. We urge the Government to make use of its good office to restore peace between these two friendly countries.

Mr. Temporary Deputy Speaker, Sir, likewise, we are concerned about the production of nuclear weapons and we would like to tell India and Pakistan that two wrongs do not make a right. We are concerned about Nigeria. While we welcome the release of Gen. Olusegun Obasanjo, we urge the current regime in Nigeria to speed up the transition to a civilian elected government. We welcome the development leading to the restoration of the East African Community. We would like the Government to play its meaningful role in this very crucial exercise so that the Kenyan goods can find their way to those markets.

With those remarks, I beg to support.

**The Temporary Deputy Speaker** (Mr. Imanyara): Hon. Members, you will realise that this is the first day of the Budget Speech and we are recognising the political parties's positions. So, in the absence of FORD(K), I will ask SDP to air their views on the Motion before us.

Prof. Anyang'-Nyong'o, you may proceed.

**Prof. Anyang'-Nyong'o:** Mr. Temporary Deputy Speaker, Sir, I stand to contribute to this Budget Speech and to make the following preliminary comments.

This Budget has been structured purely in three major ways; one, that the Government needs to cut down expenditure; two, that the Government needs to balance its Budget and three, that the Government needs to attract domestic and foreign investors. These are purely technocratic issues. This Budget, however, does not address itself to the social issues facing this country; the issues that matter to the common man; the issues of poverty and unemployment. These issues have been relegated to two or three years from today when the Government will have balanced its books. Kenyans are being asked to make sacrifices because the Government and donors think it is rational. People can only accept that things are rational if they are at the same time fair. This Budget is not fair.

Asking teachers to forgo a 34 per cent salary increment that has already been negotiated, is asking them to accept something which is rational, but not fair. For the teachers to accept something which is rational, there must be fairness in the Government. I am, therefore, proposing that if the teachers, farmers, peasants and workers are going to make a sacrifice we must see fairness in the Government, and the Minister must state in concrete terms the strategies he is going to adopt to address the issue of corruption. He must also state the strategies that he is going to adopt to address the issue of those who have looted public coffers and have been named in the Public Investment Committee and Public Accounts Committee Reports. Their names should have been included in the Budget and concrete measures outlined on how the Government intends to get back what has been looted from the public coffers.

Secondly, the Government says that it is going to cut down public expenditure; a 14 per cent cut down in Development Expenditure and 13 per cent cut down in Recurrent Expenditure. This is expected to address the issue of public debts. We expect for example, that the measures that the Minister has taken on vehicles and telephones in Government offices will bring around a savings of 10 billion dollars. The limiting in housing and the cut down in the size of the Civil Service will bring around a savings of 6.5 billion dollars. These figures may look impressive, but I am wondering whether the Government has the capacity of realising them. For a Government to undertake measures of cutting down public expenditure, and expecting the public to make the sacrifice, that Government must first of all, be legitimate and secondly, have the political power to do so. The legitimacy of this Government has been questioned by Kenyans, and the ability of this Government to take out these measures in terms of authority is questioned. The Government cannot compose itself because, constitutionally, we do not have a Vice-President. That means that in the Constitution the Government has no ability to carry out the measures--

**The Minister for Environmental Conservation** (Mr. Nyenze): On a point of order, Mr. Temporary Deputy Speaker, Sir. I am baffled by the Member on the Floor who is saying that the Government is not legitimate. It is and is acceptable to Kenyans.

**Prof. Anyang'-Nyong'o:** Mr. Temporary Deputy Speaker, Sir, if the Government was legitimate, these Ministers would know how to raise their points of order.

The other point that I wanted to make is that, in order for Kenya to develop, we must have a policy---

**Mr. Leshore:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Would my friend, Prof. Anyang'-Nyong'o, substantiate the statement he has made that this Government is illegal while all Kenyans know

that this Government is very popular and was elected Why he is he talking of---

**The Temporary Deputy Speaker** (Mr. Imanyara): Order! Order, I am aware that all Members of this House did take an oath of allegiance at the beginning of this Session. So, I will overrule those who say that the Government is not legitimate. You may make a point of order, but I will only allow legitimate points of order. I will not allow Members to take advantage of points of order to hit out at others.

**Prof. Anyang'-Nyong'o**: I was saying that in order for us to have a meaningful Budget that can bring development in this country, we need to have in the Budget clear policies of human resource development, particularly in the areas of health and education. We know for certain that education has been the mainstay of development in this country. Several years ago, the Government, realising that it did not have the resources to undertake a meaningful education system, encouraged Harambee. Some of us did say as early as 1979 that Harambee was going out of order and that it had not been managed properly. Now the Government realises that it needs to cut down on teachers precisely because of that mismanagement. Communities were encouraged to build schools and the Government would provide teachers. Schools were built and Government went on providing teachers in a very unplanned fashion. Now the Government is reaping the fruits. Now that they are trying to cut down the number of teachers paid by the Teachers Service Commission, it is the same communities with Harambee schools that are going to be asked to take the burden of paying teachers. Let us face it, no community is going to accept the fact that the schools which have already been built are going to do without teachers. I know that this Government which is so fond of passing the buck will ask communities to pay for the teachers that are retrenched. If the communities are incapable of paying them, they will be told that they are not development conscious. We are going back to the same Harambee spirit to solve the problem of teachers who are going to be retrenched. I would like the Minister for Finance to think very carefully and address the matter before resorting to reducing the number of teachers as a dogmatic way of dealing with over-expenditure of the Government.

The other point that I wanted to raise is that, the Government says that in order for the economy to recover it needs to revive the infrastructure. The Government has only focused on roads. I know that before this National Assembly we are going to have the Communications Bill. In focusing on infrastructure, we must know for certain what is going to happen to the rail-road communication in this country.

In the Budget Speech, the Minister does not touch on the Kenya Railways Corporation. He touches on the Kenya Ports Authority and others, but not on the Kenya Railways Corporation. If, indeed, we are going to address the issue of transport and communications in this country, rail and road transport are the best investments that we can have at this point in time. In terms of maintenance, it is easier to maintain rail lines than roads. So, if we had a good rail transport system, including a good tramway transport in our cities and towns, the *El Nino* would not have done as much havoc as it did to us in terms of our infrastructure. I would like this Government to have a long term view and not an instant cup of coffee mentality in its planning process and its development policies.

Mr. Temporary Deputy Speaker, Sir, I want before my time runs off, to state categorically that we should not look at a Budget as a purely technocratic issue. A Budget in days of liberalisation should be an ideological document. It should be a document that states the values that we are committed to. It should be a document that states the kind of society that we are building. The Kenyan society has become so corrupt, individualistic, illiberal and all the time when the Government is looking for solutions to problems, the Government also employs the same illiberal policies and the same illiberal outlook to life. This is because the Government is also so illiberal that any time that they want to deal with the political problems, they look at it in terms of ethnic and tribal issues. You cannot build a modern capitalist economy propagating your ideologies on tribalism and ethnicity.

Mr. Temporary Deputy Speaker, Sir, the entity in this nation is what can give an example to a progressive and democratic policy of building this nation is the Government. The Government must cease from being tribal-minded and think nationally and democratically. That is why I was saying that this Government is illegitimate because it is not providing a progressive and forward looking policy to this nation.

Mr. Temporary Deputy Speaker, Sir, finally I would like to say that it is important that we focus on East African integration.

**The Minister for Finance** (Mr. Nyachae): On a point of order, Mr. Temporary Deputy Speaker, Sir. I do not want to touch on what the hon. Member is saying about the Budget Speech time, but is he not misleading the House in a terrible manner by saying that this Government is tribal-minded when this Government is covering the whole country? It is a representative Government. It is not like the party which he belongs to which is one-sided.

**Prof. Anyang'-Nyong'o**: Mr. Temporary Deputy Speaker, Sir, that is an argument and not a point of order. However, if this Government was not tribal, it would have a Vice-President and Mr. Nyachae's performance in Mombasa would have been hailed by the Government.

(Laughter)



**The Minister for Planning and National Development** (Prof. Saitoti): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity on behalf of this other side.

Mr. Temporary Deputy Speaker, Sir, at very the outset, I would like to commend the Minister for Finance for having presented a Budget that certainly has got two very positive and realistic virtues. The first issue to be seen in this Budget Speech is the fact that it takes realisation of the recession and the hard times that we are in. It is for that reason, that there is no tax burden that has been factored in this Budget. Perhaps, indeed many people thought that there would be some kind of taxation measures in the Budget but I have no doubt at all that the Minister had a very well sleepless night to think whether he could really come with any taxation proposals or not. However, I am very pleased to learn that at last as far as the mwananchi is concerned, the Budget places no burden at all.

Mr. Temporary Deputy Speaker, Sir, the other realistic thing and it is a great virtue, is the realisation that we do have a fundamental problem. It is a fundamental problem as a result of the fact that we are carrying a very big domestic debt stock and this has been brought about by the deficit that is required to be financed out of domestic sources and the only way to put a cap on this debt stock was clearly for us to take a bold step and say that we will only spend what we get. This is exactly the position. I want to say that we do have a problem and there are two really major problems that we are facing here in this country.

We have got the problem of poverty and unemployment and, therefore, we have got to find ways of ensuring that a turn around in the economy is effected so that we can have a growing economy; an economy which can produce job opportunities and, therefore, one that can curb poverty. That cannot be achieved unless we tackle two very important pillars of any sound economy. A sound economy can only stand on two fundamental pillars. It is a sound monetary policy and a sound fiscal policy. We have got some holes today as far as our monetary system is concerned only in the sense that we do have the very high interest rates and, therefore, the challenge is how do we bring down these interest rates so that these interest rates can make the money out there in the private banks affordable by mwananchi, industrialists, and agriculturalists. The only way that we can do that is clearly what is contained in this Budget.

Mr. Temporary Speaker, Sir, one is to say "No, we are not going to increase the domestic debt." There is also another very important monetary instrument which has been introduced in this Budget which is the lowering of the cash ratio, by three per cent because although it has been done in a staggered way, it does point to the right direction because everyone knows that, indeed, as regards the cash ratio which is held by the Central Bank, the banks themselves are required to pay interest rates on that cash ratio to the customers, who deposited their money there and that is the right direction.

Mr. Temporary Deputy Speaker, Sir, the other important issue on the monetary matter is also to ensure that our own banks are properly run. In this particular Budget Speech, I believe an important thing which has been introduced is to ensure that the depositors money is safe and that the directors who run the banks and those who are entrusted as members of the board, manage the banks that are entrusted to them by the savers. I would like to very much commend the proposals that the Banking Act is going to be amended to ensure that the directors themselves are not going to be able to help themselves. There is nothing, by the way, that can prevent a director from borrowing money from the bank where which he is a member of the board. However, if he takes a loan, he must be in a position to service his loans properly and regularly and they must have collateral security and I am happy that that has been brought into play.

Mr. Temporary Deputy Speaker, Sir, the next thing is on the fiscal policy where we had problems. I am very happy that this time the Member has said "Look, let us put some controls into our own fiscal policies" and the Budget which has been presented is a quality one. There is nothing wrong in having a deficit in any Budget Speech. The most important fiscal issue has always been on the financing of the deficit. That is what created the problem. In the previous Budget, we did not have a deficit. We had hoped and, indeed, this was stated by the Minister for Finance a year ago mainly that the deficit was going to be financed largely out of the very little domestic sources, but largely from the money which was coming from the external sources and there is no doubt that with the suspension of the ESAF, this did create a problem and, therefore, this is why we ended up with the kind of problems that we are facing. What we have now to do and I have tried to say that this Budget Speech here, although one may think that it has not pointed or attacked the problems of unemployment and poverty, we have got to make sure that our base is firm. The base can only be firm if the correct fiscal and monetary policies are put in place. That is exactly what the Budget Speech is about.

Mr. Temporary Deputy Speaker, Sir, if we do not have sound monetary and fiscal Policies, we end up having inflation. This Budget is not inflationary; it is totally deflationary. It is a Budget for house cleaning. It is a Budget to ensure we sort out our problems. I want to move very quickly to the very important areas which we need

to act on, to ensure that we do have the economic growth. Talk about the infrastructure. There can be no doubt that if we do not repair our roads, we are not going to have investments here. The Budget talks of the fact that the available resources devoted for development will go into infrastructure. If we have good roads, there will be trade and the tourists will come. This Budget has also expounded on what is required to effect a turn-around on tourism. The issue of security has also been tackled. The issues of marketing and substantial resourcing have also been mentioned. The three million Kenya pounds from the Government and the K£1 1million endowment fund from the European Union, put together, will be used for the purpose of ensuring that we can be able to market tourism. The zero rating of the VAT for construction equipment, that is the right direction in tourism. It is equally in the right direction as far as manufacturing is concerned. When we talk about the privatisation of the Port operations, some assets of the railways and, indeed the whole restructuring of the Telecommunications industry, which contained in the Budget, we should realise that these are the kind of incentives that investors will be looking into.

Mr. Temporary Deputy Speaker, Sir, the other most important thing here is also the kind of protection that has been given to our own farmers. There is no doubt that our farmers have been exposed to unnecessary competition. If you go around in the supermarkets, most of the processed foods, juices and several others, are all imports competing with our own goods. I am very happy that some protection has been brought about, as far as the farmers are concerned, in terms of increasing the duty by an additional five per cent and another suspended five per cent to ensure that the South Africans do not dump their goods here. When I talk of the South Africans here, I have nothing against them. But I want to bring to the attention of this House that according to the latest indicators of our economic review, South Africa has now overtaken the United Kingdom, as the premier country that sells its goods to this country. When you look at what we are selling to South Africa, I am very sorry to say, that there is an extremely big gap. It is an African country, but we need a major discussion with South Africa, so that they can also allow the entry of Kenyan goods into their market. We are now importing over Kshs20 billion worth of South African goods! I know we have a problem, for example, that I have vested interests for the sake of my own constituency. The Soda Ash from Magadi that is subjected to very high custom duty. It is compared to the one coming from Botswana. They are now reducing how much they can buy. We need, and I believe the Ministers for Finance and Trade--- We have to discuss with the South Africans to ensure that this deficit is cut down.

Mr. Temporary Deputy Speaker, Sir, the issue of tackling these domestic debts is a fundamental issue. It is an issue that all of us ought to look into.

Mr. Temporary Deputy Speaker, Sir, I beg to support the Budget.

**Mr. Obwocha:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to make a few comments about this Budget. First, I wish to congratulate the Minister for Finance, for attempting to bring a Budget that is balanced. In other words, we are not facing a Budget deficit this year. I think it is an achievement, if only we can be able to implement what the Minister has proposed.

Mr. Temporary Deputy Speaker, Sir, looking at the economics of this country, particularly the economic growth, I think we have reached a stage where we should seriously think about the issue of whether we are growing or not. If you look at the graph of how the economy of this country has been growing, from 1979/80, it was 4.6 per cent. Over the eighties, it was sliding down, up to 1997 when it was 2.3 per cent. Now, with that trend, it is very dangerous, if the people who are managing the finances and the economy of this country do not watch. If we do not take care, we will be facing a situation where we shall have zero growth.

Mr. Temporary Deputy Speaker, Sir, if we want to increase our economic growth, we need private investment. Currently, private investment cannot be achieved for two major reasons. One is the interest rates which are so high that people cannot borrow money to be able to invest, so that we can generate economic growth. Secondly, there is the problem of the current domestic debt, which as it currently stands at Kshs150 billion, is too high that the Government has taken all the money from the domestic sources and people do not have anywhere to borrow money and we cannot, therefore, generate economic growth. This is an issue the Minister for Finance needs to look into, so that over time, we can be able to reduce this domestic debt.

Mr. Temporary Deputy Speaker, Sir, I was happy that the Minister said he was going to create positions of Financial Controllers in Ministries. These are people who will look at the accounts of the Ministries and see what kind of expenditure is undertaken. But I would like to propose that we do not want other lay-abouts to be given these positions. I would urge the Minister to get professionally qualified people who can manage those finances in various Ministries and see when things go wrong. The other caution I would like to request the Minister for Finance is to harmonise the reporting of these Financial Controllers. This is because in his statement, he said that these people will eventually be reporting to the Financial Secretary. I am sure that if the lines of duty are not well drawn, there will be conflict between the Financial Secretary and the Permanent Secretary.

Mr. Temporary Deputy Speaker, Sir, the other issue I would like to touch on is the issue of custom waiver. Now, while I appreciate that many of us need to tighten our belts to be able to change a few things that

have gone wrong in the economy and the proposals that the Minister has already given in his Budget that Members of Parliament should be restricted to waiver of cars not exceeding 3000cc, I think this is on the lower side. This is because, as you know, a good Four-Wheel-Drive, for example a good Land Cruiser is 3450cc. On this issue, I intend to move an amendment that this waiver be increased from 3000cc to 3500cc. Many of our roads are bad. I am sure that the Minister for Finance is aware that some of us come from very remote areas where road are not good. We really need four-wheel drive vehicles. A good four-wheel drive vehicle has a capacity of between 3,000 cubilitres and 3,500 cubilitres. That is all I am saying. I am not saying that we want to buy lorries.

Mr. Temporary Deputy Speaker, Sir, the other thing I would like to request the Minister for Finance to move with speed on is about the mutual indebtedness of Ministries. If you look, for example, at the Kenya Posts and Telecommunications Corporation (KPTC) and the Treasury you will see that these two entities owe each other a lot of money. You will be shocked to hear that the KPTC has never paid to the Treasury telecoms tax for over five years. If they have paid, let the Minister tell this House so. At the same time, I know the Treasury and the Government owes the KPTC a lot of money in terms of outstanding telephone bills and so on. If the mutual indebtedness can be cleared then, I think, we will know who owes who money so that we can collect revenue.

The only problem that the Minister for Finance will face is where he has said that he is going to renegotiate the teachers' salaries. We appreciate that the Government needs money, but for over a long time teachers have not had any salary increments and yet the Government wants them to sacrifice the little they have. I personally would urge the Minister to avoid industrial action and take the option of reducing the number of teachers gradually in order for us to tackle their wage bill. If you are going to re-negotiate teachers' salaries, I can assure you that you are going to cause a lot of industrial problems. I am sure that this one area where teachers will down their tools. We do not want our children to suffer. We would like to see normal activities going on in schools. We would appreciate if the Government looks for an option that will not generate an industrial action.

I was happy with the position of personal taxation, but I would have expected that the Minister this year would have reduced corporate tax from 32.5 per cent to 30 per cent. Company taxation in Kenya is still too high and we would have appreciated if he had looked at it. Probably, this is something that the Minister can think about. If you look at our environment in Eastern African region you will find that Kenya has the highest rate company taxation.

The other area I was happy about is the administration of Petroleum Levy Fund that has been removed from the Minister for Public Works and Housing to the Treasury because it was being misused. We would request that priority be given to certain roads that requires urgent repairs and the money should be accounted for.

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

**Mr. Mkalla:** Mr. Temporary Deputy Speaker, Sir, I would like to acknowledge, on behalf of the Finance, Planning and Trade Committee, the very good relationship we have had so far with the Minister for Finance. We have had several meetings with him and it appears that there is very good understanding between him and us. If that relationship is maintained for five year we would expect a change in the things that have been going wrong.

I am also quite happy with the measures to reduce the overall expenditure and domestic debt in our country. For this to take place there will be a necessity for all Accounting Officers and those in the authority to ensure that they implement these measures as formulated. In this respect, I do support the sentiments and expressions put forward by the Minister for Finance. He should appoint Financial Controllers in all the Ministries so that they are able to vet and control all the expenditures, and also make sure that relevant revenue within the respective Ministries is collected in time.

When we talk about revenue collection, I would like to emphasise on duty. We have been complaining of non-collection of all revenues for the country. The major problem has been non-payment of customs duty on goods. In particular there has been the question of bonds being cancelled before transit goods leave the country. I would request that for there be a lot of vigilance on the implementation of the regulations in respect of bonds. Bonds should

only be cancelled if goods have been transported out of the country. If transit goods are diverted into the local market then the people involved should pay the relevant duty. In this respect, I do support the measures suggested by the Minister for Finance that those who will violate the regulations on duty should have to pay three times the value of their commodity, or be put in prison for five years.

Mr. Temporary Deputy Speaker, Sir, I would also like to emphasise on the question of pre-shipment inspection for goods coming from outside the country. In the past, this regulation has not been followed very well. We should have pre-shipment inspection carried out in the country of origin. Once the goods arrive in Kenya, we should conduct the same exercise so that there is no cheating of the value of these goods. If we do that

we will make sure that we collect the correct tax on those commodities. I would, therefore, support the idea of privatising the area of pre-shipment inspection so that we do not have only one or two companies which will not cope with the work.

As far as we are concerned the economic growth element for this country has been nosediving. This has been due to poor infrastructure. It has also been due to the low level of security in our country. For us to realise economic growth, we need to improve our infrastructure and security. I, therefore, propose that the funds for security, infrastructure and so on, should be utilised well, so that we get value for the money approved by this House.

I would like to touch on the question of tourism in this country. Tourism has affected our economy particularly in Coast Province in very negative way. As a result of tourism declining, many people have lost employment. Houses which used to be rented by those working in the hotel industry are now empty. As a result of tourism declining we have created unemployment in this country.

I will now request that we beef up security in the country so as to eliminate any feeling of insecurity by tourists visiting our country and also ensure that we improve the power sector. The Minister for Finance said in his Financial Statement that there are two electric power generating units which will be put up soon. I would request that they be put up quickly so that we can have them in place by the end of 1999 as planned, to alleviate suffering of tourists who visit our country. On the question of infrastructure, we have been informed that there is money for this in the Office of the President. We would like that money to be used to maintain all the roads in this country.

Finally, I would like to talk about debt servicing in this country. The biggest problem we have had in Kenya on debt servicing has been the delay in actually agreeing to the terms of the loans which we have taken from outside. Loans which were borrowed in the 1980s by parastatals and other organisations have not been serviced. As a result of these parastatals' and organisations' delay to pay these debts, the country is forced to pay a lot of money in a short time. This has made it appear as if we are spending too much money in servicing debts. The problem has been delay in meeting the conditions and agreements of loans acquired.

Mr. Temporary Deputy Speaker, Sir, I beg to support the Budget Speech.

**Mr. Keriri:** Thank you Mr. Temporary Speaker, Sir, for giving me a chance to support this Motion. I would like to start by commending the Minister for Finance, hon. Simeon Nyachae, for the courage with which he has faced the challenges facing him. He tried his best in dealing with a very difficult situation. He rightly identified the causes of the problems, got the resultant effects right and showed his intention to deal with the problem.

Mr. Temporary Deputy, Sir, if hon. Nyachae was a classroom student, he would, probably, have scored a lot of marks. But, as teachers in this august House will have discovered, one may teach a very bright student who may pass very well and join the outside world to build the nation. Many of the former teachers in this House will have noticed that some of their very good students did lose their academic capabilities after mixing with bad people. So, we are praying, as a society, that hon. Nyachae lives with--- We will support him by committing ourselves to what he is trying to do and, especially, to keep to the budgetary provisions. It has been very difficult over the last 20 years, for the Kenya Government to keep within the Budget. It is not that there are no people who can plan, implement and control budgeting. We have some of the brightest young people available to the Government but the problem has been that of authorities. The Ministers and their boss have not lived to what they came to do in this Parliament. We have had to finance a lot of projects which were not included in the Budget in the past. Commitments have been made at public rallies and people have been promised salary increments when the Government knows that it does not have sufficient funds. These things must stop. We are all being asked to support hon. Nyachae in implementing the measures he has promised to implement. We will do so. May I appeal to the Government side of this House to do likewise. May I, also, request my friend, hon. Nyachae, to plead with his boss to help him effect the measures he has promised this House? He said that he will continue retrenching the civil servants and the teachers.

**An hon. Member:** He is not listening.

**Mr. Keriri:** I have been told that hon.

Nyachae is not listening. I am sure that he can listen with one ear while he offers his other ear to his friends. I can see my friend, the Chartered Accountant, who is seated directly in front here, is listening very well. The Minister has a very good man who is listening.

The Minister has talked about reducing the Civil Service, the teachers and so on. Can he, with the assistance of his colleagues such as Major Madoka and others who are very near Harambee House, also ask for the retrenchment of the Cabinet? Unless the Government reduces the Ministries and Departments, hon. Nyachae's proposals will be superficial. He must ask his boss to help him do the job he has to do.

Mr. Temporary Deputy Speaker, Sir, if hon. Nyachae were to be tried in a court of law, he would, probably, not be punished for the sins of commission. He would, probably, be punished for sins of omission in this Budget. He has not committed any sin. But he has omitted a few things.

**The Minister for Finance** (Mr. Nyachae): Which sins?

**Mr. Keriri:** Yes. You have omitted a few proper actions you could have taken. Now, I would like to mention one or two of these omissions for Mr. Nyachae to look into. He talked about reducing the domestic debt and, therefore, reducing interest rates to encourage investment. He has dealt with every aspect towards that goal but his Statement---

**An hon. Member:** On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member on the Floor in order to address the hon. Minister directly instead of doing so through the Chair? It looks as if the Minister for Finance is now in the dock. Could we, please, have the proper parliamentary procedures followed?

**Mr. Keriri:** I am sorry, Mr. Temporary Deputy Speaker, Sir. I had just realised that I had gone astray. I was talking about reducing interest rates by reducing the domestic debt and I said that hon. Nyachae tried to use every means available to him to achieve this end. But he has glossed over some very important aspects. He talked about the externalisation of the domestic debt. That is a very important aspect. He has given what he calls reasons for not going for it. He has given reasons, some of which are that the macro-economic situation has not stabilised and that we may destabilize the shilling and so on.

Mr. Temporary Deputy Speaker, Sir, I would like to make one point about this. It is known that most of the domestic debt which we have incurred today is not from internal sources. There is a lot of it from external sources, mainly from people in this country who have money abroad and who bring it back here to earn 27 per cent interest and take it back. Some foreigners are encouraged to bring money here to so that they can earn a very high interest that has never been earned here. Therefore, we have the Kenyan Shilling suffering in that aspect. Therefore, if we externalise some of these debts, we are not bringing foreign currency here *per se*. In fact, we are bringing it here and having it taken back by those people who have money abroad. So, the effect is not what hon. Nyachae has stated.

Mr. Temporary Deputy Speaker, Sir, one other omission which has been mentioned by my colleague here is that over the years, the Government has been reducing Corporate Tax by 2.5 per cent, but they have refused to do it this year. That is a sin, I think.

In agriculture, the cess that is collected from our farmers has been given to the Coffee Board of Kenya appointees and not the primary co-operatives. Let that money be given to the primary co-operatives so that they can manage it the way they know how.

With those few remarks, I beg to support.

**Mr. Kajembe:** Mr. Temporary Deputy Speaker, Sir, I would like to contribute towards the Estimates tabled by the Minister for Finance. The Budget Speech was very good and I would like to touch on a few issues.

Mr. Temporary Deputy Speaker, Sir, the Budget which was presented by hon. Nyachae was a very good one when compared with the budgets of the other East African countries which were presented on the same day. The deficit in our budget is negligible when compared with those of the other two East African states. We are trying to tighten our belts to spend whatever we have in our pockets.

Mr. Temporary Deputy Speaker, Sir, on imports from the other East African countries, particularly Uganda and Tanzania, I would like to ask the Minister for Finance to liaise with his counterparts in those countries to come up with a standardised tariff on import duties for the East African countries. When one imports goods from Tanzania or Uganda, they are still using the same tariffs like those used when we import from Europe, the Far East or America. With the East African Co-operation in place, we ought to lower tariffs on imported goods from the East African countries to make that co-operation stronger.

Mr. Temporary Deputy Speaker, Sir, we are much better off economically compared with other East African countries - especially when we compare our own currency with the US dollar today. In Kenya the US dollar is about Kshs60 compared to Tshs600 and Ushs1,000. We are much better. The measures which our Finance Minister has taken will really strengthen the Kenya Shilling. But we request the Minister to see to it that tariffs on goods from

East African countries are lowered.

Mr. Temporary Deputy Speaker, Sir, we need to work very hard to bring tourism to its original standard. If we go to the Coast today, we will find that all the hotels are empty and it is being alleged by stakeholders in the tourism industry that about 50,000 workers have been laid off by the industry. This is a very sad affair and we ought to correct the situation. When we look at these Estimates, we find that Kshs200 million has been set aside

for the tourism industry. I request the Minister for Finance to raise that figure because the expectation was Kshs600 million. We ought to market our tourism industry. The image of this country in foreign countries has been damaged by people who do not want our country to benefit.

Mr. Temporary Deputy Speaker, Sir, it has been stated in the Financial Statement that the Container Terminal in the Port of Mombasa will be privatised. Whereas I support the privatisation process in this country, I request the Minister for Finance to come up with a programme of privatisation. The way privatisation is taking place today in Kenya will be devastating. It seems as if the Government is randomly picking upon some organizations for privatisation. Very soon, we will be told that the Kenya Posts and Telecommunications Corporation or the Kenya Railways Corporation has been privatised and so many other Corporations which are owned by the Government. It is high time that the Minister for Finance came up with a programme of privatisation. I am saying this because, if we privatise the Container Terminal in the port of Mombasa, then we will be privatising the whole port. This is because the whole world is now going for containerisation. If there is no proper programme of privatisation, whoever is going to own that Container Terminal may decide to bring modern equipment and that will lead to the laying off of workers in the Port of Mombasa. By so doing, the people of Mombasa and Kenyans at large will lose their jobs. So, we ought to be told how this privatisation will be implemented.

Mr. Temporary Deputy Speaker, Sir, the Port of Mombasa is not yet modernised. There are a lot of shoddy deals there. When one goes to clear his cargo from the port, he or she is subjected to unnecessary procedures. One will be stopped by the Customs officers, police officers, the Special Branch and a guard from the Kenya Ports Authority. These tedious procedures create congestion in the Port. The congestion in the port is a creation of the Kenya ports Authority. Let us have one authority in the port to manage the Port rather than putting all these askaris to man the gates. This congestion is a creation of men.

Mr. Temporary Deputy Speaker, Sir, the Container Terminal is our bread and butter. We need to know what is happening, we do not want our people to lose their jobs. I hope that the Minister is taking note of this one. Finally, before we achieved Independence in this country, the East African Harbours Corporation which is now KPA used to give one percent of its total annual revenue to the Mombasa Municipal Council to help maintain the infrastructure in the town. All these heavy commercial vehicles damage the road. I am asking the Finance Minister to reinstate that one percent revenue annually to Mombasa Municipal Council for the purposes of maintaining the roads and the beautifying of Mombasa town. That one percent was the stock due to Mombasa Municipal Council when we achieved our Independence. I am appealing to the Minister for Finance to reinstate it. If that is not done I will introduce a Bill or Motion in this House to ensure that something is given to Mombasa Municipal Council.

With these few remarks, I support. Thank you very much.

**Mr. Kajwang':** Mr. Temporary Deputy Speaker, Sir, thank you for allowing me to participate in the debate on this Financial Statement. For the first time, the Minister for Finance had a very difficult time. There is no money and yet he had to give a balanced Budget while the whole country was watching. He came up with this document which I want to comment on. Mr. Minister for Finance, your biggest problem starts with the Office of the President.

**The Temporary Deputy Speaker** (Mr. Imanyara): Mr. Kajwang', you have to address the Chair, not the Minister for Finance.

**Mr. Kajwang':** I am sorry, Mr. Temporary Deputy Speaker, Sir. The biggest problem facing the Minister for Finance begins with a large and cumbersome bureaucracy at the Office of the President. I am saying this because the Office of the President has 42 departments. Some ministries have two departments while others like the Ministry for East African and Regional Co-operation only has the lake victoria commission. Most of them have nothing to do. The Office of the President has the Directorate of Personnel Management which should go to the Ministry of Labour. The Immigrations, citizenship and registration of persons department should go to another Ministry altogether. In fact the Ministry of Home affairs is doing nothing other than dealing with culture and the museums. The Agricultural Development Corporation which is in the Office of the President should be in the Ministry of Agriculture.

Does this mean that there are some corporation heads in this country who cannot report to other Ministers other than the Office of the President? What is wrong with the Agricultural Development Corporation being under the Ministry of Agriculture? Why is the Kenya Airports Authority under the Office of the President and yet there is the Ministry for Transport and Communications? The Nyayo Bus Corporation which collapsed was under the Office of the President and yet we have the Ministry of Transport and Communications. The Nyayo Tea Zones which have grown into bushes are under the Office of the President and yet there is the Ministry of Agriculture. Famine relief, NGO Co-ordination, assessment of potential use of arid lands are all under the Office

of the President and yet there is the Ministry of Water Resources. The Office of the President must be cut down to size so that it has a bureaucracy which can be run. That is where we begin. The problem starts with the head before it comes to the tail.

We talk of cutting down and rationalizing the huge Civil Service and yet you have 27 Ministers. I want to show you the problem with these Ministries. There is one Ministry of Environmental Conservation, another one called the Ministry of Water Resources and another one called the Ministry of Tourism. At Lake Victoria, the water hyacinth problem is being tackled by the Ministry of Environmental Conservation, the Ministry of Water Resources deals with Lake Victoria itself, the Ministry of Natural Resources deals with the fish, and the Ministry of Tourism deals with the islands where people go for re-creation and tourism. How can four Ministries which are colliding manage lake Victoria? They do not know what they are supposed to do. Right now, we are fighting the water hyacinth but we do not know whom to talk to. It is a problem affecting the Lake Victoria, the environment, natural resources and the fish. If we are serious, we should have one Ministry which will combine environment, water, natural resources and tourism issues.

There is also the Ministry of East African and Regional Co-operation which is also in charge of the Lake Victoria Commission. This Lake is under four ministries which are doing nothing but fighting each other. I do not know whether it is the Minister for the East African and Regional Co-operation or the Minister for Foreign Affairs who is going to handle the matter with Uganda. When the Minister for Foreign affairs wants to go to Uganda, I do not know whether he goes with the Minister for East African and Regional Co-operation. Now we have a border problem at the lake between Tanzania, Uganda and Kenya. If we fish along either sides of the border, we get into problems with the Ugandan and Tanzanian police. We do not know who to talk to. We need the navy in the lake for protection. If the navy goes there, the Office of the President or the Department of Defence will also be there. There will be a lot of people in that Lake.

There is also the Ministry of Education and Human Resource Development and another for Research and Technology. I sympathise with Mr. Nyachae. He talks of rationalization and down-sizing, but I do not know whether he will ever get anywhere. One of the Ministries which should go completely since it has nothing to do, is the Ministry of Labour. I do not know what it does other than dealing with the NSSF which is draining our money. There is only one radio station and one TV line and the KTN which is collapsing and I do not know what the Minister for Information and Broadcasting is doing about this. This Ministry should be abolished so that we can remain with the Director of Information and the Director or Commissioner of Labour. That is enough for this country. We do not need this Ministries. There are over 40 Assistant Ministers who do not even have a direct telephone line. They do not even have a file on their desks unless they are given a job to do by the Ministry. What do they do? Are they there just to get the whole of Kenya represented or what?

A Cabinet is not supposed to represent the tribes of Kenya; it is supposed to serve the country. Even if there is no Turkana or Luo in the Cabinet, we are here. What needs to be done is to get an efficient running Government and everybody will benefit. If the Government is bad, every body will suffer whether all of us are represented in it or not.

We have been talking about poverty and unemployment. How do you deal with poverty and unemployment if you prevent people from doing what they know how to do best? The Minister for Finance has allowed importation of Konyagi which is a Tanzanian local brew and Waragi, a Ugandan local brew. Our mothers know how to make *chang'aa* and there is a lot of sugar-cane around and yet its brewing has not been legalised. How can we import local brews from neighbouring countries while we deny our people the chance to produce similar brews? Yesterday somebody gave me a bottle of Konyagi and on tasting it, it was like *changa'aa*. *Changa'aa* has never killed anybody in this country. This is a Press war; these people are being paid by the South African breweries to interfere with local brews. Are we praying better than the Ugandans and Tanzanians if we claim to be a christian or muslim society? We are not. You cannot stop Russians from making their Vodka, or the the coastal people from drinking their *mnazi* or us from drinking our *busaa* and *chang'aa*.

Mr. Temporary Deputy Speaker, Sir, this country must now open up so that somebody can establish an industry here to purify that *chang'aa* for people to drink. This will enable us to create employment opportunities and bring money into this country.

Mr. Temporary Deputy Speaker, Sir, this domestic debt is big because the money was not used properly. Money was borrowed and then given to people. Money was borrowed from the public to be shared out among a few people. That is why we have a big debt. Otherwise, if this money was used to develop our infrastructure and industry, maybe we would be much better off even with that debt. There is no country which has ever wiped out its domestic debt. The United States of America has its own problem with domestic debt and also Britain. In fact, yesterday I read their financial statements. They are selling their assets in their country to pay their domestic debt to some extent. So, it is not a strange thing, we can have a domestic debt but it must be used for productive

purposes. But the only problem with Kenya, is that we borrow to throw away, "eat" and export.

Mr. Temporary Deputy Speaker, Sir, there is nothing wrong with our roads. They can be fixed in one year if this Government was willing. This Government can go out there and tell people that we want a trunk road from Mombasa to Malaba. Just make it six lanes and then charge a toll. I am telling you that this has been done in Indonesia, Japan, Britain and America. Why not in Kenya? We have a problem which I would call "ownership" or "possessiveness syndrome." We are asking "if we had a private road from Mombasa, what will the Government have?" If I am the Head of State, what powers will I have if I do not own the road? You let people do what they can do best and this country will be better off. I have never seen a Budget like the one we are debating now. The Minister, who was here, comes here and says that "I am going to cut down on expenditure." This is fine. Then after he has cut down on all expenses, we wait for one year without any Government expenditure. How do you grow? The Government is the biggest spender. If the Government is not spending, how do we grow? This is a misnomer! This Government must spend!

Thank you very much.

**Mr. Ita:** Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute to this very important issue relating to the Financial Statement on the Annual Estimates.

Mr. Temporary Deputy Speaker, Sir, I know I do not have a lot of time, but I will start by making a couple of points and end up with some suggestions.

Firstly, the Minister for Finance came up with a very interesting Budget. Of course, like many people have said, he had no option. But one surprising thing, and which everybody is raising is: What ability has the Government to implement this Budget? You start by telling people that you are going to sack them. You say: "I am going to sack 66,000 teachers and 59,000 civil servants." That is the most popular statement within this Budget.

The Minister in his Budget stated that he is going to sack teachers and civil servants to make this country efficient and a less spender. Yet these people will not be sacked today! They will be sacked after six months and others, after one year. These are the people the Government is going to use to implement this Budget. This is not practical; it is not possible. If the Minister wants to succeed, he would have to say: "I have sacked 59,000 civil servants from today." As regards teachers, he would say; "20,000 or 33,000 will go today," and then we start working. But you cannot threaten people and then you keep them in the job to implement the Budget. That will not be possible.

Mr. Temporary Deputy Speaker, Sir, secondly, this Budget is about reducing Government expenditure. Basically that is what we are talking about. You do not reduce Government expenditure without tackling the style of life that has resulted into this kind of expenditure. In the whole of this Budget, I have not seen anywhere where the style of life, which is financed through corruption and excessive spending, is being tackled. Okay, there are cases of telephone bills, we are going to reduce level nine facilities and the number of motor vehicles. The person who is going to reduce those motor vehicles is somebody who has been told: "I will sack you after you have reduced level nine facilities or after I have kept you for six months." This is not possible. So, we have to tackle the style of life which causes this expenditure. I think the Minister should take a cue from that. That is the starting point. There is very little evidence in this Budget that this style of life is being really addressed.

Thirdly, I want to make a point on the question of tightening belts. There is that signal which is coming out clearly in the Budget. Tightening of the belt does not mean tightening the real belt around your waist. It is increasing productivity and efficiency. Would the Minister take a suggestion through the Chair that, instead of having one shift in the Civil Service, we have two shifts? What is wrong with introducing a system where people finish work at 4.00 p.m, and then another half of the same team goes back to the office at about 7.00. p.m and works up to 11.00 p.m. What is wrong with that? It is only in this country where you see some people, or most of the country going to sleep for 12 hours.

In other countries, people continue working in two to three shifts; even in the Public Service. I think it is important that the Minister considers that kind of suggestion. Increasing productivity or efficiency does not mean tightening the belts.

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

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



Mr. Temporary Deputy Speaker, Sir, the other point which I would like to make and which I said publicly elsewhere is whether this Government has the goodwill of the people. When we listen outside there, there is a lot of talk from the people that they do not have the money to spend so as to increase Government revenue. In cases where people used to take two or three bottles of beer or six sodas in a week, they are taking only one and that is where the Government used to get money from. This is what I call goodwill from the people themselves. Are people willing to support the Government in reducing the expenditure? I think something needs to be done to find out whether people are going to go along with the Minister's statement on the need for a balanced Budget or a very good Budget which will work and produce surplus for this country. From what I hear, I do not think people are willing. Therefore, we might end up with only a statement called "Budget." Let us find out from the people whether they are going to go along with us in cutting down the expenditure by increasing Government revenue. There are many flaws which need to be tackled.

Finally, Mr. Temporary Deputy Speaker, Sir, we are talking of improving the investment climate in this country. Once an investor is "bitten", they do not go and wait for the situation to improve so that they can bring back their money to Kenya. There is the whole world to invest in. We have lost an opportunity for a couple of years, and there has not been any major investment in this country.

Mr. Temporary Deputy Speaker, Sir, the assumption that coming up with a balanced budget will attract investors is wrong, because the whole world is seeking investments. The Government needs to spend more money in creating investor confidence. Ministries which are supposed to create a good investment environment for Kenya are not doing anything different from what they were doing last year. Commercial attaches are paid meagre salaries, yet they are expected to promote investment for this country. We have negative publicity all over the world every minute of the day. We have not provided enough facilities to re-activate this situation. The investors are not waiting for Kenya. We have to create new investors for this country. From my personal experience, it is not easy. Some of the investors we talked to five years ago, are just beginning to come and assess the situation in Kenya again. Private investors take time to come back even if you present a rosy picture of the country. Investors will compare your situation with the other countries' situations and take their time to regain confidence. So, we should not assume that as a result of this balanced Budget, we are going to attract investors in the next 12 months. It may take two to three years. We only need to be consistent and spend a lot of money in creating investor confidence.

With these few remarks, I beg to support.

**Mr. Kamolleh:** Mr. Temporary Deputy Speaker, Sir, I beg to support the Motion on the Financial Statement.

A lot has been said about the Budget, especially by those people who actually talk about a good or a bad Budget, and investor confidence in Kenya.

Mr. Temporary Deputy Speaker, Sir, there are cycles in every country, and I think, Kenya is one of the countries in the world. Sometimes in the 1970s the economy was very prosperous, everybody was so happy and we patted ourselves on the back. I know that we might have made one simple mistake, but mistakes are made by human beings. I do not see why some Members of the august House look at it as if it is doomsday, imagining that Kenya will never recover. There are two ways to look at it. One is to identify the mistake and correct it and the other is to assume that, whatever the case, we cannot recover. However, I look at it differently. We know the reasons why all the loans taken from institutions in this country have not been used well. Once you identify the mistake, then there will never be a mistake again. We have heard that money has been squandered or misused, and that, projects have not been well implemented.

Mr. Temporary Deputy Speaker, Sir, I would like to ask Members of this august House to look at past mistakes and then move forward from this time when we have planned the 1998/99 Budget. That is why the Minister for Finance said that this is a balanced Budget and we should start from there. We do not want to start new projects. Let us make a new start. I support that particular side of budgetary planning. If we were unaware of our mistakes, we would have put so many other projects in place so that we make money. After two years, as the Minister said, we will be able to start new projects. I would like to ask Members on the Opposition side to look at it from a positive perspective rather than a doomsday perspective.

Mr. Temporary Deputy Speaker, Sir, although we have tried our best to see to it that whatever we have planned in this Budget goes well, we must also perhaps caution the Government. We should look at one or two things which are important, especially building the morale of the citizens of this country. When you have healthy people, then you have happy people who can work. But if you have unhealthy people, then you have annoyed, groaning people who cannot work. So, first and foremost, I would like us to look at health as one of the most important aspects. Most of our hospitals are dilapidated and almost forgotten. Either there are no beds or there are beds without mattresses, and no medicine. I think, this should be our priority. We should make sure that we have

healthy people who can work. It is through work that we can generate revenue for the country.

Mr. Temporary Deputy Speaker, Sir, for a long time we have looked at agriculture as something that can take place by itself. At least from now on, we should put a lot of effort into agriculture to ensure that we manage it well, since agriculture is the backbone of this country. We do not have to import any food. Instead, we should be able to export the surplus.

Mr. Temporary Deputy Speaker, Sir, because of insecurity and the *El Nino*, tourism has really gone down in this country. We are aware that the *El Nino* cannot be controlled, but security and the infrastructure can be controlled. It is, therefore, our duty to encourage our Government to make sure that the infrastructure is maintained. Many people think that having a good hotel is enough in tourism, but this is not so. We have to see to it that even the water is clean and the roads leading to the parks are secure. Perhaps with that, we will be able to revamp our tourism industry. Perhaps, with that, we will be able to revamp our tourism industry. We should inform those people outside this country that those tourist sites are secure. We should not only have advertisements, but also action taken. I would propose, maybe his Excellency the President goes and stays in two hotels in the North and South Coast. He should meet with the foreign Press there and talk to them. Let them see that one can actually move freely from the North to the South Coast. The foreign Press should also see that the same case applies, even at the Maasai Mara National Park. The foreign Press should see that people are moving freely in the tourist attraction areas. We should not only deploy armed General Service Unit (GSU) personnel in those areas, but people should be seen moving freely. That act will, perhaps, help show that there is security in those areas. This will improve the tourism sector.

Mr. Temporary Deputy Speaker, Sir, we have a problem. That problem which concerns the Kenya Ports Authority (KPA), has been mentioned in this House. People talk of congestion at the KPA. Many of us do not understand how the port works. We only see goods being moved from the KPA and ships docking there, without understanding exactly how it works. The KPA offloads goods and puts them in the godowns and warehouses. This is just like a human being eating without going to the toilet. If the infrastructure is so bad that you cannot move the goods either quickly, or at all, then there is no doubt that the port of Mombasa will be congested. If it is congested, it is not because the staff there are not working, but because other factors like the poor roads are leading to this. If the body of a human being is not working properly and he continues eating, he will get the same congestion inside himself. I think it is high time that we all understood these factors and helped workers at the KPA, instead of simply saying that there is corruption there.

The KPA only offloads and also exports the goods we have. Other agencies like the police and the Special Branch, are also involved at the KPA. In fact, they are the ones, with the Customs and Excise officers, who deal with the money that is collected at the port of Mombasa, and not the KPA workers. So, we need to make it very clear that the KPA staff have nothing to do with Customs or Excise duties and security there. Therefore, when we complain that 70 cars have been stolen at the KPA, we should go to the police and not to the KPA. The KPA only removes goods and makes sure that ships take them out of the country.

**An hon. Member:** That is for the record.

**Mr. Kamolleh:** Mr. Temporary Deputy Speaker, Sir, it is very important for hon. Members of this august House not to look at the KPA as something which is very far away. It is important for us here and for those people living in Rwanda.

Thank you very much.

**Mr. Kariuki:** Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to support the Budget. First, I would like to say that the Budget appears to be a balanced one. However, it is balanced in a very awkward manner, in the sense that we have not addressed the basic issue as to why we are not being supported from outside. Why have our donors deserted us? I think that basic issue has not been addressed. Therefore, we are struggling on our own to survive. The most basic issue we ought to have addressed as a country, is to see how we can revisit the issue of addressing the various questions that have been raised by donor agencies, particularly the World Bank and International Monetary Fund (IMF). Unless we do that, we will still remain in the same financial quagmire that we are in today. I think we are just beating about the bush. We are not addressing the basic and pertinent issues raised by the World Bank and the IMF. Unless we do that, we will still be facing the problems we are facing now.

It appears that the Budget, as it is being called, is a "Mwananchi Budget". I think we should be very wary of what has happened in the past when we had such Budgets. Usually, these good Budgets are followed by many mini budgets. I hope that the Minister for Finance will not come up with mini budgets every month. He should be honest and address all these issues at once. What we may see in future is possibly an increase of petroleum and food prices within a week. In this way, we will end up doing what he could have done by not coming up with a soft Budget: He could have come up with a realistic tough Budget. This would have enabled us to address the many

problems we are facing now in this country.

When we talk about infrastructure as having been run down and lack of medicine in Government hospitals, we should know that all these issues involve money. Without money, we cannot supply these essential services that are needed by wananchi. That is why we should not talk about a good Budget. We should instead ask ourselves why we have not addressed our problems in the right way and come up with a more realistic approach. Tightening one's belt does not mean that we will remain the way we were before. It means doing things slightly differently. This is why this Budget, good as it may be, happens to be a major problem. It did not address the issues at stake.

For instance, we are talking about teachers. We understand and appreciate that teachers in this country have contributed a great deal to our education, otherwise, we would not be in this House today. When we talk about reducing their number and not paying them adequately, I think we are creating a problem that will be very difficult to address. If all teachers went on strike again, we would witness havoc. It is important for us to know how sensitive it is to hire a person today and terminate his services within a year. It is a very painful decision for anybody to take. Even if you were to do it, you would have to look at the track record of this country and see how bad it has been. Recently, we had a "golden hand shake scheme," but the Civil Service has the same number of officers as it had before. So, we have no commitment at all in implementing some of these policies. Therefore, it is going to be a disaster for us to talk about retrenchment of teachers today and then five years from now, we will still have the same number of teachers. I hope we will be serious in our commitments this time round.

We have talked about the privatisation of State Corporations, particularly of Mumias Sugar Company, the Kenya Co-operative Creameries (KCC) and the Kenya Posts and Telecommunication Corporation (KPTC). It is very important for the Government to be committed when it comes to the issue of privatisation of these State Corporations. We have talked about privatisation of Mumias Sugar Company for the benefit of the out-growers. When we talk about State Corporations like Mumias Sugar Company, we should realise that privatisation is best addressed through the Nairobi Stock Exchange (NSE). This will ensure that all Kenyans are given a chance to participate as owners. Institutions in Central Province like M/S Kakuzi have been offered to all Kenyans, including those living in Mumias Town. Therefore, the residents of Mumias should also offer the shares of their sugar company to other people in Kenya. For instance, Brooke Bond Tea Company is based in Kericho District, but their shares are sold all over the country. As leaders, let us not be naive and talk about offering shares to outgrowers only. Instead, this should be done through the NSE, so that everybody can participate in ownership of national institutions. This is very important.

Privatisation of the Local Government Authorities services is long overdue. The local authorities have failed to deliver their services to Kenyans. The services rendered by these authorities should have been privatised a long time ago, be they garbage collection or road maintenance. Any service that can be privatised within the Ministry of local Government should have been done yesterday, because they have failed to render the services to Kenyans. This is the sector where we should reduce the number of workers and privatise some services. This will ensure that services are rendered to city dwellers effectively.

Reduction of cash ratio by three per cent in banks is not solving any problem. This is a cheap way through which the Government gets money from the banks.

As for the cash ratio demanded by the Central Bank of Kenya (CBK), it does not help the commercial banks to lower interest rates. It is a cheap way for the Government to get money from the banks. The 15 per cent cash ratio is too high. It should be removed so that interest rates can be lowered. There is no way you can retain the 15 per cent cash ratio and solve the problem. If anything, the cash ratio increases consumer cost as far as the cost of money is concerned. Therefore, the best way it can be done, is to remove the 15 per cent cash ratio so that it can be hived back to the commercial banks.

As for the reduction of Treasury Bill rates, it ties again with the cash ratio. There is a lot of correlation. The Budget never addressed the issue of actual reduction of Treasury Bill rates. That is a very thorny issue which should be addressed. We have been talking about corruption without giving solutions. The Government is not flexing its muscles to contain corruption. We have a useless Anti-Corruption Authority which is doing nothing. It should be given more muscle and the right people. The person who is in charge is not the right person. We should have a sincere good Kenyan, with a good track record of performance to head the Unit. Otherwise, we will be singing the song of corruption endlessly, without addressing it. We should be serious this time round if we hope to contain corruption at the port in police and Ministries. These problems can only be addressed by a very strong arm of Anti-Corruption Authority, coupled with a very well empowered Police Force, and putting the right people at the right places.

Mr. Temporary Deputy Speaker, Sir, all of us are complaining about the damaged infrastructure. The roads are impassable. What is being done with the levy collected from petroleum? That money is going to the

Consolidated Fund Services. We should have a Fund managed by trustees who are honest enough to deliver goods to Kenyans. There is a lot of money collected from the petroleum levy, and we should be seeing action all over the country. Roads should be properly maintained. At the moment, we have a problem because the levy is put into the Consolidated Fund Services, rather than being put aside to be managed by an independent body. I think it is important for us to do that.

There was mention of second-hand motor vehicles. I think we seem to hate our people. Second-hand cars from Dubai and Japan are helping the common man. We talk about the common man as if he is not important. Who are we catering for? Are we catering for multi-nationals like Lonrho, Marshalls and others who can import new vehicles. Can the common man afford those vehicles? It is not possible. The Minister talked with harshness about second-hand motor vehicles which take care of the common man. The common man needs those cheap cars. He is very happy with them. Spare parts come in and there is no point of trying to belittle the contribution that the second-hand motor vehicles have made. They are very important. It is naive for the Budget to address this sector as though it is the cause of our problems. If anything, those second-hand motor vehicles are helping wananchi and they should be encouraged to come in. If one can afford a new vehicle, well and good. He can go to CMC or Lonrho for a new car. They should leave the common man alone to import the cheap cars because that is what they rely on. I think it is important for us to protect him.

There was mention of repatriation of foreign currency amounting to £250,000 by foreigners. Why has confidence gone down, and how can we reinforce it? We need to encourage foreign and local investors in this country. We are not doing so because of insecurity. We are not doing so because of tribal clashes and killings at Likoni, Laikipia, Njoro and Marakwet. The Government should be serious in stamping out these killings. Unless we do that, there will be no tourists coming to this country. More important is the seriousness on how to cut expenditure in the Government. I think the degree of commitment should be increased. Since my time is up, I will continue with my contribution when I get another chance. Thank you.

**The Assistant Minister for Labour** (Mr. Ethuro): Thank you, Mr. Temporary Deputy Speaker, Sir.

I would like to support the Motion by thanking the Minister for a Budget that was well prepared and thought out. I think that the target of trying to balance a Budget is a very difficult task. What has been proposed goes towards achieving our budgetary objectives.

I would like to touch on aspects that the Budget touched on. Specifically, I would like to touch on the local authorities and the *El Nino* Emergency Fund. I am happy to say that, what we see in the Budget is a follow-up of a number of activities that hon. Members participated in, starting from the meetings at Mombasa and Mbagathi. I think that once we focused our attention on the economy, the Budget was a culmination of our effort.

I think it is pertinent for us to focus on the economy and leave politics aside.

At the outset, I would like to agree with the Minister, like our National Anthem beseeches us, "lets all arise, in common bond united, lets build this nation together". If this spirit can be captured in this House, we will be able to tackle the two main problems facing this country; namely, unemployment and poverty.

For those who are like me, being in Parliament for the first time, and having given people promises at the constituency level, and when you come to Nairobi you find that there are no job offers, opportunities for training the youth, and even after training, they cannot get jobs, makes people in a district like Turkana wonder why they train or learn in the first place. They can perform very well at the primary level, but if that cannot be translated into university degrees, of what value is that education? We need to support each other. What is our commitment to developing our country? No matter how good something can be, if the commitment from individual consumers and implementors of policy is not there, nothing can be achieved. I am glad to hear that the Minister is willing to give up his two vehicles and retain one. That is the spirit that we need. My appeal to all the civil servants is to strive to make the Financial Statement realistic. Everybody in this country should strive to achieve something.

When we talk about regional co-operation, my constituency borders Uganda, Sudan and Ethiopia. In those countries and in Kenya, there is a lot of hostility. I have many people who are internally displaced and cannot graze their livestock across the borders because of insecurity. The insecurity there does not catch the national press because it is normal and traditional, and it is called cattle rustling. But we have internally displaced persons in that region who have been denied a livelihood because they cannot graze their livestock, which is the mainstay of their economy. They cannot be able to participate in the normal process of living. If we put more effort to tackle the insecurity in that area, things can return to normal. If we can get a General Service Unit post in one of the border areas, our people can graze their cattle very well. While I appreciate the Minister's concern on the cash crops, there is a big livestock sector which has not been addressed completely. Pastoralists occupy more than two thirds of the land mass in this country. They could be fewer in numbers, but that is a matter of statistics.

Mr. Temporary Deputy Speaker, Sir, if proper census was carried out in spite of all the hardships, we could actually boast of more numbers. But more importantly, the life of every Kenyan is very important to us as a nation. Even if we are talking of five people, it is very important that, that sector is addressed, so that when we talk about the national objective of food security, we are dealing with a subsistence economy that is looking at all these particular issues. What the Budget has given us is a goodwill and I hope that all the people who are in a position to support it will do so for the sake of this country.

My last appeal is that we should uphold the confidence that we have given to the investors like the World Bank, the International Monetary Fund (IMF) and other donors, including Norad who have been supporting Turkana.

Thank you very much, Mr. Temporary Deputy Speaker, Sir.

**Mr. Ndubai:** Thank you very much, Mr. Temporary Deputy Speaker, Sir. The Budget is a single policy paper that the Government gives out annually. So, bearing that in mind, I believe that it will be implemented. All Kenyans had a lot of expectation in the 1998/99 Budget but I believe, as one speaker said earlier on, the Minister is like a gambler. The saying goes that a gambler should not go to a casino unless he has money to play the black juke. I believe the Minister for Finance has not heard that saying. So, he went to the biggest casino in this country and gambled our economy. He did so because he went to that big casino without enough money in his pocket and in the process, he gambled the economy of this country. But nevertheless, I do not believe the Minister had any other choice. He inherited an ailing economy which will need a miracle to salvage from near collapse.

The reason why I am saying that is because the Minister went to the extreme of introducing radical measures, which I do not believe any modern Government can achieve. I am calling them radical changes because the Minister brought Government spending to almost a standstill, and at the same time, curtailed Government borrowing. Above all, he has categorically stated that he is going to trim the Civil Service by 66,000 teachers. It will be very difficult for the Government to do that. Those proposals are very good, but it is not easy to implement them. When we curtail Government borrowing to almost a standstill, it means that we reduce Government borrowing locally. This means that the Government is forced to reduce its borrowing from the local market.

But the Minister went an extra mile to introduce the two-year-rate bonds. Those bonds are very good, although I am not sure how many people would like to invest in them. These bonds give the Government two years to breathe before they mature. They also give the Central Bank and all the other money managers two years to breathe before they mature. The biggest headache we have experienced for some time has been the Treasury Bills, which mature after every 91 days. But with the two-year bonds, if it is practical, the Government will have a breathing space and that will force the interest rates to go down. Well, it is yet to be seen.

The other issue which I think the Minister also thought very seriously about is the expansion of tax brackets by 10 per cent. He increased the minimal taxable salary from Kshs6,600 to Kshs8,200. The new group will enjoy that bracket which is untaxable. Also, he introduced the Fringe Benefits Tax. That is also a good step. You will remember that early this year bankers went on strike. Now, I believe the new tax will minimise any more strikes by the bankers because the employer will pay that tax in form of corporate tax. Before the new tax was introduced, all the fringe benefits were lumped together with the salary which was then collectively taxed. But with the new tax measures, bank employees will enjoy the facility because it is the employers who will pay that tax.

Mr. Temporary Deputy Speaker, Sir, the economy is more than taxation. There is no country in the world which has survived on taxation and I have said several times in this House that this country is the most taxed. It is third to Israel and Singapore. The Government must sit down and look for ways and means of implementing these Budget proposals, and it can only implement them if it has a total political will, goodwill and sacrifice in many areas. One of the speakers said that the biggest problem in this country is the Presidency, which I fully support. The biggest headache we are experiencing in this country lies with the Presidency. Until the Head of State comes to terms with reality and realises that he has become a burden to this nation because of the way he operates, we will still experience problems. I am not talking about President Moi, but I am referring to the institution of the Presidency. The Office of the President must be streamlined, so as to be left with the President and two Assistant Ministers. The duty of a Minister in the Office of the President can be performed by an Assistant Minister. The many Ministers who are there, busy doing nothing should be deployed elsewhere. We do not need all of them in one Ministry.

Mr. Temporary Deputy Speaker, Sir, the economy---

**The Assistant Minister, Office of the President** (Mr. Sunkuli): On a point of information, Mr. Temporary Deputy Speaker, Sir. I would like to inform the hon. Member that the Ministers in the Office of the

President are not busy doing nothing. One of them is in charge of Internal Security and Provincial Administration; the other one is in charge of development and relief---

*(Mr. Ndubai stood up in his place)*

Mr. Temporary Deputy Speaker, Sir, I am still on my feet.

**Mr. Ndubai:** Mr. Temporary Deputy Speaker, Sir, the Assistant Minister is wasting my time. We do not want that kind of information. He is one of the Assistant Ministers in the Office of the President who are busy doing nothing. We must consider the economy of this country and any other consideration must be overshadowed by the economy of this country.

Mr. Temporary Deputy Speaker, Sir, each one of us would like to be a Minister but not at the expense of the State and the larger community of this country. If the President can reduce the Ministries to 16, he will be able to pick up the best Ministers in his Cabinet. Those Ministers will perform better than the current team which gives him a headache. Sometimes, a large Cabinet becomes a burden to the Head of State. He should reduce the Cabinet, so that Ministers can have time to perform better. Before I finish, I would suggest that the Government does the following: One, it should streamline the Provincial Administration. The Government should also do away with the Provincial Co-operative Officers, Trade Officers and Labour Officers. If I am a trader in Nyeri, I would have nothing to do with the Provincial Trade Officer. There is no licence given by the Trade Officer. If I am a Co-operative Officer in Meru, I would deal with the DCO. There is no co-operative movement at the provincial level.

Mr. Temporary Deputy Speaker, Sir, even a Provincial Commissioner has no place in the modern world. Instead, we just need a chief who will liaise directly with the Office of the President. All these people must pack and go and then, we can afford to pay the teachers. There is no point of doing away with the 66,000 teachers and at the same time recruit more teachers in the next two years. Putting an end to the recruitment of teachers means that there will be very many idle lecturers. The best thing to do is to do away with the Provincial Administration. In a modern country like Kenya, we do not need to go through all those people before we reach the Office of the President.

Before I finish talking, I must thank the Minister again. As I said, he is a big gambler. He went to a casino without any money and gambled our economy, but at the same time, we must protect that gambler while we wait to see whether he will get money to pay for the economy he has gambled. I believe in the democracy of reasoning.

With those few remarks, I beg to support.

**Mr. Katuku:** Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this important Motion. Before the House is the Budget which is not supposed to be treated lightly. Before I go to the details of this Budget, I would like to commend the Minister for Finance, hon. Nyachae, for the Budget, even though it was too long for some of the Members, especially the Member for Baringo Central. He had to sleep and that was unfortunate. Even though the Budget was moderate---

**The Assistant Minister for Transport and Communications** (Mr. Obure): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the hon. Member to impute improper motive that the Member for Baringo Central was asleep when the Budget was being read, when we know very well that he was alert and listening very carefully?

**Mr. Katuku:** Mr. Temporary Deputy Speaker, Sir, it is a fact and I do not know whether you would like me to substantiate.

**The Temporary Deputy Speaker** (Mr. Musila): Hon. Katuku, I think you will withdraw because it is a fact and there is no evidence to prove that, what you are saying is true. Will you withdraw?

**Mr. Katuku:** Mr. Temporary Deputy Speaker, Sir, I withdraw reluctantly because I---

**The Temporary Deputy Speaker** (Mr. Musila): Hon. Katuku, you must withdraw unconditionally!

**Mr. Katuku:** Mr. Temporary Deputy Speaker, Sir, according to the Standing Orders, the act of seeing is evidence.

**The Temporary Deputy Speaker** (Mr. Musila): Mr. Katuku, are you withdrawing or you want to have some confrontation with the Chair?

**Mr. Katuku:** Mr. Temporary Deputy Speaker, Sir, I will withdraw and apologise for the sake of my contribution, which is very important.

**The Temporary Deputy Speaker** (Mr. Musila): Then proceed!

**Mr. Katuku:** Mr. Temporary Deputy Speaker, Sir, I was saying that the Budget was moderate.

However, one thing that I would like to point out in this Budget Speech is that it touched on a very important sector, education, which we actually went through. We are now talking about retrenching teachers. We must realise that this is the sector which we went through. It is also the sector that we are banking our future on. When we are talking about reducing the number of teachers and not giving our schools equipment, then we are talking about a doomed future for this country.

Mr. Temporary Deputy Speaker, Sir, we better look for other alternatives. I would propose that instead of talking about retrenching teachers who are very active, we can talk of the question of how we can come up with attractive retirement benefits for some of the civil servants to retire honourably, because there are some civil servants who are doing nothing in some of the Ministries. When you go around some of the District Headquarters, you will find, for instance, the district social services officers have nothing to do. It is better to retrench such people rather than to retrench teachers. I am foreseeing a war between the Minister and the teachers. There is no way the teachers are going to bow because they had already negotiated and known the amount of money which they would get after some time. However, they are being told again to go back again to a negotiating table and come up with other figures, if teachers want to be given some hope. Actually, they are underpaid and so, we should look for other better ways of doing it. We can talk about retrenching other officers, but not teachers.

Mr. Temporary Deputy Speaker, Sir, I would also want to talk about security. A lot of money has been spent and I sympathise with the situation currently affecting the police. Presently, we have some policemen who are transferred from any police station and posted to clash-stricken areas. Those policemen are suffering and we must be humane. They have been posted there and no allowance or accommodation is provided for them and yet, they are expected to beef up security in those areas. It is unfair. We need to consider these cases of insecurity and ensure that officers posted there are given maximum facilities and not just for the sake, because that is why we have got clashes going on.

Mr. Temporary Deputy Speaker, Sir, I would also want to talk about our infrastructure. In hon. Nyachae's Budget Speech, he came up clearly by stating that he is planning to spend Kshs5.3 billion on classified roads and about Kshs1.2 billion on roads maintained by local authorities. It is important we recognise that, the roads being maintained by local authorities are quite important and it is through these roads that we are able to get revenue because they are the same roads that are being used by farmers. I would suggest that we allocate more money to these roads because they serve the farmers, who are the backbone of our economy. The Minister should consider giving more allocations because our local authorities are doing nothing about those roads. They have been paralysed and they do not have enough money to pay their own workers and yet, they are expected to maintain roads in those areas where farmers live. For example, in my constituency, one bridge has been washed away and yet, farmers are expected to deliver their coffee to a factory although there is no such a road since the bridge has been washed away. I would request the Minister to consider allocating more money to the roads which serve our farmers.

**Mr. Michuki:** On a point of information, Mr. Temporary Deputy Speaker, Sir. As a Member of the Finance Committee of this House, I would like to inform the hon. Member that the amount of money allocated to the item we are talking about is over Kshs10 billion. If he considers the *El Nino* emergency fund and include other monies that have been allocated, he will realise that there is more than the figure he had in mind. One must also take into account the fact that the capacity to execute projects is still three per cent. That capacity needs to be improved and we do not need additional funds. Maybe, he could take that information.

**Mr. Katuku:** Thank you, Mr. Michuki, for that point of information. My point is very clear that we need to improve the infrastructure. It is a very important aspect in our development. We need to have good roads. Whether we get the money from whichever source, it is important that our roads are improved for economic growth. Without roads, we cannot transport our goods. If roads are bad, transportation business becomes more expensive.

Mr. Temporary Deputy Speaker, Sir, I would also want to touch on the issue of corruption in this country. It is good that the Minister for Finance stated very clearly in this House that corruption has really affected our economy. It is not all the revenue that is collected. We would expect the Government to deal seriously with corruption. I would suggest that there be a reshuffle of the Cabinet. If it will be effected, it should not affect the Minister for Finance. I would urge the Government to retain him in the Ministry of Finance for some time in order for him to implement what he has proposed in the Budget, because his proposals are good for this country. By suggesting so, I do not mean that if the reshuffle has to be done, he should not be made a Vice-President. He can be given the post of the Vice-President and at the same time, retain the portfolio of the Ministry of Finance for the sake of implementing these proposals. He talked about corruption and suggested ways of how to tackle it. We must be more serious in fighting corruption in this country. It is bad for the taxpayer to pay tax that goes to one man's pocket instead of going to the public coffers.

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

**The Assistant Minister, Office of the President (Mr. Sunkuli):** Mr. Temporary Deputy Speaker, Sir, the Budget is supposed to be an estimate. It is, perhaps, a biggest approximation of what can be the best estimate available. We happen to have a predicament in this country similar to those of many countries in Africa, whose nature determines what happens in this country. Whether our people become satisfied or hungry, depends on rain; whether there is too much of it or none. Unfortunately, I hear many people criticising the phenomenon of mini Budgets, but so long as we live under the mercy of nature, I think we must also understand that they do become a necessity once in a while. We should actually realise that we live in a very precarious economy. A lot of things have been said and I am not at any time, trying to say that I am contradicting anybody. Whereas all those things have been said, the Kenyan economy does suffer mostly because of the environment.

In many countries like in Latin America, it is very easy to deal with the *El Nino* phenomenon, because it is something that they have seen very many times. For example, Peru has experienced the *El Nino* phenomenon for 12 times. But here in Kenya, we saw the *El Nino* weather only once. The damage that the *El Nino* caused is far from being repaired. The tourist destinations like the Maasai Mara were devastatingly affected by the *El Nino* rains. Now that the Minister for Finance has presented the Budget, it is important to focus on the effects of the *El Nino* on our economy. Without that, no matter how much marketing we do for tourism in Kenya, if we do not repair the roads that were damaged, we do not have anything to say when we go to London or America to invite tourists. We must put as much resources as possible on the tourist roads which were damaged by the *El Nino* rains. It is important to realise this because it is very easy to harp on corruption and forget that there is a greater corruption that happened; that it rained too much and our roads were damaged. As soon as the heavy rains end, there will be devastating drought followed by a severe famine. That has nothing to do with corruption but it will certainly have something to do with our economy. Therefore, if it becomes necessary eventually, to even adjust in a mini-budget to actually refocus on the question of the economy due to the *El Nino* and nobody should complain. Mini-budgets in themselves are not an evil. They are a reality and the country must realise that there is nothing precise about the Budget, because it is not the Holy Bible. It is the nearest estimate that we can go to.

Mr. Temporary Deputy Speaker, Sir, something has been said about the Ministry of Local Authorities in the Budget and my hon. colleague who has just sat down, was lamenting about the non-performance of the local authorities. I would like to join him in those lamentations. I think the local authorities must be made to work. Those who run the local authorities must realise that it is their duty to create revenue, to be able to render services to the people whom they are supposed to serve. The City of Nairobi, which fortunately happens to be in the hands of my colleagues in the Opposition, is not performing at all. The services of the City of Nairobi are far from satisfactory and the myth of non-performance and corruption that some people usually try to associate with the KANU Government, is clearly shown here as a Kenyan problem. The local authorities, whether run by KANU or the Opposition are not performing. If people are expected to have clean water and clean environment within cities and small towns in Kenya, it is important that the local authorities become efficient. Most of the problems are created by wranglings among councillors and sometimes by inefficient civil servants.

Mr. Temporary Deputy Speaker, Sir, the people of this country are very wise because they elected a wise Government. But there are civil servants out there who do not listen to what the wise Government is saying. It is important that the civil servants do actually deliver, because that is the only hope that the local authorities can have. If we have a good and functioning Local government system, one that provides services to the people, I can assure you that the grassroots of this country will be developed and they will continue to benefit from development.

#### ADJOURNMENT

**The Temporary Deputy Speaker:** (Mr. Musila): Order, hon. Members! It is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Wednesday, 17th June, 1998, at 9.00 a.m.

The House rose at 6.40 p.m.