

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 3rd November, 1999

The House met at 2.30 p.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

PAPERS LAID

The following papers were laid on the Table:-

Annual Report and Accounts for the Kenya Wine Agencies Limited for the year ended 30th June, 1989 and the Certificate thereon by the Auditor-General (Corporations)

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Annual Report and Accounts for the Kenya Wine Agencies Limited ended 30th June, 1993 and the Certificate thereon by the Auditor-General (Corporations)

*(By the Assistant Minister for Tourism,
Trade and Industry (Mr. Sankori) on behalf
of the Minister for Tourism, Trade and Industry)*

Annual Report and Accounts of the National Social Security Fund for the year ended 30th June, 1998 and the Certificate thereon by the Auditor-General (Corporations)

*(By the Assistant Minister for Tourism,
Trade and Industry (Mr. Sankori) on behalf
of the Minister for Finance)*

Report of the Departmental Committee on Finance, Planning and Trade on the Finance Bill (1999)

(By Mr. Mkallah)

Mr. Anyona: On a point of order, Mr. Deputy Speaker, Sir. Yesterday, when the debate on the Finance Bill started, we did raise the issue of the said Report and the Speaker did say that the Committee had failed to table the report, contrary to the provisions of the Standing Orders. He then ordered that the debate would go on, nevertheless. Now, the report is being laid when the debate is going on. It is already in breach of the rules of the House. What do we do in view of the ruling of the Speaker yesterday?

Mr. Deputy Speaker: Well, the Speaker did, in fact, rule that in the absence of a Report from the relevant departmental Committee, the work of the House cannot be held back. I mean, the House cannot be held at ransom merely on account of the fact that the Committee of the House has failed to report, and this is the case in the present instance. Now, the debate on that Bill on the Second Reading has already commenced and the Chairman is, of course, at liberty to lay that document on the Table. Whether Members take cognisance of it, it is a different matter. However, the point is that when committees are given assignments by the House, they really must take these assignments seriously because that report is supposed to help Members in the discussion of the Bill

that is now before the House. So, Mr. Mkallah, it is like putting the cart before the horse or, rather, bolting the stable doors when the horse has already bolted. Members are at liberty to ignore your report. I suppose if you will be wanting to contribute yourself, you can use that report and if Members feel inclined to ask you questions on what you have suggested in it, they are free to do so. However, really, I cannot force Members to take any cognisance of that report now, in view of what the Speaker ruled yesterday.

Mr. Anyona: On a point of order, Mr. Deputy Speaker, Sir. Yes, that is correct, but here is a case where a Committee of the House has flouted the rules of the House. They are supposed to table the report within seven days and they did not do it. They were given much more time than seven days and they still did not do it. The debate has started. Is there no sanction that this House can take against a committee of the House that defies the rules of the House?

Mr. Michuki: Mr. Deputy Speaker, Sir, obviously, I do not stand here to challenge anything. However, the report of the Committee has dealt with matters more than the Finance Bill. I think for the House, as it were, to disregard that report - maybe it could be disregarded to the extent that it covers the Finance Bill. However, it deals with matters like monetary policy and other matters concerning certain operations. Therefore, to the extent that the report does not deal solely with the Finance Bill, it seems to me that setting it aside will not be accepted.

Mr. Deputy Speaker: That is fine. Let us not engage in a debate on that report. To the extent that it attaches or impinges on the Finance Bill, Members are now at liberty to accept or ignore it, but to the extent that it deals with other matters not before the House, when the Chairman has an opportunity to introduce the Report, he will then draw the highlights to the attention of the Members. So, for the time being, let us proceed with the business before us. However, the House itself is the final arbiter on what its Committees do. If they have failed to perform their functions properly and the House wishes the Chair to do something about it, it is at liberty to say so. The Chair will either refer this matter to our Business Committee or to the Speaker's Committee.

Mr. Wamae: On a point of order, Mr. Deputy Speaker, Sir. The Chairman of the House Business Committee did say that, the Committee was unable to complete the Report because the Minister for Finance was not available as he was very busy outside the country and, therefore, he could not come, to enable the Committee to complete its reports---

Mr. Deputy Speaker: Order! Order! Precisely, because of what hon. Michuki has said, that Committee ought to have split its Report into several parts, so that the part dealing with the Finance Bill, pending urgently before Parliament should have been dealt with aside, from those others which are not urgent. So, that is not an excuse. This is because after all, the Minister for Finance who was away was only appointed two months ago and this Bill has been lying with the Committee since June, July, 1999. So, really, let us not belabour this point. In fact, we are not discussing that Report, we are now on Papers Laid. If there are more Papers to be laid, let them be laid. If not, we should proceed to the Next Order.

ANSWERS TO ORAL QUESTIONS

Question No.391

REHABILITATION OF KISII-AHERO ROAD

Mr. Anyona: Mr. Deputy Speaker, Sir, before I ask my Question, first of all, I would like to apologize to the House because yesterday when the Question was called, I was not in the House to ask it. The Minister did indicate to me later on that, this Question does not fall under his docket; it falls under the Ministry of Roads and Public Works. In which case, I would ask for the Question to be deferred and be redirected to the Ministry of Roads and Public Works.

The Minister of State, Office of the President (Mr. Nassir): Mr. Deputy Speaker, Sir, I agreed with the hon. Member yesterday that, the Question should be sent to the relevant Ministry. I have done so and I am sure that he will get the reply.

Mr. Deputy Speaker: Well, have you done that?

The Minister of State, Office of the President (Mr. Nassir): Mr. Deputy Speaker, Sir, I have done that since yesterday!

Mr. Deputy Speaker: Thank you.

(Question deferred)

Question No. 542

DISCONNECTION OF NON-ESSENTIAL
DIRECT TELEPHONE LINES

Mr. Munyao asked the Minister for Finance:-

- (a) how many direct telephone lines have been disconnected in Government offices since June, 1998, to date;
- (b) how much it has cost the Government to pay the telephone bills of the direct telephone lines since then; and,
- (c) when the non-essential direct telephone lines will be disconnected.

The Assistant Minister for Finance (Mr. Arap-Kirui): Mr. Deputy Speaker, Sir, I beg to reply.

(a) Since June, 1998, a total of 398 direct lines and 856 Level Nine lines have been disconnected in all Government Ministries.

(b) The Government paid a total of Kshs114,934,333.75 on the cost of direct telephone lines in 1998/99.

(c) All non-essential lines will be disconnected as soon as the Government completes on-going reforms. This includes rationalisation of Ministries, retrenchment of staff and the adoption of a new budgeting process, aimed at maximising effectiveness and efficiency in the delivery of services.

Mr. Munyao: Mr. Deputy Speaker, Sir, the reason I asked this Question is because of part "b". Is the Assistant Minister satisfied that, it is okay for the Government to spend Kshs114,934,333.75 in one year on direct lines? Is he satisfied that all these lines were used to give Government services?

Mr. Arap-Kirui: Mr. Deputy Speaker, Sir, we are satisfied that these lines were used in the service of the Government and this country. I think, whenever we talk of any figures, they have to be in relation to something. In absolute terms, it means nothing on its own.

Mr. Anyona: Mr. Deputy Speaker, Sir, is the Assistant Minister aware that, in many parts of the country, telephones to hospitals, police stations, and places of essential services have also been disconnected? What does he expect to happen?

Mr. Arap-Kirui: Mr. Deputy Speaker, Sir, we are aware that essential telephone services which have been disconnected are few. I am sure they will be re-instated as soon as funds are available to pay for them. But on the on-going rationalization process, at the end of the day, this needs to be done very carefully so that we do not deny essential services to the means of communication.

Mr. Twaha: Mr. Deputy Speaker, Sir, is the Assistant Minister aware that the Government spends 20 per cent of its income on interest payment? What is he doing to reduce this item of expenditure? The Government uses Kshs100 million a day and Kshs27 billion a year!

Mr. Arap-Kirui: Mr. Deputy Speaker, Sir, we are talking about telephones lines. I do not know how interest payment comes in!

(Laughter)

Mr. Angwenyi: Mr. Deputy Speaker, Sir, could the Assistant Minister tell this House whether they were off-setting a debt of Kshs45.7 billion that Kenya Posts and Telecommunications owes the Government of Kenya? Was the telephone debt that the Government owes the KPTC off-set with Kshs45.7 billion? Has that money been exhausted?

Mr. Arap-Kirui: Mr. Deputy Speaker, Sir, payment can take many forms. One of them is off-setting indebtedness between two or more parties. So, when we talk about paying, it does not necessarily mean cash payment.

Dr. Ochuodho: Mr. Deputy Speaker, I am inclined to agree with the Assistant Minister that telephone services are very essential. Indeed, rather than think of disconnecting lines, I would encourage for more lines to be made available where they are needed.

Mr. Deputy Speaker, Sir, however, I believe the Government takes cognizance of the fact that, the reason why civil servants use these telephones is because telephone services are too expensive in this country; and they cannot afford to use their own telephones. What arrangements has the Government made to reduce significantly

the cost of telephone services in this country because Kenya ranks as one of the highest in terms of telephone costs in the world?

Mr. Arap-Kirui: Mr. Deputy Speaker, Sir, I believe that the hon. Member is talking about reducing the cost of telephone services and not the telephone services. As everyone knows, in this country, we are in the process of liberalising the telecommunication service and in that process, the forces of competition will come into play. The impact of that will be to reduce the costs of telephone services. We expect it to happen and already, I think you have seen that the Telkom Kenya recently reduced its charges, particularly for international calls by as much as 45 per cent.

Mr. Munyao: Mr. Deputy Speaker, Sir, my serious concern on this Question is contained in part "c", where the Assistant Minister admits that excessive telephone numbers cause inefficiency. We belong to this country and we have gone to offices. One can go and book an appointment which would have taken 10 to 15, but it takes one hour because the officer is there engaged in a telephone, one telephone is ringing on one side and the other one on the other side! In view of this, could the Assistant Minister make sure that by the end of this year, those officers use the common lines because there is a secretary to direct telephones to them.

Mr. Arap-Kirui: Mr. Deputy Speaker, Sir, the number of telephone lines determine the efficiency or otherwise of their use. In fact, I think automatic telephones are more efficient than manual telephones. In all seriousness, the Member should be talking of automating the system rather than introducing more manual intervention in telephones.

Mr. Deputy Speaker: Next Question, Mr. Katuku?

Question No.505

TERMINATION OF MR. NYILE
MUNYAO'S EMPLOYMENT

Mr. Katuku asked the Minister for Labour:-

- (a) if he is aware that Mr. Harrison Nyile Munyao's employment with East African Industries Limited was terminated on 5th September, 1998, with no benefits after serving the company for over 13 years as a casual labourer; and,
- (b) if he could consider prevailing upon the company to employ the said casual worker on permanent terms or compensate him for the 13 years he has worked as a casual labourer.

The Assistant Minister for Labour (Mr. Maizs): Mr. Deputy Speaker, Sir, I beg to reply.

(a) I am not aware. The management of East African Industries Limited has denied ever having employed Mr. Harrison Nyile Munyao as a casual worker.

(b) In view of my answer to part "a" above, part "b" does not arise. However, if the claimant has proof to the contrary, he should report immediately to the District Labour Office, Industrial Area, for appropriate action.

Mr. Katuku: Thank you, Mr. Deputy Speaker, Sir. I am very surprised by the answer given by the Assistant Minister. I have a copy of a letter of appointment signed by the Personnel Administration Manager, East African Industries Limited. I have also a labour card issued by the East African Industries Limited, Serial No.157, on employment sometimes back in 1987. I want to table these documents so that the Assistant Minister can peruse them and may be, give us the right answer because he is misleading the House.

(Mr. Katuku laid the documents on the Table)

Mr. Maizs: Mr. Deputy Speaker, Sir, if there are any documents, I will go and peruse them. In my answer to "a" above, I said I am not aware, but if there is any proof to the contrary, we should immediately report to the Labour Office. So, if the Member is ready to pursue the matter, he can give us those documents.

Mr. Deputy Speaker: I think the best thing under the circumstances is for this Question to be deferred because these documents seem to be authentic to me. Since you do not have them, I will let you have them so that you can get an answer in view of these documents. Mr. Katuku, this Question will be deferred to allow the Assistant Minister time to come back with a more satisfactory answer, in the light of these documents.

(Question deferred)

Mr. Anyona: Mr. Deputy Speaker, Sir, when an honourable Member comes all the way with a case of an ordinary mwananchi who has no cause for any fitina; he has a problem he wants sorted out and he puts the Question to the Ministry. Then the Assistant Minister comes up and says that the company has denied ever having employed this person. Then, later on, a letter is produced which proves that the company was leading you up the garden path. Is Parliament going to allow itself to be treated this way by people and the Government? This is really wrong.

Mr. Maiza: Mr. Deputy Speaker, Sir, I have with me here a letter from the East African Industries Limited replying to us, so, it is not the Ministry.

Mr. Deputy Speaker: Order! Order! What you do with the East African Industries Limited is between you and them. This House merely wants an accurate answer, in view of the documents that have been laid on the Table. Take hold of those documents, peruse them, face the East African Industries Limited and tell us whether, in fact, the answer they gave you is accurate or not. If it is not accurate, you have to deal with them out, but we will deal with you in here.

Next Question?

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

Mr. Deputy Speaker: That Question has been deferred. You can raise that point of order when the Question is being answered properly.

Mr. Katuku: Mr. Deputy Speaker, Sir, I want to him give more information.

Mr. Deputy Speaker: You can do that, but we shall proceed to the next Question. Table those documents.

(Mr. Katuku laid the documents on the Table)

Mr. Deputy Speaker: Next Question, Mr. Mwiraria?

Question No.537

MEASURES TO CONTAIN MALARIA
IN MERU EAST DIVISION

Mr. Deputy Speaker: Is Mr. Mwiraria not here?

The Minister for Public Health (Prof. Ongeri): Mr. Deputy Speaker, Sir, I am ready to answer the Question if hon. Mwiraria is in this House.

Mr. Deputy Speaker: Well, Mr. Mwiraria is not here at the moment. We will come back to it later. Next Question, Mr. Mutahi?

Question No.428

REVENUE COLLECTION BY
NYERI COUNTY COUNCIL

Mr. Mutahi asked the Minister for Local Government:-

- (a) how much money was collected in terms of revenue by Nyeri County Council in 1996/1997, 1997/1998 and 1998/1999;
- (b) how much of this money was spent in developing Mukurweini; and,
- (c) which projects were undertaken in the said years.

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

(a) A total of Kshs8,260,080 in terms of revenue was collected by Nyeri County Council during the financial years 1996-1997 to 1998/1999 as follows:-

<u>Financial Year</u>	<u>Amount</u> <u>Kshs</u>
1996/1997	2,259,160
1997/1998	2,554,120
1998/1999	3,346,800

(b) A total of Kshs1,140,000 of this amount was used in the implementation of projects and programmes in Mukurweini.

(c) The projects and programmes which benefited from this revenue in the division, include the following:- Fencing of Gakindu Livestock Market and slaughter house, construction of public toilets at Gakindu, Taara and Kiahungu Market, payment of education fees for 10 destitute children in the division and grading of feeder roads in Gikundi Location.

Mr. Mutahi: Mr. Deputy Speaker, Sir, all that the Assistant Minister has said is very misleading. He has said that out of about Kshs7 million which was collected by Nyeri County Council, they could only afford to put up three toilets in Mukurweini Constituency. The amount raised on two consecutive financial years, 1996/1997, amounting to Kshs5 million was all misused by a former Clerk and former Treasurer of the Council so there were no services given. Can the Assistant Minister agree or deny that all the revenue that was collected by Nyeri County Council in 1996/1997 Financial Year was misused by the former Clerk and former Treasurer?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, there is nothing misleading in the statement that I have given. I have said that the figure that was used towards Mukurweini amounted to Kshs1,140,000. This money is out of the Kshs8,260,080 that was raised. There are several other divisions in Nyeri, Mukurweini is not the only one. I am not saying that the money was used only for the construction of toilets, it was used for all the projects unless the Member was not listening. I have listed all the projects and programmes that have taken the amount that was there.

With regard to the misuse of revenue, I deny.

Dr. Murungaru: Mr. Deputy Speaker, Sir, I am aware that the Assistant Minister is new in the Ministry of Local Government, but it is on record---

Mr. Kiangoi: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the hon. Member to say that I am new in the Ministry. I am the Assistant Minister for Local Government. Therefore, I am not new at all in that Ministry.

Mr. Deputy Speaker: Order! Order!

Dr. Murungaru: Mr. Deputy Speaker, Sir, councillors in Nyeri County Council had to storm the office of the Ministry of Local Government in Nyeri Town, because of misappropriation of funds by those two officers the hon. Member for Mukurweini is talking about.

Mr. Deputy Speaker, Sir, if the Assistant Minister looks at the figures for 1997/98 and 1998/99 financial years, he will see there is a difference of Kshs1 million. That is about 50 per cent difference which occurred between the time those officers were in office and the time they left. Now that the Assistant Minister is informed, could he deny or confirm that there was misappropriation of funds by those officers? The evidence is here.

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I was just saying that, being new in a Ministry is relative. But regarding that question, the fact that more money has been collected in any particular year than the previous one, does not mean that there has been misappropriation of funds in that year.

Mr. Wamae: Mr. Deputy Speaker, Sir, is the hon. Assistant Minister quite clear in his mind on what he is talking about? This is because the amount of revenue collected by Nyeri Council is not Kshs2 or Kshs3 million. It is much more than that. Even the allowances for councillors of Kshs6,000 is almost that amount. What does this amount consist of?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I am clear in my mind because these figures have been supplied to me by the officers from the Ministry. They show the money that was collected and how it was spent.

Mr. Mutahi: Mr. Deputy Speaker, Sir, the question that has been asked by hon. Wamae is very valid. The Assistant Minister has denied that there was no misappropriation of funds by those two officers. I do not know whether he knows that they have been interdicted because of misappropriating the money. Since they left, the council has now been able to collect Kshs250,000 per week or Kshs1 million per month. This amount totals to Kshs12 million per year. If the Assistant Minister does not have a proper answer, give him time to go and

research for a better answer. Could he tell us when the toilets in Mukurweini were built and the cost?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I do not know why the hon. Member is very much interested in toilets. This is because my answer was not only restricted to toilets, but it covered several projects. But to satisfy him, I will not restrict myself to toilets, but I will say that, fencing of Gakindu Livestock Market and Slaughter House cost Kshs120,000, construction of public toilets at Gakindu Livestock Market and Slaughter House, Kahara and Kiahungu markets cost Kshs300,000, bursaries for ten destitutes was Kshs660,000 and the provision of water through Gakindu Water Supply Project, which is maintained by the council, cost Kshs60,000.

Mr. Deputy Speaker: Next Question, Mr. Muchiri.

Question No.568

IRREGULAR RECRUITMENT OF WORKERS
BY NAIROBI CITY COUNCIL

Mr. Muchiri asked the Minister for Local Government:-

(a) if he is aware that Nairobi Town Clerk and other chief officers have employed thousands of employees and allocated thousands of plots since 1990, without minuting them in accordance with the Local Government Act, Cap 265; and,

(b) what action the Minister is taking to safeguard the interests of the allottees and the employees whose names were not mentioned in the minutes of Nairobi City Council.

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

(a) I am aware of the complaints that the Town Clerk and other chief officers of Nairobi City Council have since 1990, employed thousands of employees and allocated thousands of plots contrary to the provision of the Local Government Act, Chap 265 of the Laws of Kenya. I wish to state, for the information of the hon. Member, that, my Ministry cannot undertake to safeguard the interests of any employee or any owner or alleged owner of any plot, if such employment or plot allocation was in contravention of the law.

(b) The Ministry is investigating the above complaints and if any chief officer of the council will be found to have acted contrary to the law, the Ministry will not only institute severe disciplinary action against the officer, but also ensure that the services of these irregularly employed employees are terminated and the irregular plots allocated are cancelled.

Mr. Muchiri: Mr. Deputy Speaker, Sir, this is a very serious matter. In this House on 19th October, 1998, the Minister for Local Government accepted that they have allocated 11,146 plots and undertook to lay on the Table of this House, minutes on retrenchment. On three occasions, we have requested the Minister to lay those minutes on the Table. Now, he is saying that he will investigate. What will he investigate?

The Assistant Minister knows very well that, those minutes are not there, but yet the council has employed workers and allocated plots in the contravention of the law. Could he tell this House whether or not he will lay on the Table the minutes as he promised?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, the form of action that we are taking, as the Ministry, involves the following: With regard to the establishment, the Minister for Local Government has directed that the Town Clerk of Nairobi City Council, should within 14 days, which will elapse at the end of this week, to furnish his office---

Mr. Deputy Speaker: Which Town Clerk?

Mr. Kiangoi: The one for Nairobi City Council.

Mr. Deputy Speaker: Do they have one?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, there is the office of the Town Clerk. There will always be a town clerk, even in acting capacity, to furnish the Minister with the current staff establishment, including the following details: names and personal numbers, station, department and section, dates of employment, age and salary scale. In that way, the Minister intends to establish workers who have been irregularly employed.

Mr. Deputy Speaker: Order! Order! Lay the minutes of that meeting on the Table.

Mr. Kiangoi: Mr. Deputy Speaker, Sir, in the same directive, the Minister also directed the Council to furnish his office with details of all assets within its establishment, including those which been allocated to persons and those which have been disposed of, within 30 days.

Mr. Kamanda: Mr. Deputy Speaker, Sir, is the Minister aware that, even as we speak here, the Council's Town Clerk and his officers are still employing people? I have a document here to prove that as of last Monday,

the City Hall employed 100 people, who have reported to their respective places of work. The Council's Town Clerk has given the former Mayor some letters, signed by the Town Clerk, which he is using to recruit people from his office. When will the Minister ensure that the City Council of Nairobi stops employing people?

Dr. Ali: On a point of order, Mr. Deputy Speaker, Sir. Is the hon. Member in order to say that the Nairobi City Council Town Clerk is employing people as we speak here when he knows very well that she is already in jail?

(Laughter)

Mr. Deputy Speaker: Mr. Assistant Minister, answer the question that has been put to you by Mr. Kamanda. Ignore that point of order.

Mr. Kiangoi: Mr. Deputy Speaker, Sir, the directive that I have been referring to is dated 30th September, 1999. In that directive, also, the Minister directed that all employment at the City Council of Nairobi should stop forthwith. The Ministry has made some inquiries into the issues arising out of that particular question, and we were assured that no employment has been effected since 30th, September, 1999. When we get the full report, we will carry out the necessary investigations and find out if, indeed, any employment was effected after 30th, September, 1999.

Mr. Mwenje: Mr. Deputy Speaker, Sir, the two officers who have been messing up the City Council of Nairobi are no longer at the City Hall. The Director of City Planning, Mr. Kuria wa Gathoni, has resigned, while the Town Clerk, Mrs. Wandera, is now in jail. Now, could the Assistant Minister assure us that those two officers will not go back to the City Hall to continue messing up the City Council of Nairobi and that, the mess that has been going on at the City Hall will be stopped once and for all; and that, those who have been employed by the Council illegally will not be paid?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I believe that the hon. Member is aware that the officers are under a contract of service. So, termination or otherwise of their service to the Council will be governed by the terms of their contract of service.

Mr. Anyona: On a point of order, Mr. Deputy Speaker, Sir. I would like to raise two issues. One, it is the tradition of this House that any hon. Member who claims to have a document that contains information which contradicts what we have been told he is normally required to lay it on the Table. In this case, would we be in order to ask hon. Kamanda to lay on the Table the document he claims to be in his possession, which shows that the City Council of Nairobi continued to employ people even after the Minister for Local Government ordered a freeze of the same?

Secondly, when the Assistant Minister says: "We are investigating", this, really, means that the Question has not been answered. We have had so many of such answers in this House. What are we going to do about this? Is this House satisfied that this Question has been answered? Where will this issue be resolved after here?

Mr. Kamanda: Mr. Deputy Speaker, Sir, I have the document here, which I would like to lay on the Table of the House.

Mr. Deputy Speaker: Mr. Kamanda, give the document to the Clerk-at-the-Table.

Mr. N. Nyagah: Mr. Deputy Speaker, Sir, the Assistant Minister has with him, the letter that was written by hon. Kamotho on 30th, September, 1999, giving the City Council of Nairobi 14 days to furnish his office with the information outlined therein. Is he satisfied that the Council has fulfilled the directive of the Minister? Could he confirm whether the Ministry will follow the officers that are resigning from the Council, so that they can be made responsible for the mess they have created at the City Hall?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, the law knows no boundary. I believe that if somebody committed an offence while in office, the law of this country will take effect even if he is out of office. On whether we are satisfied that the Council has complied with the Minister's directive, I would like the hon. Member to realise that the deadline for the submission of those details has not yet expired. We will start taking action when the deadline expires.

Mrs. Mugo: Mr. Deputy Speaker, Sir, is the Assistant Minister not misleading this House by saying that they are investigating the matter, and that as soon as they find the facts, they will nullify allocations of plots that have been fraudulently effected by the Council's Chief officers, when we know that, on taking over the Ministry, Mr. Kamotho overruled the councillors who had nullified the allocation of some houses at Woodley Estate to individuals? Those houses were allocated to the individuals by the Council's chief officers, and not by the councillors. The Minister said that---

Mr. Deputy Speaker: What is your question, Mrs. Mugo?

Mrs. Mugo: Mr. Deputy Speaker, Sir, is the Assistant Minister serious about what he is saying? Secondly, could he assure this House that the allocations of the Woodley Estate houses that were effected without the Council's approval will be nullified, and that the Council will sell those houses to those people who had raised funds for the their purchase? Further, when will the Assistant Minister nullify the allocation of the school plot to some individuals?

Mr. Deputy Speaker: Mrs. Mugo, that is enough.

Mr. Kiangoi: Mr. Deputy Speaker, Sir, I would like to assure hon. Members that I do not mislead this House. What the hon. Member has asked for is contained in the first bit of my answer to the Question; I said that we will take action after the investigations that we are undertaking. After the investigations, which have a time limit, if any allocation is found to have been done illegally, the same will be cancelled. I believe that, that will affect all other areas.

Mr. Deputy Speaker: Mr. Assistant Minister, the documents laid on the Table by Mr. Kamanda indicate that the City Council of Nairobi employed some people in October. So, I would like you to check with the Council to establish whether its Chief officers did, in fact, contradicted your Minister's directive. Ask the last question, Mr. Muchiri.

Mr. Muchiri: Mr. Deputy Speaker, Sir, we need your guidance. Thrice, the Assistant Minister promised to lay on the Table, the Council's minutes concerning the plot allocations by the City Council of Nairobi. A year has now passed without those minutes being laid on the Table. Today, he is telling us that he is still investigating the same issue. Now, could he clarify the true position? We would like to know whether he is going to lay the Council's minutes on the Table regarding this matter or whether such minutes do not exist. If the said minutes do not exist, could he tell us the action he is going to take against the officers involved in scandals?

Mr. Kiangoi: Mr. Deputy Speaker, Sir, as a Ministry, we are trying to get the particulars, so that they can come alongside the minutes.

Question No.511

VEHICLE FOR PROVINCIAL
PHYSICAL PLANNING DEPARTMENT

Mr. Shidiye asked the Minister for Lands and Settlement when he will provide the office of the Physical Planning Department, North Eastern Province, with a vehicle to help in its work.

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

The Ministry will provide a four-wheel-drive vehicle to the Office of the Provincial Physical Officer, North Eastern Province, before the end of the current financial year.

Mr. Shidiye: Mr. Deputy Speaker, Sir, this is a very rare occasion. I am very happy with the answer given by the Assistant Minister and I hope that this vehicle will be delivered before the end of this year.

Question No.487

REHABILITATION OF NAIROBI-KISUMU ROAD

Dr. Ochuodho asked the Minister for Roads and Public Works in view of the recent spate of fatal accidents on Nairobi-Kisumu Road due to extremely poor road conditions, what measures are being taken to rehabilitate this road.

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

Due to the long range of the road and financial constraints the Ministry has planned to rehabilitate the road in sections. Some sections have already been repaired while others are under rehabilitation.

Dr. Ochuodho: Mr. Deputy Speaker, Sir, the Nairobi-Kisumu-Busia Road is a lifeline for this country. Bearing in mind that road accident is the major killer in this country; while appreciating the amount of money that the Government has put in fighting the AIDs scourge and realising that one of the very important people in this country who died on this road was Mr. Chepkwony, could the Assistant Minister tell us the amount of money that has been put aside in the current financial year to rehabilitate this road? How much money has the Government put aside for that rehabilitation?

Mr. Criticos: Mr. Deputy Speaker, Sir, I do not have these figures, but I have the names of the sections of this road which are currently under repair and the ones which have already been repaired.

Mr. Deputy Speaker, Sir, I do not have the answer on the exact amount of money which has been set aside, because that is a different question from the one the hon. Member asked.

Mr. Deputy Speaker: But if sections of the road are being repaired there must be money made available for them. How much money has been set aside?

Mr. Criticos: Mr. Deputy Speaker, Sir, I do not have the figure.

Mr. Deputy Speaker: If you do not have the figure, then we will have to defer this Question. He is really not giving you the answer you want.

Dr. Ochuodho: Until when, Mr. Deputy Speaker, Sir?

Mr. Deputy Speaker: Until Tuesday next week. This Question is deferred.

(Question deferred)

Question No.541

REHABILITATION OF ROADS IN URIRI

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

(a) when the Ministry will rehabilitate and murrum the following roads - Stella-Osopo-Sibuoche-Nyatike (Macalder), Oria-Rapogi-Uriri-Oyani Malo (Masai) and Oyani Farm (bridge)-Kamin Olewe-Midida-Gogo; and,

(b) the amount of cess from sugar cane and tobacco that has been used on each of these roads.

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

(a) (i) Stella-Osopo Road will be rehabilitated this financial year using *El Nino* funds. Advertisement for the tenders of this road has already been made.

(ii) Sibuoche-Nyatike Road will continue to be maintained using normal re-seal maintenance funds from the Ministry.

(iii) Uriri-Oyani Malo Road will be rehabilitated using *El Nino* funds.

(b) (i) No cess funds have been used on Stella-Osopo-Sibuoche-Nyatike and Oria-Rapogi-Uriri-Oyani Roads.

(ii) Kshs1.7 million from sugar cane and tobacco cess has been used to open up Oyani Farm (bridge) - Kamin Olewe to Gogo.

Mr. Omamba: Mr. Deputy Speaker, Sir, Stella-Osopo and Sibuoche-Nyatike is the same road. This is Road E101. Why does the Ministry not rehabilitate the whole road?

Eng. Rotich: Mr. Deputy Speaker, Sir, we cannot rehabilitate the whole road due to shortage of funds.

Mr. Ayacko: Thank you, Mr. Deputy Speaker, Sir. In his reply, the Assistant Minister has stated that Sibuoche-Nyatike Road will be maintained using the normal routine maintenance money. How much money has the Ministry set aside in respect of this particular road, and when will it be done?

Eng. Rotich: Mr. Deputy Speaker, Sir, we have not set aside particular funds for that road, but we have allocated the district Kshs2,929,833 for maintenance of roads, including that particular section.

Dr. Ochuodho: Mr. Deputy Speaker, Sir, increasingly, Kenyans see a lot of advertisement in the newspapers over tenders for the *El Nino* funds. We understand that a number of these roads will be funded by these funds. What is the Ministry's criteria for apportioning the *El Nino* funds, if there is any?

Eng. Rotich: Mr. Deputy Speaker, Sir, I do not think that this is part of the Question, but it was done under the project which is under the Office of the President.

Dr. Ochuodho: On a point of order, Mr. Deputy Speaker, Sir. I asked a very legitimate question. The Assistant Minister in replying to hon. Omamba's Question has said that the two roads will be funded by the *El Nino* funds and it is his responsibility to tell us the criteria of apportioning these funds. Could he tell us that?

Eng. Rotich: Mr. Deputy Speaker, Sir, I request that, that question be put to the appropriate Ministry, which is the Office of the President.

Mr. Omamba: Mr. Deputy Speaker, Sir, Osopo is eight kilometres away from Sibuoche and it is not clear why the Assistant Minister is saying that from Sibuoche to Nyatike--- What will happen to the distance between Sibuoche and Osopo? This is not clear to me.

Eng. Rotich: Mr. Deputy Speaker, Sir, it is true that Stella-Osopo Road is E101 and it is eight kilometres long. Since we did not identify the sections to be done, the money that we have will be used to make that section motorable.

Question No.537

MEASURES TO CONTAIN MALARIA
IN MERU EAST DIVISION

Mr. Deputy Speaker: Mr. Mwiraria's Question for the second time. Is Mr. Mwiraria not here? His Question is dropped.

(Question dropped)

QUESTIONS BY PRIVATE NOTICE

DROUGHT EFFECTS IN KIENI
EAST/WEST DIVISIONS

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

(a) Is the Minister aware that owing to the severe drought prevailing in the country at present, Kieni East and West Divisions of Nyeri District are hard hit by famine?

(b) Is he further aware that due to the said famine, some primary and secondly school pupils are at risk of not sitting for their exams?

(c) What urgent steps is the Minister taking to correct the situation?

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

(a) I am aware that most parts of the country are experiencing severe drought hence affecting the availability of food. These include; Kieni East and West Divisions of Nyeri District.

(b) No primary or secondary school has been closed down due to famine. In fact, the KCSE examinations are going on smoothly.

(c) The Government is doing everything possible to address the drought and famine situation. It is following up the matter closely.

Dr. Murungaru: Mr. Deputy Speaker, Sir, I am appalled by this frivolous answer to such a witty Question. Yesterday everybody heard the weather forecast by the Meteorological Department that there are not going to be any rains in this country until sometime in March next year. Is the Minister aware that he has been misled by his people on the ground? This is because children do not go to school to sit for their exams because they follow their mothers to go and look for food. Secondary schools have not been closed, but children do not go to school because they have to go out and look for food. Is the Minister aware that the situation is that serious?

Mr. Nassir: Mr. Deputy Speaker, Sir, before I came over to the House, I did check with the Minister for Education and he told me that there was no pupil who had not gone to school.

Mr. Ndilinge: On a point of order, Mr. Deputy Speaker, Sir. It appears that famine has hit all parts of the country, because we had a similar Question this morning. This is not like the time when Ukambani used to be the only badly hit region. It appears that every part in the country has been hit by famine. Could the Minister tell the House whether the Office of the President has a permanent solution, other than waiting for Questions to be brought to the House by Members? This is because famine is a general calamity in the country.

Mr. Nassir: Mr. Deputy Speaker, Sir, as usual, I do my job properly. I have a list of all the districts which were to be supplied with relief maize by this morning. If anybody wants to know the districts, I will lay the document on the Table and he or she can check. I hope hon. Members will go---

(Mr. Ndilinge stood up in his place)

Mr. Deputy Speaker: Order, hon. Ndilinge! You stood up on a point of order and you ended up asking a question. You did not raise your point of order, and that is why I am allowing him to read it out.

Mr. Nassir: Mr. Deputy Speaker, Sir, I would like to tell my colleagues' hon. Members that we are not all Angels and anything can go wrong anywhere. But an elected Member of Parliament or a councillor must go and see that supplies of relief maize are distributed properly and that there is no other business.

Mr. Deputy Speaker: Order! Allow me to say the following: That this Question has been coming up for the last two weeks, or more; in fact, since Parliament resumed sitting. It seems to be a widespread problem throughout the country. Would our interests not be better served if, in fact, you came with a comprehensive statement telling the House and the country generally of the famine situation so that you do not have to answer a famine-related Question from every hon. Member every time? That comprehensive statement should tell the country what the Government is doing now and in future about famine, because provision of maize alone is not the resolution of the famine problem. So, please, may I plead with you that instead of answering different Questions on the famine situation in the country from hon. Members you withhold whatever you want to say and come up with a comprehensive statement, say next week on Tuesday, that gives the House and the nation the Government's position on that very touchy issue so that everybody knows about it once and for all.

(Applause)

Mr. Nassir: Mr. Deputy Speaker, Sir, I entirely agree with you. But also, I did bring with me the list of the number of maize bags supplied to every district, which we are supplying today. So, actually, I will bring the Government Statement.

Hon. Members: When?

Mr. Deputy Speaker: Next Tuesday.

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

Mr. Deputy Speaker: Order! Let us take it as a national issue. Really, let us do ourselves justice. That is a national issue and everybody here, including the Ministers who are not asking Questions, have got problems in their constituencies. **[Mr. Deputy Speaker]**

So, let us save them the problem of having to ask Questions by allowing the Minister responsible to issue to the House and to this country a comprehensive statement of Government policy on famine now and in the future.

(Question deferred)

REPAIR OF KISUMU AIRPORT RUNWAY

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

(a) Is the Minister aware that the Kisumu Airport runway has been damaged and is full of potholes?

(b) What urgent steps is the Minister taking to repair this runway to avert pending disaster?

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

(a) Yes, I am aware.

(b) Work started on the 21st of October, 1999, to repair the runway and we expect that it should be completed by mid this month.

Mr. Ojode: Mr. Deputy Speaker, Sir, it is quite dangerous to have a runway with potholes. I usually use the plane to Kisumu and it has been so bad to have an answer like that one from the Minister, when he knows very well that the repair work did not start on 21st of October, but it started on piecemeal basis two months. Could the Minister now inform the House how much money is involved and who is the contractor doing that job?

Maj. Madoka: Mr. Deputy Speaker, Sir, the contractor is M/S Hayer Basin Singh and Sons?

Hon. Members: Oh!

Mr. Ojode: On a point of order, Mr. Deputy Speaker, Sir. You have heard of the name of the contractor. Let the Minister also inform the House how much money was involved and how many participated in the tender.

Maj. Madoka: Mr. Deputy Speaker, Sir, I cannot give the figure at the moment, but I will be prepared to bring it later.

Mr. Khamasi: Mr. Deputy Speaker, Sir, in view of what the Minister has said, may be, it will only be good that we defer the Question until he brings all information. But however---

Mr. Deputy Speaker: Order! I agree with you, because I am an interested party. Mr. Minister, so, I will use my position to order that the Question be deferred.

(Laughter)

Maj. Madoka: Mr. Deputy Speaker, Sir, I have no quarrel with that.

Dr. Ochuodho: On a point of order, Mr. Deputy Speaker, Sir. While appreciating the deferral of the Question, I would like to inform the House that I was at Kisumu Airport yesterday. Could we, in the meantime, appeal to the Minister to stop forthwith the use of earth soil to fill the runway until a comprehensive answer is brought to the House, because it is dangerous?

Mr. Deputy Speaker: Order! That is outside the ambit of the Question. So, I will now require the Minister to make sure that the airport is safe for me to land on.

(Laughter)

(Question deferred)

CLOSURE OF SANGALO INSTITUTE
OF SCIENCE AND TECHNOLOGY

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Science and Technology the following Question by Private Notice.

(a) Is the Minister aware that students of Sangalo Institute of Science and Technology may miss their exams due to the closure of the institution?

(b) Why was the institution closed?

(c) What urgent step is the Minister taking to ensure that the Institute resumes its normal operations?

The Minister for Science and Technology (Mr. Kosgey): Mr. Deputy Speaker, Sir, that Question has been referred to the Ministry of Labour; to be answered by the Minister for Vocational Training. This is because issues of science and technology fall within his docket.

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, I have got an answer to the Question---

Mr. Deputy Speaker: From where?

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, from the same Minister.

The Minister for Vocational Training (Mr. Kones): Mr. Deputy Speaker, Sir, I am quite happy to take over the Question and answer it.

I beg to reply.

(a) I am not aware.

(b) Sangalo Institute of Science and Technology was closed on the 12th of October, 1999, because the students refused to resume classes after riots precipitated by their earlier grievances they had presented to the college administration. That was a preventive measure to save damages to the institution.

(c) Sangalo Institute of Science and Technology opened on the 2nd of November, 1999, and students will sit for their examinations starting from 18th October, 1999.

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, I would like first to say that I did not take part in having three Ministers in the Ministry of Education which has created that confusion, so that this Ministry does not want to answer that Question. However, I am sure the Minister is aware of the problem we have in Sangalo Institute of Science and Technology and he should tell the House what exactly the grievances are and why the administration of the Institute chose to close down the institution instead of addressing those grievances?

Mr. Kones: Mr. Deputy Speaker, Sir, there was a long list of the grievances. Some were genuine while others of course, were not. The first thing that we had to do was to close down the Institute so that no damage could take place. Secondly, we were to give time to the management to address to these grievances, and thirdly, we were to recall back the students with a view of trying to improve the situation. Some grievances have been addressed by the Board of Governors entirely. That is why the students have accepted to come back to college. We also think that the students should not miss to sit for their examinations which are due in another two weeks' time. The grievances will be solved gradually.

Mr. Kombo: On a point of order, Mr. Deputy Speaker, Sir. The Minister is trying to avoid telling the House what the grievances are. These students had very genuine grievances and the major one was that they were being forced to share hostels and facilities with prisoners. Can the Minister assure this House that those students will not be victimised in any way whatsoever? They were being forced to share facilities in their hostels with

prisoners. Even prison wardens sleep there to guard the prisoners who are working at Sangalo. The Chairman of the Board of Governors had all the workers chased away from the Institute, got prisoners to work at Sangalo so that he and his team could misappropriate the money that would have been paid to the workers. These are major grievances. I want the Minister to assure the House that none of the students will be victimised for raising genuine grievances.

Mr. Kones: Mr. Deputy Speaker, Sir, I have a long list of grievances and it does not include that one. However, I would be very surprised if there would be prisoners sharing hostels with the students. If it is genuinely happening like that, I will inform the hon. Member after my investigations. The grievances forwarded by the students does not include sharing of hostels with prisoners. I know that certain male students wanted to share hostels with female students, which we refused.

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, the Minister in his answer has alleged that the Institute has been opened. I was in Bungoma yesterday and I received a letter from the Principal of the Institute asking me to attend a Board's meeting today to interrogate teachers. I cannot take part in interrogating teachers. Could the Minister assure the House that his Ministry will take action to remove the prisoners from Sangalo Institute of Science and Technology, workers who were sacked are reinstated and students do not share the facilities with prisoners? He should also assure the House that no student or teacher will be victimised.

Mr. Kones: Mr. Deputy Speaker, Sir, I said I am not aware of the issue of the prisoners sharing hostels with students and nobody has talked about it. I would like to state categorically that I will investigate. If it is true that there are prisoners who are actually sharing hostels with students, we will ensure that this does not happen again. Secondly, the issue of the hon. Member being invited to attend a Board's meeting where the teachers will be interrogated, is quite in order because he is a member of the Board. If a teacher or a student has taken part in the strike, it is only fair for the Board to address that issue. I would advise the hon. Member to attend the Board meeting and see that this problem sorted out because he is a Member of the Board.

COMPLETION OF KISUMU BUS PARK PROJECT

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

(a) Is the Minister aware that the Kshs130 million Kisumu Bus Park project, which commenced on 6th October, is in jeopardy because a Nairobi Company, Werro East Africa, is claiming the public land adjacent to the Moi Stadium, Kisumu, to which over 2,000 traders previously operating within the bus park have been transferred?

(b) When was this land, which belongs to the Municipal Council, allocated to a private developer?

(c) Could the Minister consider reverting the ownership of this land to the Kisumu Municipal Council?

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

(a) I am not aware that the Kisumu Bus Park project is in jeopardy.

(b) The dispute regarding the ownership of land adjacent to the Moi Stadium, Kisumu, is in court and, therefore, the matter is *sub judice*.

(c) In view of the answer to part "b" above, this part of the Question does not arise.

Mr. Ayacko: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the hon. Assistant Minister to say that, that matter is *sub judice* without citing the cast number and laying the facts before you to rule whether the matter is *sub judice*?

Mr. Affey: Mr. Deputy Speaker, Sir, for the hon. Member's information, the case number is Kisumu, CMCC/1498/99.

Mr. Deputy Speaker: Order! Order, hon. Assistant Minister, that Question has nothing to do with the court. It is asking you when this land was allocated to a company. How does that affect the court case?

Mr. Affey: Mr. Deputy Speaker, Sir, I was in the process of giving certain very vital supplementary information before the hon. Member interrupted my response. A Nairobi based Company, Werro, East Africa, is claiming ownership of public land adjacent to Moi Stadium, Kisumu and not the Kisumu Bus Park land, which is Kisumu Block 9/5. The Council has already appointed a contractor for the project, who is Hel Disham Singh. The Council has already cleared the site and the contractor is about to take possession.

Mr. Ndicho: On a point of order, Mr. Deputy Speaker, Sir. When the Kisumu Bus Park project started, the 2,000 Kenyan traders who were operating there were transferred by the Kisumu Municipal Council to this land to operate their businesses from there. The question the hon. Member has asked is: "Does this land now belong to the Kisumu Municipal Council or to these other people? If it belongs to the Kisumu Municipal Council, then these

people also belong to Kisumu Municipal Council and the Council and the Ministry should protect them. Whom does this land now belong to?

Mr. Affey: Mr. Deputy Speaker, Sir, as we are talking now, this piece of land does not belong to the Council any more. It has been allocated by the Commissioner of Lands to the Company. A letter of allotment was issued to the Company on 1st February, 1991, and a lease issued on 15th September, 1997. That is the dispute which is right now in court.

Mr. Kanyauchi: On a point of order, Mr. Deputy Speaker, Sir. The issue we are talking about here is simply related to land grabbing. One of the questions which the Assistant Minister is evading to answer is: When was this land, which has all along belonged to the Municipal Council, allocated to this so called Nairobi-based Company? On what basis was it allocated? This is pure and simple a question of land grabbing!

Mr. Affey: Mr. Deputy Speaker, Sir, I do not intend to mislead the House. All I am saying is that this land was allocated in the proper manner by the Commissioner of Lands on 1st February, 1991.

Mr. Orengo: On a point of order, Mr. Deputy Speaker, Sir. I am worried about the answers that the Assistant Minister has given. He has told this House that this Government, together with the Kisumu Municipal Council, has transferred a group of people who were operating legitimate business at the Kisumu Bus Park land which they have already allocated to somebody else. If he has said that in this House, on the ground this will affect the position of those who are carrying out business at this new plot. Mr. Deputy Speaker, Sir, the important question that I see in this Question is part "c". What is the Ministry doing to ensure that this land reverts back to the Government so as to protect those who are carrying out legitimate business? Since the Government is in the habit of protecting Government land, including Karura Forest land, why not protect this other land?

Mr. Affey: Mr. Deputy Speaker, Sir, this land was allocated and the Council moved the traders to it. As we are talking now, the traders are already operating from that piece of land. That is why this Werro, East Africa Company has filed a case in court to challenge the fact that the businessmen are on site.

Mr. Anyona: Mr. Deputy Speaker, Sir, I would like some clarification. My understanding of the law is that all land under local authorities is Trustland. Therefore, the Government has no direct control over that land. If the Commissioner of Lands has to allocate any land in the public interest, there are certain formalities with which he must comply with and he knows them. Can he tell us under what law this took place?

Mr. Affey: Mr. Deputy Speaker, Sir, I think I have been quite clear to the House. The Question I have been asked by the Hon. Member is: Is the bus park project in Kisumu in jeopardy? I am telling the House that the project is not in jeopardy.

Mr. Anyona: Unless the Chair rules that my Question is not valid, he is obliged to answer. Do not go astray.

Mr. Affey: Mr. Deputy Speaker, Sir, the Commissioner of Lands has allocated this piece of land to Werro East Africa Company. I do not understand what you are complaining about!

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

Mr. Deputy Speaker: Hon. Assistant Minister, proceed.

Mr. Affey: What the hon. Member has requested is under what law this land was allocated. The law is very clear. I do not think there is a contravention of the law. The Commissioner of Lands is entitled to allocate the land.

Mr. Maundu: The most fundamental question here is part (c) of the Question. The allocation of this land is irregular by all means. Is the Assistant Minister considering giving back this land to the Municipal Council so that the project of Kshs130 million is not put into jeopardy? If he has no answer for that, I know he is suffering from the same problem I used to suffer from when I was an Assistant Minister; that is insufficient briefs!

(Laughter)

Mr. Affey: Mr. Deputy Speaker, Sir, I am sufficiently briefed to answer this question. The gist of the matter is that this problem is not in jeopardy. As to whether we will consider reverting the ownership of this land to the council, the matter is already in court and our hands are tied.

Mr. Ngure: Mr. Deputy Speaker, Sir, looking at part (c) of the Question, the underlining fact is that this matter is in court. The Assistant Minister has confirmed that this land has been allocated to another party and he is saying this project is not in jeopardy. 2,000 people are already occupying this plot and they are carrying out trade there. In case this man who was allocated the land wins the case, who is going to pay the damages that will

arise henceforth? Will it be the Ministry or the municipality?

Mr. Affey: Mr. Deputy Speaker, Sir, that is a decision that should be made by the courts.

Dr. Oburu: Mr. Deputy Speaker, Sir, considering the fact that the Government was all along aware that, that land had been allocated to somebody else, what prompted the Ministry to move 2,000 Kenyans to that land and therefore, putting them in jeopardy of eviction, if this man gets a court order? Was the Ministry sleeping when they were allocating this plot to these 2,000 people? Did they plan for these Kshs130 million project before they started the implementation?

Mr. Affey: Mr. Deputy Speaker, Sir, the council was not aware of this. When this company claimed ownership of the plot, the council conducted a thorough search at the land registry and discovered that the Commissioner of Lands had already issued a letter of allotment.

Mr. Sungu: Thank you, Mr. Deputy Speaker, Sir, for finally recognising me. I know the Assistant Minister is protecting some individuals. One of them is a former Assistant Minister Dr. Manduku and another is Karen Nyangaa ---

Mr. Deputy Speaker: Order! Hon. Sungu, are you going to lay documents to prove those allegations?

Mr. Sungu: Mr. Deputy Speaker, Sir, I have got all the plot numbers in question and I can quote them.

Mr. Deputy Speaker: Just ask your question without intimidating hon. Affey.

Mr. Sungu: Mr. Deputy Speaker, Sir, I would like to know from the Assistant Minister when and how the Ministry of Local Government ceded control of local Government land to the Central Government. Secondly, under the Constitution of Kenya, the Government is allowed to acquire land compulsorily for public utilities. Will it give the people of Kisumu a chance to own their own land which was taken away from them illegally?

Mr. Affey: Mr. Deputy Speaker, Sir, it is not the intention of the Ministry of Local Government to harass the people of Kisumu or Kenyans. In the event that such dissatisfaction creeps in, we can, as a Ministry, assist the people of Kisumu.

Mr. Deputy Speaker: This is the end of Question Time. Next Order!

MINISTERIAL STATEMENT

VIOLENCE IN MOMBASA

The Minister of State, Office of the President (Maj. Madoka): Mr. Deputy Speaker, Sir, I wish to make a Ministerial Statement following a request from hon. Dr. Ochuodho regarding the violent skirmishes which erupted recently in Kisauni and the environs in Mombasa. I would like to state as follows:

On 16th October, 1999, at about 9.00 a.m. a group of about 10-20 men armed with pangas, rungas and iron bars and wearing ribbons around their heads attacked the residents of Mishomoroni, Bombolulu, Kisauni, Magongoni and Frere Town in Mombasa's North mainland. The thugs killed two people, injured 12 others and damaged the windscreens of three vehicles.

Mr. Deputy Speaker, Sir, immediately after learning of the incident, a combined contingent of Regular Police, Administration Police and the General Service Unit mounted a security operation in the area in pursuit of these thugs.

Mr. Deputy Speaker, Sir, during the operation, a total of 113 persons were arrested, but none were identified to be part of the gang. However, a total of 99 out of the 113 persons arrested, were charged with loitering and other petty offenses and were fined. The real attackers were not apprehended, but two people, namely; Stanbuli Abdullahi Nassir and Rajab Athumani Mwachitumbo were arrested for being found in possession of leaflets threatening upcountry people to leave the area. The two were charged with the offence of incitement.

The second incident took place on 25th October, 1999, at Kisimani area where it was reported to the police on patrol that a gang of about 20 young men, again wearing red ribbons around their heads without shirts and with clean shaven heads, were harassing members of the public. The police pursued the gang which was armed with pangas, rungas and iron bars and challenged the youth to surrender, but they instead charged at the police. The police officers opened fire killing one thug on the spot and injuring six others. The injured thugs were arrested and they led the police to the hideout of other gangsters who were also arrested.

Mr. Deputy Speaker, Sir, it was confirmed before the police officers arrived at the scene that the thugs had attacked and injured four people including a shopkeeper whose shop they had looted.

During the raid at the hideout of the thugs, the police recovered pieces of red cloth material and Kshs7,800. Two persons namely; Kaingu Baya and Barak Chai both believed to be witch- doctors were arrested.

The total number of suspected raiders arrested on 25th October, 1999, is 12. One of the thugs arrested, namely, Omar Juma, later died in hospital as a result of gunshot wounds while four suspects have already appeared in court.

The rest of the suspects will appear in court once they recover from the injuries they sustained. In the meantime, investigations are continuing, and I would like to appeal to leaders, particularly from the Coast Province, to stop issuing irresponsible statements which will incite the people to take action.

Dr. Ochuodho: Mr. Deputy Speaker, Sir, there seems to be a pattern on ethnic clashes down at the Coastal region. Before the 1992 elections, there was an eruption and before the 1997 elections, they similarly occurred. There are those who contemplate or anticipate that there will be a by election in Kisauni Constituency. This is what is occasioning ethnic cleansing that is taking place.

It is alleged that some Arabs down in Kisauni who believe that hon. Maitha draws his support from the upcountry people must be contained. Could the Minister tell this House: Why Ministers from the Coast Province have not condemned this action, why the report of the Akiwumi Commission on ethnic clashes has not been made public and finally, why perpetrators that were arrested last year in Likoni, in similar events, were not convicted? They are involved!

The Minister of State, Office of the President (Maj. Madoka): Mr. Deputy Speaker, Sir, the hon. Member concluded by saying that certain people were involved. Maybe he would be daring enough to mention those people who are involved.

Mr. Deputy Speaker, Sir, the Ministers from the Coast Province, have, indeed, condemned the action, and I, as the Minister in charge, have done it several times.

The Akiwumi Commission Report which was investigating the last clashes has submitted their report.

Mr. Maitha: Mr. Deputy Speaker, Sir, I am the hon. Member for Kisauni Constituency. Prior to these clashes, there had been pamphlets which spread the whole Coast region warning upcountry people to vacate. The PC who is the chairman of the security committee in the region, when asked by the Press, told them that he was not taking lightly those pamphlets, and that the Government was doing investigations. I got copies of those pamphlets and I reported to the Departmental Committee on the nation's security which the Minister is aware. Funny enough, the day of the clashes at Kisauni, coincides with that indicated on the pamphlets.

Could the Minister assure this House that the Provincial Security Committee gives more details on the pamphlets and who distributed them?

The Minister of State, Office of the President (Maj. Madoka): Mr. Deputy Speaker, Sir, when the leaflets started appearing, certain people were arrested and charged with distributing them. We are certainly continuing to try and establish who else may be involved in distributing these leaflets.

Mr. Wamae: Mr. Deputy Speaker, Sir, it was a well-known fact that an issue like this could arise in this area. Where were the Special Branch personnel, Assistant Chiefs and Chiefs of the area when these people were taking oath? Was the security system at the Coast working?

The Minister of State, Office of the President (Maj. Madoka): Mr. Deputy Speaker, Sir, the security system does work, but sometimes of course, some of these things escape the system, which is unavoidable.

POINTS OF ORDER

KILLER GANG IN RUMURUTI/NDARAGWA FORESTS

Mr. Thirikwa: Mr. Deputy Speaker, Sir, I would like to seek a Ministerial Statement from the Minister of State, Office of the President, with connection to what has been happening in Ndaragwa Constituency for the last two years.

Mr. Deputy Speaker, Sir, for the last two years, we have lost nearly 20 people.

Mr. Deputy Speaker: Mr. Thirikwa, for the last how many years?

Mr. Thirikwa: Mr. Deputy Speaker, Sir, for the last two years.

Mr. Deputy Speaker: Mr. Thirikwa, if it is for the last two years, how is it urgent now?

Mr. Thirikwa: Mr. Deputy Speaker, Sir, it is urgent because it continues to date. The DC, the police and everybody else in my constituency knows that this is happening, but nobody seems to be able to arrest anybody in that gang of people who have been living in Rumuruti and Ndaragwa forests.

Recently, those people have started mounting road blocks on roads and waylaying people. Last week they

mounted a road block at a place called Ndaragwa ambushed a vehicle and ransacked the passengers. What is more disturbing is that, up to date, we have lost 20 people to this gang and nobody has been arrested. I would like the Minister to explain why we have in place, a gang that is properly organised, clad in army uniforms. We would like to know who these people in Rumuruti and Ndaragwa forests are. We would also like to be told why the Government is unable to arrest even one of them. Two guns were recovered from this gang.

Mr. Deputy Speaker: Hon. Thirikwa, I think you have made your point.

Mr. Thirikwa: Mr. Deputy Speaker, Sir, I would like the Minister to give a comprehensive Ministerial Statement regarding this issue.

The Minister of State, Office of the President (Maj. Madoka): Mr. Deputy Speaker, Sir, I would like to request the hon. Member to put it down in writing, particularly giving us the names of the 20 people he is talking about, and all the other details. Then, I will be in a position to make a comprehensive statement.

Mr. Deputy Speaker: Next Order!

BILL

Second Reading

THE FINANCE BILL

(The Minister for Finance on 2.11.99)

(Resumption of Debate interrupted on 2.11.99)

Mr. Deputy Speaker: Prof. Anyang'-Nyong'o was on the Floor, and he had ten minutes to go. Is he here? If he is not, Mr. Kibaki!

Mr. Kibaki: Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to the Finance Bill.

This Bill is about Government revenue and the various sources that the Government gets revenue from. One of the main sources the Government is getting money from nowadays, is borrowing locally. In the previous Budget and the current one that were brought to this House, we were promised that the Government would control its expenditure, so that it ceases to borrow from local banks and local insurance companies, so that the public could have access to revenue. This would enable the public to develop the projects which have been delayed for many years. In so doing, they would be reviving the economy of this nation.

[Mr. Deputy Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, what has happened now, is exactly the opposite. The Government has continued to borrow heavily, locally, they have continued to raise the rate of interest they pay on Treasury Bills, and consequently, all banks and insurance companies are now investing in Treasury Bills of the Government. Consequently, the people of Kenya cannot now borrow from any bank for any commercial operation, except at a rate of interest between 30 per cent and 35 per cent. There are no projects which can be viable at the rate of interest of 30 per cent or 35 per cent. That is the reason why there are no new investments in the country. Therefore, when the Minister and the others talk about reviving the economy, they are clearly cheating the public of Kenya. They are telling us stories; it is not the truth. The action and the behaviour of the Government has exactly the opposite effect.

This is because money lent by banks at 30 to 35 per cent is far too expensive for any Kenyan. That is a fact! We are not telling stories. In fact, these facts and figures are also included in publications which are issued by the Government itself, through the Central Bank. Therefore, if the Government is serious about encouraging private investment, it must stop borrowing as heavily as it is doing. A new factor has emerged, beginning from the last two months, that the Government is now borrowing locally in Kenya, to pay foreign debts abroad. The Government should pay external debts from other sources. We are borrowing locally to finance external debts. That means that, in addition to foreign capital following out, the Government is encouraging any Kenyan saving

to be spent paying old external debts. It means there is no prospects for this nation, to revive its own economy. We call upon the Government to honour the commitment to the promises that it made. The money the Government is borrowing is financing things which are not in the Budget. Therefore, the discipline which we were promised in the Budget; that the Government will live within its means; that it will only spend money on items listed in the Budget, is not being honoured. That, for us, shows that the Government is not serious about what it promised. This is because the Government is doing exactly the opposite. We want to propose to the Minister for Finance that, in view of the prospects of a big famine; and in view of the drought inflicting Kenyans; and in view of the focus that in the next nine months, we will have no proper rains in this nation, the nation will continue to be very hungry. The nation will need to import a lot of food. So far, you hear Ministers talking about enough stocks of maize. Could the Minister issue a statement in this House; to say where the stock is, and where it is stored? The people would like to know where it is. We know that we do not have adequate food. Eventually, we know that we will have to import food. We know that the people who are now short of food, do not have any money to buy food. They will have to be fed through famine relief. What is the Government waiting for? Could it now declare disaster areas, and appeal for food aid from the World Food Programme, Food and Agricultural Organisation (FAO) and other countries which have given us help in the past? That is the way we should be acting now. We are acting as if there is no crisis. When people are dying of hunger, how many more have to die before any action can be taken by the Government? This is a very serious matter for the nation! It is not something to be taken politely by the Government, as if all is well.

The Minister for Agriculture made an atrocious statement that, they have adequate resources. That is not true! We do not have that food! We know that the long rains failed. We know that we did not have the kind of food that we should have. Therefore, we are asking for the Budget to be recast, so that money may be moved from other Ministries, to be allocated to the importation of food. That is going to be vital. Otherwise, people will die. We cannot be told that, they are going to depend on private traders. The traders will not take maize to Isiolo, Marsabit and Turkana because they know the people there do not have money to buy the food. There is no point pretending that private traders can take any care of those people. Those people are going to die, as some of them already have.

Mr. Temporary Deputy Speaker, Sir, in this Budget, the Minister had promised that goods which are imported and utilised by NGOs, including charitable institutions and churches, will not be taxed. I went through the Bill and there is no such action! The Minister will continue to tax churches and charitable institutions. It is a terrible shame! Today, we all know that 45 per cent of medical services that Kenyans get, are from charitable organisations and churches. Why should they be taxed on goods that they receive as gifts? Those are goods that they receive from people of goodwill abroad, to assist the poor. Why would the Government want to tax such things? It is discouraging charitable institutions in the world from helping similar institutions in the country. The money the Government gets is very little. It is a pity because the Government knows that those charitable institutions do not trade. They help the ordinary Kenyans. Why should the Government want to pursue them and collect small sums of money? The Minister should withdraw any taxation on goods meant for charitable institutions and NGOs. That action should be taken.

(Mr. Keah waved his hands)

I do not know what the Assistant Minister is waving about! I am only talking about the truth, which he already knows. I know that he knows. I know he understands what I am talking about.

(Mr. Keah laughed loudly)

I do not know what he is laughing about! It is not a laughing matter! It is a very serious issue! To be known in the world as a very useless Government, which double-taxes farmers--- Could the Minister stop charging farmers the Presumptive Tax? It is double-taxation! It is tax on gross figures! If you sell milk, you are taxed on the money you are paid, before anybody looks at the cost of feed-stuff and everything else. That is very important. I do not care whether you were in that Ministry or any other, but the double-taxation has been there and it is very serious.

Mr. Temporary Deputy Speaker, Sir, there is a sector of this nation, which is new and growing. That is the saving societies (SACCOs). Right now, in this nation, the SACCOs control more than Kshs10 billion in savings. It is nearly Kshs12 billion! They are growing at a phenomenal rate. In the arrangement of the

Government, the SACCOs are tucked somewhere in one corner of the Ministry of Agriculture. This is because the co-operatives have been put in the Ministry of Agriculture. The Minister for Finance should take an interest in those institutions now, and amend the law to recognise the SACCOs. Since they are financial institutions, the Minister for Finance should take an interest in them, so that the management, from the very beginning, can be vetted. It can be a management which can take care of the savings of the ordinary Kenyans. The societies now belong to the ordinary Kenyans who save small sums of money. Eventually, the Ministry and Central Bank will be involved. They will come later. But now, it is the right time not to leave those institutions hidden inside the Ministry of Agriculture. Let them be treated as financial institutions, which require to be supervised, particularly on the side of management. Their managements and investments should be supervised. It is very important.

Mr. Temporary Deputy Speaker, Sir, there was a request made by many farmers in this country; to have their own bank, so that they may be able to finance importation of agricultural inputs. Today, those who represent rural constituencies know that, the ordinary farmer in Kenya has no access to any credit. The Agricultural Finance Corporation (AFC) is broke dead! It has been looted completely! There is no other English word for it. That is exactly what has happened. There is no money whatsoever, which a farmer can borrow to finance agricultural inputs. Consequently, many farmers who planted this year and earlier on, did so without using fertiliser. Others could not afford to buy grade seeds. Yet, we continue in a naive manner, looking upon the farmer to revive the economy. Are we sick? The Government must be sick! How can we look up to the farmer, who has no access to credit, and pretend that he will be able to finance fertiliser, whose price has been shooting up; and will shoot up even more, because the Kenya shilling is going downwards? The price of the fertiliser will double. The farmer has nowhere to borrow money. If you go to borrow from the commercial banks, you pay at 35 per cent interest. Which farmer can recover 35 per cent on a loan? Nobody! Therefore, to expect that the farmer will revive the economy, is truly naive and simple. It is not what is expected of a Government. Some action must be taken in this field. The farmers themselves have shown initiative. They wanted to start their own bank. They have the savings. But the Central Bank of Kenya and the Treasury said the farmer cannot manage such a bank. That is total nonsense!

The truth of the matter is that the Central Bank of Kenya and the Treasury have been lobbied by the seven largest commercial banks in Kenya. They do not want the farmers to have their own bank because they know that if we have a farmers' bank, it will take the savings from the farmers and the banks will not continue to exploit them. As we know, those same banks are the ones which take the savings of the rural farmers who grow tea, sugar, coffee or horticultural crops. All their savings are invested in those banks. They are invested in current accounts and they are paid no interests and yet, that is the same money which is transferred to Nairobi and lent to commercial traders at 35 per cent. This is money which banks get free of charge from the farmers, but lent out at 35 per cent. This is exploitation of the highest order!

Mr. Temporary Deputy Speaker, Sir, for a Government which pretends to be serving Kenyans and continues to protect such a system, it is absolutely disgracing and above all, to go on pretending that there will be a way of reviving the economy when the farmer has no access to credit facilities and yet he is the main producer, it is fallacious. Nothing is going to happen! So, as a minimum of what can be done, let the farmers undertake self-help measures by having their own bank. They will recruit qualified people because we have them in Kenya, to manage those banks.

In this year's Budget, there was need to put in place control measures on the price of farm inputs such as sprays, fertiliser and so on. At the moment, they are totally free because there is no control. Therefore, these banks are exploiting the farmers in this country. The Government cannot withdraw from supervising the marketing of fertiliser because it is an essential commodity. Until we get fertiliser at a reasonable price, we are not going to raise the yields per acre of any of the grains. That is the role which the Government must play. It must come in and help in supervising the import and distribution of that particular product because it is an essential item.

Mr. Temporary Deputy Speaker, Sir, there is the demand by local manufacturers of textiles and other goods, that they be protected from the cheap imports which are flooding the country. When the Minister was moving this Bill I thought I had misread it. So, I went over it last night and discovered that there is no single clause to protect local people. He was saying that the Government is determined--- And he has no shame in using such a word! If truly, there is determination on the part of the Government, then there is still time to move an amendment. Can he bring some amendments during the Committee Stage which will put tax on these goods which are being dumped into the country from Egypt, Korea, Taiwan and everywhere? Can he bring that amendment to show that the Government is determined? Why should he speak such a language? Who is he trying to cheat; is it himself, the public of Kenya or the world? We require a Government that can mean what it says and which can take action. Otherwise, they are only determined to say: "From now on, we are determined," but up to

now they have not been determined. Can we see that action being taken?

Mr. Temporary Deputy Speaker, Sir, in this country, all the small industries are closing down. We can count the number of industries that have closed down here in the industrial area for the last two years, and how many people have been sacked from their jobs, and yet Minister after Minister will stand up here and without shame repeat that in the year 2020, we shall be an industrialised nation. Are we not talking nonsense? How can we be industrialised when we allow what exists to be killed? When and where will we begin from.

Mr. Temporary Deputy Speaker, Sir, there has never been in history any nation which has been able to build an industrial base without some protection of her small industries. Those of us who have read economic history of nations know that, that is a fact. Today, nations like Japan, Germany and America all of which preach to us about free enterprise are still protecting their textiles. We cannot even export a single shirt to America from Kenya. We are given a quarter of what to export to America in order to protect the American industry. But here we are in Kenya without any industry! We had KICOMI and the Rivatex, but they are gone and others will go. The smaller ones even went under before and we are still saying: "In the year 2020 we shall be industrialised." Are we not cheating Kenyans? We are not serious! The Government is only fond of talking but their actions speak louder than their words, just like in corruption, their actions speak much louder than their words. When we are told: "From now on, *tutakusanya watu kama panya---*" *Watu ni panya kweli?* We are being told this but today, there are Kenyans who are importing petrol without paying taxes by pretending that they are going to take it to Uganda and Rwanda but end up selling it inside Kenya. What kind of Kenya Revenue Authority do we have?

The Assistant Minister for Lands and Settlement (Mr. Keah): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for hon. Kibaki to allege that people are importing petrol without paying taxes? Could he be kind enough and pass that information to the Government, or substantiate it? Can he name those people?

Mr. Kibaki: Mr. Temporary Deputy Speaker, Sir, you and I know that the hon. Member for Kaloleni is fond of pretending. Even when he was in the Ministry of Finance, he was pretending every time! He always wants me to substantiate things which are obvious. We can bring the main operators in the petroleum industry, that is the large companies that have been here for years. They do not only know the quantities being imported but also the people who are importing petrol without paying tax. They also know why the tax is not being paid. It only requires common sense, and common sense is not as common as we assume. Common sense will show that if one is importing petrol and paying tax like everybody else, one cannot sell that petrol at a discount of 20 per cent. That is because petrol is taxed at 50 per cent of what you pay. One cannot afford to give any discounts if he has paid tax on petrol. These are common sense and these things are available. But then, common sense is not as common as is presumed. We know! These things are known in Kenya by those who live in Kenya. This is because, after all, if you are a Government seeking to collect revenue and you do not collect revenue on main items which pay tax in these areas like petrol, beer and all other drinks, then how are you pretending that you are collecting tax? Why are you raising tax when you are already taxing Kenyans at 30 per cent of their income? 30 per cent of our GDP is being taken as tax. That, you pretend you do not know and yet you know.

Mr. Temporary Deputy Speaker, Sir, what I was saying is that if the Government is serious, actually it would take action on this Clause 1 (4) so that, that revenue would come to the pocket of the Government. Otherwise, why is it subjecting the farmer to double taxation unreasonably, when it is not taxing the richest trade, which is petrol trade? Then we are losing money on that one, including money which should go to making roads through the fuel levy. That is all I am saying and these are rational things.

We are not being irrational. We are advising on what should be done.

Mr. Temporary Deputy Speaker, finally, let me say that although the Finance Ministry is continuing to improve the Kenya Revenue Authority (KRA) and on the general revenue collection, we have African traders who are only just beginning to get into organised trade and there is need for us to give them a certain understanding. We are not asking for exemption but understanding when they are being investigated. This is because many traders now get an assessment of enormous amounts and they do not know what it is based on. He is suddenly told that he owes the Government huge amounts of money. So, he is then put into a position where he is facing either closure or anything else; he needs to seek people who are professionally qualified to assist him in writing the accounts, he needs to be given time - a little time. This is because a new taxpayer, particularly when he offers to give the accounts and to present them, the Kenya Revenue Authority should give them time - a little time. This is because once he has done that, now he has entered that net. He is not objecting or refusing. He is only asking to be given a little time to provide the information needed. I would otherwise support this Bill if, in fact, the Minister could come with some amendments to protect our local industry and show goodwill.

Thank you.

The Minister for Tourism, Trade and Industry (Mr. Biwott): Thank you, Mr. Temporary Deputy Speaker, Sir. I will not speak about the year 2020 because I think that is a matter of conjecture. However, I do believe that Kenya is in a position to attain industrialisation or lift itself to a stage where, accordingly, it can create a major impact in this region. This is if we organise ourselves because 20 years is an awfully long time for people to organise. If you look at Kenya, we have the manpower, the middle class and the infrastructure which we have allowed to deteriorate. However, we can revive it very, very quickly and we have the ability to do it. Since we now know exactly what the industry wants, all we need to do is to invest more, revive the industries that exist and attract more investments. However, I think there is need for the Opposition to stop demonising their own country and instead, try to offer any constructive suggestions that will assist us in building our own economy.

Mr. Temporary Deputy Speaker, Sir, we are dealing with the Finance Bill - the bill to collect revenue. The Government needs revenue to finance public services but in doing so, we need to understand our own economy. We need to understand the sources from which the revenue is derived in order to assist those protective sectors to grow and sustain such a growth that the ability of those industries to pay the taxes is enhanced. We know that our industries at the moment suffer from undue competition and are not profitable. Because they are not profitable, the climate itself is not good enough to attract investments. If our own industries and services will not grow, employment will decline and these are the factors that we need to face in order to ensure that our country prospers. This will create employment and attract foreign investments.

Mr. Temporary Deputy Speaker, Sir, I said earlier on that we now know what is needed. We have met as an industry. We have met the industrialists, business people and the potential investors and they have enumerated what is required. Most of what they need are things that we can attain. First and foremost, is to stop making our industries less competitive by taxing the raw materials. I believe, the Minister is already aware that there will be need for him either in this Finance Bill or the next one, to ensure that the raw materials are zero-rated especially the ones which deal with agriculture or agro-industries and the kind of inputs that are required in order to make our industries competitive vis-a-vis the other products which come in from other countries.

Mr. Temporary Deputy Speaker, Sir, another thing we need to understand is that we are now operating in a competitive world which has been globalised and liberalised in such a way that unless your own industries and services are competitive, you cannot sustain your unprofitable industries. So, what do we do? We have to understand that there is a regional integration called COMESA which is aiming at zero tariffs by October next year. We must also know that we are members of the East African Co-operation which will become a community very soon. All those countries are looking at the bigger markets which will be created as their own markets and they are also looking at the kind of industries that will compete effectively with their own countries. In both the East African Co-operation and COMESA, the trend has been to reduce tariffs to zero. Today, goods originating from COMESA countries, subject of course to the certificate of origin being correct or the rules of origin being applied correctly, enter our markets at 2 per cent and yet we are not sensitive enough to address ourselves to the problems that will be caused by the entry of such goods in our COMESA member states. Because we are not sensitive, we are today taxing our raw materials at anything between 5 to 15 per cent. So, we are already making our industries uncompetitive even before they start coming into production. These are the areas which I hope the Minister for Finance will focus on. He should demonstrate to this House and to the entire country that this Government is sensitive about these issues.

Mr. Temporary Deputy Speaker, Sir, the Government is sensitive to the welfare of the people of Kenya and it is also sensitive to the requirements of our industries which are needed in order to increase our wealth and also increase our capacity to tax them for the good of our own country. But we cannot achieve this unless Kenyans are proud of their own country. Unless Kenyans buy Kenyan products first, then the regional integration products second; or they buy whatever they have a comparative advantage from Kenya and then think about what other member States are producing on competitive basis--- Unless we do that, we will continue to have people who are sabotaging their own economy by bringing in second-hand goods and, by entertaining dumped goods, poor quality goods simply because they want to make profits at the expense of the welfare of this country.

We will be introducing an Amendment Bill to increase the powers of the Kenya Bureau of Standards in order to catch those who are cheating in terms of quality of the goods which are coming into the country and especially those who are dumping goods that have got a shorter expiry period and those which have got low-quality ingredients. We hope that, when that Bill comes before this House, the House will assist in passing it.

Mr. Temporary Deputy Speaker, Sir, our own people are now suffering because the COMESA goods come here at two per cent, yet our own goods [**The Minister for Tourism, Trade and Industry**] are taxed at the source. This aspect has already been made known to the Minister for Finance and he is looking at it. We know that we may not do what is necessary in this Finance Bill. But I hope that the Minister for Finance

will set his machinery in motion in trying to relieve some of those burdens so that, our own industries can still fit in what the Kenyans can do. We also hope that Kenyans will not bother importing goods from outside the region; for instance, from some Asian countries or other countries which are producing low quality goods.

In addition to the tariffs, there are also other impediments which need to be looked at. For example, the high cost of electricity needs to be attended to because it is also contributing to the high cost of production. The infrastructure, like the roads, which I am quite sure that this Government will make it is repaired, and upgraded as expeditiously as we are able to pass the Bill, will enable such an undertaking to be done. The Roads Bill and the Axle Load Bill will also be introduced into this House. That, again, will demonstrate to the hon. Members opposite, that they have a reliable Government which they need to have faith in, in order to assist Kenyans in providing them with services.

Mr. Temporary Deputy Speaker, Sir, the rate of interest is very high. The security aspect of it is also adding to the cost. There is also the aspect of corruption where business people are being asked for something from the beginning to the end.

I am pleased to say that, this Government has already set up the Kenya Anti-Corruption Authority (KACA), and has made it known to Kenyans that, any corrupt element must be reported so that he is dealt with; more so, the recent changes that His Excellency the President has put in place, including the appointment of Dr. Leakey and the Recovery Team---

Mr. Mwenje: On a point of order, Mr. Deputy Speaker, Sir. Is the Minister in order to continue saying that, the Government has set up Anti-Corruption Authority and whatever; when all those corrupt officers named in the Public Accounts Committee and Public Investments Committee Reports--- The Government has not acted on any of those recommendations!

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Temporary Deputy Speaker, Sir, I am quite sure that the hon. Member knows that the Government has got a long arm and anybody who is corrupt is bound to be caught in the course of the pursuance of justice.

Mr. Munyao: Their days are numbered!

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Munyao, the thief has 40 days! At the end of it they will be caught. So, on the 41st day, the thief will be caught. But, anyway, there is clear evidence that the Government is doing something on corruption and other vices.

Mr. Temporary Deputy Speaker, Sir, on the aspect of tourism, it suffers from similar problems of taxation at the production level. The raw materials are being taxed when it is the final products which should be taxed.

There are also other things which spoil the name of this country; notably begging. This is because I have received a lot of letters from people saying that the beggars are pestering them. I think Kenyans ought to be proud and look for jobs and create jobs. They should also stop begging because that is giving them a very, very bad name; plus those who are also cheating.

Mr. Temporary Deputy Speaker, Sir, with regard to roads and security--- I believe in everything I say, because I am a truthful person. I also wanted to emphasise the point that, there is also need for the Minister for Finance to look into the unnecessary taxes which undermine the tourism industry. I am glad to say that we have also met with all the tour operators; and all those who are connected with tourism and they have highlighted what exactly needs to be put in place in order to enable them invest more in tourism. I am also glad to say that, all over the world, whenever you go now, people want to come to Kenya. But it is up to Kenyans to be proud of themselves, not to be beggars and not to be cheats. They should be as friendly as possible and more so, to clean the towns and cities.

I am quite sure that the hon. J.J. Kamotho, who is the Minister for Local Government, will see to it, all the local authorities; municipalities, towns councils and the cities are kept clean. When the tourists come, they will be able to see that Kenya is a tourist country.

Mr. Temporary Deputy Speaker, Sir, let me name just a few examples of the kind of the amendments which the Minister for Finance might care to look at. I know that, at the moment, he has got problems trying to raise money and we know that the ability of Kenyans to pay taxes is becoming more and more limited. For example, in the case of batteries; an Egyptian battery will enter the country at two per cent tax because Egypt is a COMESA member, yet in Kenya here we are taxing the raw materials used in making dry cells at about five to 15 per cent, therefore, making it impossible for that product, however good it is in quality, to compete with what is coming from other countries. These are the sort of measures which we have drawn the attention of the Minister for Finance to. In the case of plastics which Kenyans have been manufacturing; you will find that most of the raw materials for these sectors are not available locally. In order to boost this sector and enable it to withstand competition from imported products, it is necessary that some key raw materials are zero- rated. The industry has

already analyzed what they need exactly.

Mr. Temporary Deputy Speaker, Sir, on the question of textile, the previous speaker spoke so eloquently and I do agree with him entirely. You will find that this sector is really boring because it is on the verge of collapse and yet, in this Budget, we have introduced a tax of between 25 per cent or Kshs6 per square metre which makes it easier for other products to come in cheaply. In the previous one, the tax was 25 per cent or Kshs11 per square metre, so we have dropped Kshs5. That Kshs5 alone is doing a lot of damage. I believe that the Minister for Finance will look into this issue and make sure that it is amended.

On the question of tourism, there has been talk of re-introducing the visa. I believe that the benefit of that visa is more psychological than economic. But the rest of the world who are supplying us with tourists have already been made aware that Kenya has removed that tax. I believe that there are other ways of taxing the sector which will give the Minister for Finance more money than what he will raise through the visa without affecting the tourist flow into this country. This is also a matter which we have discussed with the Minister for Finance and he too, being a responsible Minister, has acknowledged and he is working on some amendments which will facilitate this. In the tourism industry, as I said earlier on, we have the greatest prospects, but we would have liked every Kenyan to be courteous and encourage tourism even in the smaller places so that tourists will come to this country. I have been receiving letters from tourists who come here, who are pestered, who are cheated and they say that: "If this is what your individual people are doing, we will not really regret because this is a wonderful country."

On industry and commerce, I will encourage anybody with good ideas to come forward because we need industries to be developed. We need to look at this issue on a bi-partisan basis and we need to build Kenya as a whole. It will help a lot if the hon. Members opposite will talk of Kenya in a positive manner and to offer concrete and pragmatic suggestions which will help this country. Otherwise, the role of the Opposition will not be as useful to the Kenyans as it is intended.

With these few remarks, I beg to support.

Dr. Kituyi: Thank you very much, Mr. Temporary Deputy Speaker, Sir. I will start off from where hon. Biwott left. The hon. Minister represents a very interesting paradox in Kenyan leadership. When he is talking about industry, he sounds reasonable like a nationalist bourgeois. But when he is talking about politics, you even see that he does not believe what he is talking about because he is addressing an audience other than the immediate audience before him. He does not believe in those things he says. There is something very worrisome.

When the Minister for Tourism, Trade and Industry says that we should clean up our towns, we should take away beggars, tell them to go and create employment elsewhere; it is not because we want a clean town, not because we want a better livelihood for beggars but because we want to cheat our visitors. We want more tourists to come.

There is something very sick about logic and priority. You cannot create a good country in order to attract tourists. First and foremost, you create a good country for the citizens. Then those conditions that are decent for the citizens can be an impetus to the growth of the tourism industry. To say, let us stop insecurity so that we increase the number of tourists is to diminish the value of the lives of Kenyans. To say, let us remove the garbage in our streets so that more tourists will come, is to say that, as Kenyans we are not consumers of a clean environment ourselves, or the concerns of Kenyans about a decent environment are not good enough to permeate Government thinking about priorities.

Mr. Temporary Deputy Speaker, Sir, I will want to make my main concentration to be on a matter of agriculture, regional trade and tariffs. But before I do that, there are a few things that are a bit bothersome to me.

Mr. Temporary Deputy Speaker, Sir, first, I see substantial justification for some of the things hon. Members have been asking for here. There was a request of reduction of duty on kerosene and indeed, the Budget does offer certain reductions of duty. For example, reducing duty on cold storage vehicles to 5 per cent. At one level, this can be seen to be good, but there are some fundamental problems in this country. Today, apart from the cheats who are importing and selling petroleum without paying duty, one of the worst problems affecting the petroleum sector is the adulteration of petrol and diesel by the addition of kerosene. If we cannot develop the capacity to punish the culprits who are involved in this and we reduce further the price of kerosene; it means we are going to expand the adulteration of petrol and diesel. This is typical of this Government. This problem is there. You see it in all newspapers and I thank particularly the *Nation Newspapers*, who have been exposing the details of stations where there is adulterated petroleum and places where they do the adulteration. These Ministers will keep quiet until the President announces one time when he stops in a market place and says: "We will now deal with the people who are adulterating petroleum" and every Minister that weekend will say: "Now, we are dealing with people adulterating petroleum." Before he says it, they cannot see it as a problem.

I thank the Caltex Petroleum Company which has been the first company to declare that it will not sell its products to retailers who are known to be adulterators. What would have happened is for the Government to insist

on all wholesale or bulk consumers of petroleum that they share a responsibility in monitoring adulteration of petroleum products. That way, it becomes easier for us to start saying, yes, let us further reduce duty on kerosene. But if the reduction of duty on kerosene does not develop in tandem with enhancement of controls over the adulteration of petrol and diesel, then the benefits that accrue are paid back in the damage which goes to the engines of vehicles in this country.

Mr. Temporary Deputy Speaker, Sir, there has been substantial concern about the crisis in the agricultural sector in this country. Today, we have acceded to arrangements and we are going to allow COMESA goods to come into this country at 2 per cent duty. If all goes according to plan, at the end of this month, we are going to do substantial changes in our tariff arrangements with Uganda and Tanzania. But the crisis in textile and agricultural produce in this country cannot be dealt with in short-term stop-gap measures. We have to address two critical considerations. The first one is that, there can be no sustainable agriculture in this country unless we cut down on the cost of production. Not just the taxation, but price of produce in this country is already still high. Even those who come from agricultural producing areas, we know that the only way we are going to improve on the profit margins of the farmers, is to cut down how much they have to put in to produce what they produce, and not just nominally increase what they have given when they sell.

Mr. Temporary Deputy Speaker, Sir, what are the areas where the Government comes in? Firstly, up to now, the Government is not addressing the fact, that the resources that are supposed to be used to enhance for lower cost production input, particularly seed in sugar cane, maize *et cetera*, that money is not going into the relevant places. The resources that are supposed to research in doing high yielding sugar cane varieties, are being used in construction of the unnecessary Kenya Sugar Authority unnecessary on public land in Kabete. That is no way to deal with the reality that, today, we are taxing sugar from Sudan, at two per cent. The cost of producing sugar in Sudan is less than 50 per cent of the cost of producing similar sugar in Kenya. We have no choice; Sudan is going to destroy the sugar production in this country, unless we start dealing with the question of reducing the cost of production. Part of the problem with sugar again, is reality that, because of distortions in the market place, inefficient factories in some of the sugar cane producing areas, are forcing more efficient factories to hike their prices, so as to bedsit those inefficient factories. Time has come when we have to start addressing the issue that, the way to deal with factories in sugar production which cannot compete, is to up to investors who can make them compete or, convert the land that is under cane in those areas into more viable agricultural activity. Otherwise, they are just loading the more efficient factories with a burden which they should not carry and distorting the efficiency in those factories that are more competitive.

Mr. Temporary Deputy Speaker, Sir, I have three problems with the textile industry. This Government tells us that, the textile industry in this country has been in crisis because of the liberalisation process. This is the most ridiculous thing you can say in the world. Why should Tanzania which had a weaker textile industry based at the start of liberalisation in the past decade, be expanding and Kenyan textile industry shrinking? Why is it that Tanzanians used to come to Kenya to buy lessos, but today, Kenyans go to Tanzania to buy lessos? It is not because of liberalisation in Kenya and no liberalisation in Tanzania. It is because of a number of fundamental reasons; firstly, this Government did not think about the impact of selectively allowing some well-connected individuals to bring *mitumba* without paying duty. The question of *mitumba* is not that people bring *mitumba* and Kenyans wear *mitumba*. In fact, the fact that we were turned into a *mitumba* nation is because of bad governance. By the reality which we have said, pointed out and demonstrated in this House *ad nauseam*, that individuals regarded as sacred cows" were allowed to bring *mitumba* into this country without paying duty. They wiped out major players in textile industry. This Government is thinking a bit rightly, in seeking ways of reviving the textile industry. The starting point should be for the Government to create enabling conditions for the investors in the sector. That is, for the cotton farmers and factories that are involved in the textile production.

Secondly, Mr. Temporary Deputy Speaker, Sir, there is a big paradox here. Yesterday, the USA Senate, the Upper House of Congress, passed a Bill allowing for the removal of the quota system on all textile exports from Africa. But the problem with the Lower House, which is reluctant about this Bill, is that they are arguing it is not so much what will come out of Kenya, Uganda and Ghana, but the problem is that Kenya, Uganda and Ghana will be turned into transit stations for Indian and Chinese textiles entering America. We are primary culprits in this. Government is urging the Opposition to think patriotic. How do you allow transshipment of textiles from the Far East to market, even where we have been having a quota, at the expense of our own producers? Over the past decade, the quota system did not hurt Kenyan produced textiles. It is fraudulent textiles from India, being allowed to be transhipped to America through Kenya.

Unless the Government can stop the greed of the few individuals who are involved in soiling our reputation and even our national interests, to come here and say, let the Opposition talk good and think about

Kenya. Sometimes, they confuse Kenya and KANU Government. That is their problem. That, they think that if we showed them where they go wrong, we are not being patriotic. It is not patriotism supporting this kind of Government. We want to be patriotic. We want to fight this shortsightedness and corruption. But to say that this Government has now reformed or this Government is leading the crusade against corruption, it is like asking Al Capone to destroy the Mafia. The captains of corruption cannot be the same people to crusade against corruption. Those are temporary pretensions under certain conditions of the international pressure. When they start embracing good governance, they embrace them, they way they embrace people-driven Constitution, just for the purposes of rhetoric. But at the core of it, they do not even understand what those words mean. And those among them who do understand, they know seriously that, their Government cannot do anything about it.

We see Government rolling out nice public relations exercises; they say the Kenya Government has now established the Kenya Anti-Corruption Authority (KACA). That is not a creation of Government, but a creation of Parliament. That is one thing that they do not know. The second thing is that, the taste of the food is in the eating. We are still waiting to see how many of the pilferers in this Government, not small people who steal a few shillings here and there, but the big "Sultans" of corruption, how many of them will be taken to court? How many of them will be wearing prison clothes like Mrs. Zipporah Wandera? That is what we are waiting for. That is what we want from this Government. We have shown them amply and some of them sit in this House, they know about them. They look at themselves and stand up and say with a straight face; that they are also fighting corruption.

Mr. Temporary Deputy Speaker, Sir, I just want to mention one thing, then I go to the matter of the East African Community. In the past three weeks, the Kenya Government has been negotiating with multi-lateral and bilateral donors, particularly the African Development Bank, about a long term financing facility to cover the implementation of the National Poverty Eradication Plan. The Government promised this House that, it will bring a Sessional Paper on Poverty Eradication. They did publish and tabled Sessional Paper No.3 of 1999 on Poverty Eradication. But that Sessional Paper has not been discussed by this House. It is through that Sessional Paper that, the relevant authorization of the Commission on Poverty Eradication is required. But now what do we see? We see the commission already established in place, Government proceeding to committing ourselves, in some of the cases, financing to be recovered over a period of 50 years. This is committing the future generations in the name of National Poverty Eradication Programme without the sanction of Parliament. I would like that, this Government hurries to bring to this House, the Sessional Paper No.3 of 1999 on Poverty Eradication, for us to legitimatise the instruments that are negotiating in the name of the people of Kenya, the entry into commitments that will be taxing future generations.

However, the Government decided to place the matter on its head by going ahead and first of all, signing loan commitments whose disbursements are set to start in the next financial year before the matter has been brought to the representatives of the Kenyan taxpayers. I think that is very important.

Mr. Temporary Deputy Speaker, Sir, I now wish to turn to the matter of the East African Co-operation. I consider that in the national interest, over the next 10 years, the structures of our country's economic growth should be driven by the desire to take our rightful role in an integrating economy in Eastern Africa. Unfortunately, we have two fundamental problems. The first and most serious problem is that South Africa is succeeding in persuading Tanzania not to remove tariff barriers between itself and Kenya. If you look at the first published treaty of the East African Co-operation that was circulated in this House, you will find that when the Community is established, the first step is a whole measure of trade liberalisation between the three countries. Very important areas were listed in the draft treaty, some of which I would like to highlight.

The draft treaty suggested that when we enter into the treaty, we should have already agreed about the elimination of internal tariffs and other charges of equivalent effect; the elimination of non-tariff barriers; the establishment of a common external tariff; similar rules of origin; movement towards customs uniformity, and so on. The treaty that was supposed to be signed at the end of July has been postponed one month at a time. Now, there is talk of it being signed at the end of this month. There is no guarantee that this will happen, but there is a fundamental phenomenon that has happened.

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Temporary Deputy Speaker, Sir.

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, has the Minister risen on a point of information or order? Let us hear if he knows the difference between those two words.

(Laughter)

The Temporary Deputy Speaker (Mr. Musila): Dr. Kituyi, that is for me to ask. Mr. Biwott, are you

raising a point of order or information?

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Temporary Deputy Speaker, Sir, I am raising a point of order, although I could be anticipating what the hon. Member wants to say. To some extent, I may not be in order, but the matter I would like to raise touches on procedure. Would the hon. Member be in order to divulge critical information on matters that are being negotiated, and whose outcome is yet to be known? I fear that divulging information on such matters might prejudice what is likely to be achieved by the country for its own good.

Mr. Sambu: How did you get that information, yourself?

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, I do not know of a point of order concerning a matter that one hon. Member suspects that another hon. Member is about to talk about. I am not talking about anything that I think is confidential. The first East African Co-operation Draft Treaty was laid on the Table of this House. It is a document that is in the custody of every hon. Member of this House. So far, I have referred to the contents of that draft treaty. Now, the jitters of the Minister are worrisome. I do not know what is giving him these ghost pimples!

I think the matter I am speaking about is of public record. Recently, Tanzania's Minister for Trade and Industry talked about it in an interview with *The East African* newspaper, during which he said that Tanzania wants us to sign a treaty of the East African Community which excludes all the removals of tariffs among the three countries. That is a matter that is in the public domain, and is not out of any treaty.

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Temporary Deputy Speaker, Sir. When I rose on a point of order earlier, I said that I was fearing what the hon. Member might say about the negotiations that are going on among the three East African countries. The hon. Member has now said exactly what I feared he might say. I gave him that information today, in confidence. It is a matter that I thought, as a Member of the committee that deals with such matters, he should know. This is a matter that is being discussed at the moment, and there is the likelihood that our partners will concede to Kenya's view point. The matter is still confidential since it has not been agreed upon by the three member States of the East African Co-operation. I thought it would be better if we do not highlight it here now, because doing so might prejudice the outcome of our discussions. The matter might be politicised and lead to our getting into difficulties.

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, let him first hear what I want to say. The document hon. Biwott is referring to is Draft No.6 of the East African Community Treaty, to which I am not making any reference. Secondly, my reaction to the statement of Tanzania's Minister for Trade and Industry is not reaction to a matter that is contained in any confidential document. So, the Minister should not have any jitters.

Mr. Temporary Deputy Speaker, Sir, if the Minister is privy to any confidential matter that I might want to refer to, he may stop me at that point. At this stage, I am only saying that it is in national interest that Kenyans prepare themselves and the infrastructure, not only to be competitive in the context of East Africa Co-operation, but also to do what it takes for us to win over our potential partners in the East African Community. These are the fundamentals I have been talking about. I can see that the Minister is now happy.

The Temporary Deputy Speaker (Mr. Musila): Dr. Kituyi, I think the Minister's fear was justified in the sense that you are a Member of the Departmental Committee on Defence and Foreign Relations, which is dealing with this matter. However, with the assurance you have given, you can proceed, so long as you do not go into the matter that is before that committee.

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, I would like to assure the Chair that I will not go into any matter that is confidential and which is before that committee. However, the fundamental matter that I am raising is the following.

Mr. Orengo: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Chair's ruling gives the impression that Dr. Kituyi has flouted the Standing Orders of this House. Mr. Biwott has not demonstrated that Dr. Kituyi has flouted any

[**Mr. Orengo**]

Standing Order. That is the basis upon which one can rise on a point of order. What Mr. Biwott was anticipating is not part of the debate before this House. What is worrying the Minister here is like what is worrying him in his bedroom; that is not part of the debate before this House. What he does in his bedroom does not worry us. Neither does what is worrying him in his head.

So, I think it is important that as you give words of censure against Dr. Kituyi, you also warn the Minister against anticipating what another hon. Member is about to say. The hon. Member knows the rules of this House,

being a Member of a committee of this House. He knows what is required to be revealed in the committee, and what is required to be revealed in the House.

The Temporary Deputy Speaker (Mr. Musila): Mr. Orenge, I will give you time to speak. On that matter, the hon. Member has clarified himself. My statement to Dr. Kituyi is based on the provisions of Standing Order No.71. He knows what I was referring to because he happens to be a Member of a committee of this House. Standing Order No.71 says: "No Member shall refer to any proceedings of the Select Committee before the committee has made its report to the House". So, Dr. Kituyi knows what I was talking about, and I am happy with his assurance. So, could you proceed, Dr. Kituyi.

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, I am glad that you are happy with my assurance. However, you and hon. Biwott have taken my 10 minutes because of fears that I might say things that I am not saying.

Now, I would like the Minister to listen to what I will say and react to it, and not to what he fears I might say. There is a fundamental agility in the development of capitalism in this country. You know, we are a retail capitalist society.

Mr. Temporary Deputy Speaker, Sir, we put so much emphasis on middlemen as if they are the agents of growth. I will give an example. In the whole world, Kenya derives its largest trade surplus with Uganda, thus making it the most important net trading partner to Kenya. Under these conditions, we should make it our business to import from that country whenever it offers something competitively, to show that we appreciate our business relationship with that country. Right now, this is a deficit country for many. The eastern part of Uganda has the benefit of natural deposits of phosphate. So, the factor cost of producing maize in Uganda is much lower than in Kenya.

We import maize from Uganda. However, the importation is done by retailers and middlemen who go to Malaba and Busia to bring the commodity into the country at exorbitant prices. Indeed, some maize disappears from the Ugandan market as some maize shows up on the Kenya market. However, the political mileage that Kenya would make is lost. Why does the Kenya Government not use the National Cereals and Produce Board (NCPB) and say: "We have a maize deficit. Can the Government of Uganda sell the Government of Kenya some maize?". Why do we not show Uganda that some of the dollars we earn by selling manufactured produce to that country goes back to that country through the purchase of maize from that country? Why do we waste such opportunities and celebrate what we amorously call "liberalisation" instead?

Mr. Temporary Deputy Speaker, Sir, if this country is to be a major player in this region, it must learn to combine its capitalist appetite with the decency of good manners. We put on our best manners when we visit Luxembourg and Germany. We put on our best clothes and faces when we send delegations to New York. But where is the critical national interest in the economic considerations in this country? The critical national interest of this country is the trade relations we have with Uganda, which is number one, and Tanzania, which is number two, and potentially, Ethiopia. We have to start re-directing our priorities to reflect a sensibility about long-term interests.

In fact, if this country manages its public relations properly with Uganda, we will not have any substantial differences in food availability in this country. This is because Uganda is endowed with climatic conditions which are less vulnerable to recurrent droughts than this country. That means that we can secure that as source of cheap food. There is no reason why we should think that to have good maize, we must produce all the maize we need. By doing this we could put our resources into higher value-added agricultural produce that will enhance Kenyans' capacity to access to food produced cheaply in Uganda. These are among the lines that one would want to develop. But, instead, what do we do? We behave towards Uganda the way Spain behaved towards France. That it is an accident of nature, that they placed us in their neighbourhood. We do not see the potential that exists and mobilise personnel to do the goodwill for this country.

Mr. Temporary Deputy Speaker, Sir, as the Chairman of the Bunge Football Club, I am very proud to say that we are one of the few voluntary organisations which contain hon. Members of Parliament who deliberately see that they have a need to cultivate a rapprochement between leaders in different East African countries. Our plans to visit Uganda and Tanzania to play against parliamentarians in different parts of their country are partly driven by the desire to de-demonise Kenya; to make some of the leaders in those countries see that not all Kenyans are a man-eat-man society, and we consider them to be our colleagues. This will be important if we will break down the barriers of distrust and make those people like us.

To finish, I want to return to the matter of corruption. The President was recently in Europe telling people that he is now a reformed man and he will fight corruption. The hon. Minister, Mr. Biwott, has been standing here saying that this Government now believes in good governance and is committed to fight corruption. Fortunately, as I said earlier on, hon. Biwott did not believe in what he was saying. You could even see that he was

almost giggling.

The challenge to Kenyans is not to believe what this Government says about itself. We have been trusting it too often. When under pressure, they act like the best converts. Recently, when the churches started telling them that they will get into hell, they started telling us that they had also discovered something called "people driven constitution-making". When they were threatened by the effects of mass action in 1997, all over a sudden, we heard them talking about minimum constitutional reforms before elections. After the elections, what happened? Today, you will see chiefs chasing hon. Members in public rallies that they do not have a permit. Since when were we getting permits from chiefs to hold public rallies? This capacity to even retract on what exists in the law is the most conspicuous testimonial to the fact that you cannot trust the word of this Government. What Kenyan society needs to do is to democratise the capacity to fight corruption. The value of our country is too high to entrust it to a few people who have no track record of fighting corruption; many of whom are direct beneficiaries of corruption. That they pay lip service to the war that must be won is not sufficient for us to surrender our responsibility.

In fact, I think the current effort of Parliament to have a Select Committee to deal with corruption has been an important eye-opener, but eventually, this House should have a Standing Committee on Corruption, so that apart from mechanisms that are created out there, mostly because of donor pressure, this Assembly also has a mechanism which constantly, like the Parliamentary audit committee, gives us audit reports on the progress in the war against corruption. But one thing is certainly sure; before you remove this Government from power, you cannot successfully win the war against corruption.

(Applause)

It is not possible! Some of you know that Al Capone cannot destroy the mafia. When a Government is so infested with persons with doubtful credentials--- How do you expect those people who are mentioned in parliamentary audit reports and told not to hold public office in this country to stand in Parliament and say: "Now, we have imprisoned every person who has been mentioned in an audit report as having stolen from the public to the same people?" Or they roll in Assistant Ministers who are not mentioned in those reports and pretend away that they are bosses. That reality has to sink home, and we should never tire to remind them that we will try to restrain them from stealing more, but we know that theft cannot stop until they are out of power.

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

The Assistant Minister for Lands and Settlement (Mr. Keah): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Finance Bill. I would like to take this opportunity to support this Bill. In supporting it, I hope that some of the issues raised by hon. Members in this august House, including myself, will be taken into consideration during the Committee stage. I entirely agree with the principles and policies as elaborated by the Minister for Finance when he moved the Bill yesterday. Aspects, including increasing revenue collection, stopping revenue leakages, lowering the cost of doing business, improving the infrastructure, reducing poverty, unemployment and encouraging investment are expected to resuscitate the economy. I would like to take this opportunity to wish the Minister luck in his endeavour, but we would like to see more action being taken. It is my contention that some of the existing taxation laws and those contained in this Bill do not---

Dr. Oburu: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it not out of order for an hon. Member to keep reading his speech unless he is quoting?

The Temporary Deputy Speaker (Mr. Musila): Mr. Keah, it is unparliamentary to read from a speech. I am sure that you are not reading.

The Assistant Minister for Lands and Settlement (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, these are just notes and everyone can talk. I wonder what my friend is referring to. I have got 13 points which I will keep referring to. I am not reading them out, and I wonder what my good friend is talking about.

The Temporary Deputy Speaker (Mr. Musila): Very well, proceed Mr. Keah.

The Assistant Minister for Lands and Settlement (Mr. Musila): Mr. Temporary Deputy Speaker, Sir, it is my nature to speak while looking down instead of looking at Dr. Oburu. I hope he will not be annoyed when I look at my notes.

I am trying to say that some of the existing taxation laws as well as some of the measures stated in this Finance Bill need an overhaul because they cannot be applied. For example, some of the captains in industries have been complaining bitterly about the application of some laws, like the capital or investment allowance. These are supposed to be incentive to the industries, but their application, particularly the investment allowance, those of us who are accountants know, is very cumbersome. I would like the Minister to try and review some of these laws

so that they can be an incentive to industries, especially when we talk about industrialisation by the year 2020. One of the laws that needs to be reviewed is with regard to the investment allowance as used in the accounting field. It will also be necessary to have some monitoring and evaluation units on all these laws, to ensure that they achieve the objectives for which they are intended.

I will confine the rest of my contribution to about five or six points, particularly on lowering of costs and using this Bill as a tool to improve the economy.

I will also touch on revenue collection and some of the services that have been mentioned in the Financial Bill, like the Banking Act, retirement benefits, insurance companies, equitable distribution of revenue and, eventually, end up with specific incentives to industries, Public Accounts Committee and, perhaps, agriculture, if time permits.

Mr. Temporary Deputy Speaker, Sir, regarding the issue of lowering costs, the reduction of Ministries from 28 to 15 is most welcome. But the impact could be felt more if the Ministries have clear definition of their respective duties. Not only that, but the duties and responsibilities should, in fact, be allocated to people who can deliver those services, and those people be given authority to execute them. I am talking about accountability. Why should it be different in the public sector as compared to the private sector? Why is the private sector delivering more than the public sector? In my view, there are may be some too many bodies within the various Ministries, and unless a management exercise is done--- When Government officials talk about "right-sizing," that is the right word, but what aspects of "right-sizing" are we talking about? It is not right to say that we will reduce the number of civil servants by 40 per cent, or 60 per cent, but the Government must actually define duties and responsibilities and allocate them to specific staff. There are too many people in some of the Ministries where people either do not know what they are doing, or there is too much bureaucracy and, therefore, efficiency and effectiveness is not readily seen.

Mr. Temporary Deputy Speaker, Sir, the issue of tendering procedures was an aspect that was mentioned here, and I welcome the fact that the private sector has been involved in the tendering procedures. The Minister for Finance also mentioned about scrutiny of work done for quality before any payment is done. In other words, we are talking about value-for-money. Those are good policies. Indeed, we have excellent policies. But I would only want to urge they should be effectively and practically implemented, not just left as policies. This is because here in the House, everyone talks about: "This KANU Government", but "this KANU Government" which is being talked about by politicians in the House is not the problem; the real problem is out there at the executive level, where what we pass here is executed at the Civil Service level. And that is the area where we need real focus and good governance instilled in the field and in the performance of duties. Therefore, I am looking forward to seeing that before any cheque is paid, work has been done efficiently and correctly.

Mr. Temporary Deputy Speaker, Sir, regarding the improvement of our economy, we want to improve on our productivity. If we want to do that, we must really give as many incentives as practicable for the industries to be able to move forward. In this regard, I would like to make an observation here: Charging a duty of 5 per cent, or 15 per cent on raw materials, is not really inducive enough to the industries. I would like to tell the Ministry of Finance and Planning that while I appreciate that there is a fundamental duty of collecting revenue, if we will continue charging duty on raw materials, we will not make our products competitive, and we will also reduce the production output in so far as our industries are concerned. Let us help our industries to be competitive and let us ensure that the duties go down to zero-rate if need be, because unless we do so, they will not improve. We will not really industrialise by the year 2020 if we continue charging raw materials at that rate even before the production costs are accounted for.

Mr. Temporary Deputy Speaker, Sir, the issue of infrastructure is particularly pertinent. Our Budget does provide the revenue, and the taxation measures will produce those revenues, but I would like to put emphasis on the infrastructure - roads, power, water and *et cetera*. That is the only way the provision of a good infrastructure will help reduce the production costs and, therefore, improve productivity and, indeed, improve on the economy. In that regard, I would even go to the extent of saying that it is not so much a question of visa fees being removed, although, because I come from the Coast, where tourism is one of the major industries, it is very welcome. But that alone is not enough. We want a good infrastructure - security, plenty of water available and roads, not only for our own local needs, but for the tourists when they come. So, I would like to strongly suggest that those aspects be looked into.

Mr. Temporary Deputy Speaker, Sir, the other aspect is the importation of goods, particularly from the COMESA countries. We will continue to be a dumping ground. Goods imported at 2 per cent from the COMESA region, to me, need to be reviewed. While we welcome the EAC and COMESA way of understanding and of doing business in the wider market, we have to be extra vigilant in policing the aspect of the 2 per cent of levy on goods being imported in here vis-a-vis the 5 per cent being charged on our raw materials. We are not trading and putting

our industries on the same level playingfield with other countries in the COMESA region.

Mr. Temporary Deputy Speaker, Sir, I would now like to turn to the aspect of revenue collection. I am delighted to note that revenue collection has improved over the last few years, and I want to congratulate the Commissioner-General of the Kenya Revenue Authority and his team for the measures they have applied to improve revenue collection. I would urge them to continue with the same spirit. But we still believe that - and this is the talk going round in the economic circles, if we only collect 40 per cent of the revenue that is due, we would really not have to bow to the World Bank or the IMF, or go elsewhere to borrow money. That means that there is plenty of revenue that is not collected. And mine is to urge the Commissioner-General and his team to do all they can to seal the loopholes that are there.

Mr. Temporary Deputy Speaker, Sir, while filling those loopholes, I would like to complain also on the Presumptive Tax. In the Finance Bill, on page 379, at the top of it, there is the "generally accepted accounting principles" to be used, and the Presumptive Tax is a tax on the total revenue. Equitable taxation should be taxed on profits. But the Presumptive Tax is a tax on gross revenue.

This is not in keeping with generally accepted accounting principles. The Treasury officials are here, and I hope that the hon. Arap-Kirui is also here. He knows very well what I am talking about when I talk about "generally accepted accounting principles". One of the generally accepted accounting principle is that taxation will be based on profits, but not on gross revenue. The Presumptive Tax, although simpler to operate, is not based on generally accepted accounting principles. That is my argument against the Presumptive Tax. On this score, I want to urge the farmers and everybody else that, if this presumptive tax is removed, they should ensure that they prepare their accounts and have them audited. They can go to some of the accounting firms, including "Keah and Company" for that audit. But that is besides the point; all I am saying is that they should have their accounts properly prepared and audited, so that the profits can be determined. The Income Tax Department will then charge taxation on the profits and not on the gross revenue as the Presumptive Tax presumes. This is wrong and I hope the Minister will bring in a corrective measure, even though I appreciate that the method being used is a simpler way of collecting the tax.

Mr. Temporary Deputy Speaker, Sir, the other point that I am fighting against is the taxation on donations. Our Budget is not large enough to cover every need of Kenyans. That is the bottom line. The Budget only covers major aspects. Therefore, there is that big gap which needs to be catered for by something other than the Budget. The element of donations hopes to cover that gap. To tax philanthropists; people who are willing to give donations, this is a wrong principle. In any case, how much revenue are we getting out of this? We can do away with that 50 per cent taxation on the waiver. That needs to be looked into. I know that this has been abused, and I do not condone those who abuse this facility. I know that there are too many NGOs who apply for waiver of taxes on donations. We are managers, and that element can be managed. We can manage that abuse. We should not spoil the good aspect simply because one fish is rotten. I would like to urge that there are crucial cases that would require these donations free of charge. Every day, there is a new church emerging, and I can understand the concern of the Treasury in having to cater for 1,000 different churches, and every one of them asking for tax exemption on the purchase of their guitars and everything. I understand that this is a real problem, but we are managers and we can manage that aspect.

Mr. Temporary Deputy Speaker, Sir, I am glad that the officers from the Treasury are here. I would like the Treasury to look again into the issue of donations simply because it goes a long way in alleviating poverty. Because of that element, and the fact that the Kenyan Budget cannot cover every need, that need that is not covered by the Budget should be covered by the philanthropists. Indeed, we have organisations that have been living on charity and donations for years. To begin taxing them means that those services will come to an end, and we will be denying Kenyans a very important service. That aspect needs to be looked into.

On the issue of paraffin, I can understand that if we make paraffin cheap, people will blend it with other things and make those other things cheaper. That concern is real. I concur with the Minister partly, when he increases the cost of paraffin. We must remember that paraffin is used by 90 per cent of Kenyans who are poor. Is it not possible to look at these few people who misuse the kerosene? They should be dealt with, rather than punish 90 per cent of Kenyans, particularly in the rural areas, by increasing the price of paraffin. In any case, how much revenue, particularly from the poor Kenyans, are we getting?

Mr. Temporary Deputy Speaker, Sir, dumping is too much in our country. I would like to see the laws here effectively curbing dumping. We have anti-dumping laws, but they are not adequate, in my view. Otherwise, we are just becoming a trading nation. About the Banking Act, Cap. 488, certain laws have been brought in here for review, but I have not seen anything about the recovery of money from all those people who have looted the

banks. There is something about "insider borrowing" for the future, but what about those who have borrowed so far, about whom there have been cries and cries? I know there are laws to cater for that, but there ought to be something much stronger, to ensure that Cap 488 has the teeth and the muscle to assist in the recovery of money from those who have plundered the banks.

At the moment, there is uproar between the Retirement Benefits Authority and the management of the pension funds, particularly by the insurance companies. Sixty per cent of the insurance business deals with the management of the pension funds. Will we rob Mr. Paul and give to Mr. Peter? Will we cut out noses and spite our faces? There needs to be a mediation between the Retirement Benefits Authority and the insurance companies so that some amicable solution is found in the administration of pensions and retirements benefits.

Mr. Temporary Deputy Speaker, Sir, the distribution of revenue is a different point. I am for the scenario where every district gets a portion of that revenue on some kind of equity. For example, a portion of national parks revenue should remain in the districts to cater for things that the main Budget will never cater for. I expect to see a law that will regulate that. At the moment, it is haphazard. You will find certain county councils retaining part of the revenues collected in those county councils from the national parks by sharing it with the Kenya Wildlife Service. In other areas, that is not happening. I appreciate the difficulty in implementing what I am suggesting, but the brains are there. We have plenty of intellectual capacity in this country. We need to address ourselves to that issue. We will address it in the constitutional review, and I would like the Minister to be fore-warned that he needs to be thinking about ensuring that a portion of the revenue emanating from districts remains in the districts, so that the all-weather roads can also be maintained. I know we give 5 per cent of the revenue directly to the local authorities based on some methodology, but certain revenue should remain with the local authorities, so that we can do some of those roads.

Finally, with regard to the Treasury Bills rate of 19 per cent, some of the people with the money at the moment are not doing anything, including insurance companies. They have plenty of deposits and all they are doing is investing in Treasury Bills instead of investing in productive processes.

The Nairobi Stock Exchange is dying because everybody is not keen now in investing in it through the purchase of shares. This needs to be looked into. The Public Accounts Committee (PAC) is now reviewing the 1996/97 accounts. The accounts for 1997/98 and 1998/99 should all be done in the year 2000. This will help reduce corruption. Corruption is a perception and it is real. At the moment, we are far behind in dealing with our public accounts. This is 1999 and the Committee is dealing with the 1996/97 accounts. By the time the PAC Report comes to this House we will be in the year 2000. I am suggesting a crash programme by the Controller and Auditor-General, to make sure that at least in the year 2000, not only do we deal with the 1996/97 accounts, but we also deal with the 1997/98 and 1998/99 accounts, so that we can catch up.

We should go into the new millennium clean. This will also act as a deterrent against those officers who have the propensity to engage in corrupt practices. If we are up-to-date with our accounts, we will catch them timely. But by the time we discuss the accounts and produce lists here, they are long gone. We are going into the new millennium, and we must be up-to-date. If the Controller and Auditor-General does not have the capacity, there are plenty of private auditors whom he can hire, to help him bring these accounts up-to-date. Unless we do that, we will not be able to remove this stigma and the tendency for people to be corrupt. They know the accounts of this year will be dealt with next year, and they will be caught timely. It has a deterrent effect.

I would also like to see the Kenya Anti-Corruption Authority (KACA) having more teeth. We want to hear more of what they are doing. We want to hear that they are acting. I am suggesting that we ought to get a quarterly bulletin from the KACA, to tell us what they are doing. This will certainly show Kenyans that we have institutions that are operating. We have all the good brains and systems, and everything is right. It is just a question of implementation which needs to be seen to be done transparently and accountably by Kenyans. I have not heard of the KACA presenting any case for prosecution since the new man was appointed. It is time we heard about him properly.

There are many things we can talk about, but I would like to stop there for now, and suggest that our public relations as a Government and as a country, has not died; in fact, we have not had any public relations. Every Ministry has a public relations officer. We are hammered, as a Government, on a daily basis. I hardly ever see any rejoinder from the public relations officers. I would like to urge these public relations officers that apart from organising the Press for Ministerial functions, they really need to attack the elements that are anti-Government so that we can have a positive image. It is like we are there; good things are happening; we are punched from every side, and there is nobody to talk for us, yet we pay these public relations officers.

I would like to see a little bit more muscle, pen, paper and ink, from the public relations officers, to counteract some of these malicious and false accusations that are always levelled against the Government. The Government is always spat on. We are treated as if we are not there, and as if we are not doing anything, and yet

we are not only there, but are also governing. I can see hon. Kibaki laughing, but he knows very well that I am not a pretender!

With those few remarks, I beg to support.

Dr. Oburu: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute to this very important Bill. The Finance Bill is the Bill which taxes Kenyans to generate revenue to be used by the Government in providing services to the people of this country. When the revenue is collected, Kenyans expect it to be used efficiently and rationally in the provision of services to them. But we hear of under-collection of revenue year in, year out. This under-collection actually occurs because of inefficiency in Government systems of collecting funds. This Government pretends that there is a surplus of funds. Every year, we get reports from the Controller and Auditor-General that there is a surplus of funds. What surplus can be there when there is no provision of services? A surplus should be there when the Government has provided for all that is required. This surplus is deceptive because we know that every year, the Government curtails expenditure on essential services to this country in order to save money and deceive wananchi that they have saved money from the collection. We all know that there is lack of medicines in Government institutions. Every year, the Government freezes Development Votes before the year comes to an end.

It is the freeze on expenditure which creates a false impression that the Government has made some savings, or that it is operating on a surplus. For instance, in the 1996/97 Controller and Auditor-General's Report, the Government was pretending that it saved Kshs8.3 billion when every Kenyan knew that there is nothing which could have been saved when our roads were in a terrible state of disrepair; when our hospitals lack medicine; when we do not have water, and our people are going hungry. Where is that surplus? Kenyans do not see it at all. We cannot perceive it. It is something which is there in the books. It is meant to please certain people, but it is non-existent as far as Kenyans are concerned.

Mr. Temporary Deputy Speaker, Sir, from the Controller and Auditor-General's reports, it is indicated that the Government is withdrawing money from the Consolidated Fund without seeking the approval of this Parliament. What justification and hurry is there? When the Government wants to withdraw money, why not prepare a budget and bring the proposals here, even if it means in the form of Supplementary Estimates; so, that the withdrawal from the Consolidated Fund is in accordance with the Constitution which the Government vowed to protect and adhere to? For instance, in the Controller and Auditor-General's report, there is another withdrawal of Kshs2.9 billion without the approval of Parliament. What confidence do we have, now that we are passing this Financial Bill, that the Government will not ignore this Parliament and continue to withdraw money without its approval?

Mr. Temporary Deputy Speaker, Sir, in the same report, the Government withdrew Kshs2.7 billion to buy shares in the Kenya Pipeline Corporation, Kenya Airways, National Bank of Kenya and East African Portland Cement Company. What was the hurry in buying shares from these companies without approval of Parliament?

The Temporary Deputy Speaker (Mr. Musila): Dr. Oburu, which Controller and Auditor-General's report are you referring to?

Dr. Oburu: Mr. Temporary Deputy Speaker, Sir, I am referring to the 1996/1997 Controller and Auditor-General's Report.

The Temporary Deputy Speaker (Mr. Musila): Is that report being considered in the Public Accounts Committee now? If it is that one, then you are out of order because the matter is still under consideration. I just read to the previous speaker, Standing Order No.71 which bars you from debating any matter in a committee before it is reported to the House. So, please, do not touch on matters that are before the committee.

Dr. Oburu: Mr. Temporary Deputy Speaker, Sir, I do not know whether I am out of order, but what I know is that the Controller and Auditor-General's report is a public document which was tabled in this House. I do not know whether we are prohibited from referring to it.

The Temporary Deputy Speaker (Mr. Musila): Order, Dr. Oburu! I think I made it very clear that the Standing Orders on that issue are very clear. It is true what you are referring to is the Controller and Auditor-General's report, and it is a public document, but it is currently under discussion by the Public Accounts Committee. So, unless you refer to the previous one which was tabled in the House and was approved, you cannot discuss the one that is yet to be reported to the House. Could you, please, proceed and refrain from referring to a report that is before the PAC?

Dr. Oburu: Mr. Temporary Deputy Speaker, Sir, I was just pinpointing out those figures to elaborate the fact that the Government continues to withdraw money from the Consolidated Fund without the approval of this Parliament. This has appeared in the previous Public Accounts Committee Reports, and yet it is continuing as if nothing had happened, or as if those matters had not been discussed before this House.

Mr. Temporary Deputy Speaker, Sir, I would like to refer to the inefficiency in collection of Government revenue. Huge sums of money are reported as collected, or under-collected every year. Though we appreciate the effort by the Commissioner of Income Tax, I would like to observe that, in this country, when an officer is doing a good job, it is he who is a target of vendetta and persecution. We all know that the Commissioner of Income Tax is there because of some pressure. I do not want to make wild allegations, but at one time, I was told by a friend of mine who is a diplomat, that the Kenya Government is the easiest in the world to succumb to external pressure; that whenever there is pressure from outside, the Government gives in very easily. I remember the Commissioner of Income Tax was at one time taken out of office because of doing a very good job for the Kenyan public in terms of collection of revenue.

Mr. Temporary Deputy Speaker, Sir, the reason why there is under-collection of Government revenue is because the implementors of donor-funded projects do not adhere to the rules of the game. They do not adhere to what they have agreed to implement with the donors. As a result, the funds which are spent from Government revenue are not reimbursed by the donors, because the Government does not satisfy provisions of essential documents which are necessary before it can be reimbursed.

Mr. Temporary Deputy Speaker, Sir, we understand that the Government is taking measures to control expenditure, to ensure that no Government department spends more money than is available to them. We hope that the Government will take the policy statement they have made, and the regulations they have introduced, seriously in order to protect money which is hard-earned by the public. One Ministry which is very notorious for corruption and also for non-collection of funds is the Ministry of Roads and Public Works. I do not want to go into details at the moment.

I would also like to talk about excise duty which is imposed on the Kenya Breweries. The Kenya Breweries is closing down the production of beer in Kisumu. They first closed the Mombasa plant and built another one in Moshi, Tanzania. They are now closing the Kisumu plant and putting up another plant in Entebbe. Why can we not ask ourselves what is better in Uganda and Tanzania, that our own brewery closes its production here and moves to a neighbouring country? The fact is that the Kenya Government is over-taxing this company. The over-taxation in terms of excise duty has raised the cost of production of beer in this country. Therefore, beer is more expensive. Tanzania reduced excise duty on beer by up to 60 per cent. Because of that reduction, the East African Breweries Limited (EABL) found it more economical, productive and profitable to re-locate their factory to Tanzania. Because of that, Tanzania does not lose revenue in terms of excise duty. Actually, Tanzania gets more revenue from the volume of sale. This is because when you reduce duty, the price of beer goes down. You earn more money through the economies of scale. It could have done our country a lot better, if excise duty was reduced on beer. The EABL would then retain its production plant at Kisumu. The production of beer in Kisumu is not only useful in terms of employment of the local people, but it is also benefiting the farmers. The farmers use what they call "*Machicha*" to produce more milk. The people who have the earning power, and who get money from the EABL, also boost businesses in the area. The beer plant also boosts small business people, who sell porridge and what they call "*githeri*" in the Kikuyu language, and "*nyoyo*" in the Luo language, to the workers. I would like to urge the Ministry of Finance to reduce duty on beer.

Mr. Temporary Deputy Speaker, Sir, in the same token, agriculture is the backbone of the economy of this country. The farmer is bearing a very heavy burden of taxes in this country. The cost of a tractor in Europe is not more than Kshs500,000, but because people are using monopolistic tendencies, the price of a tractor in Kenya is Kshs2.3 million! The Government must intervene and find ways of reducing the cost of tractors, to help the farming communities in this country.

Diesel is one of the major inputs in farming. Somebody was talking about kerosene. While kerosene is good for the ordinary mwananchi, diesel is a very important input in farming. I suggest that import duty on diesel be reduced to a very low level, if not removed altogether, in order to benefit the farming community.

Mr. Temporary Deputy Speaker, Sir, the importation of subsidised goods from the industrialised countries is killing almost all our industries, including agriculture. In the developed world, they have actually protected their own industries and agriculture, to the extent that they even introduce quotas in items like coffee, which they do not even produce! But they use the International Monetary Fund (IMF) and the World Bank to impose policies which are inimical to development of our industries and agriculture. But, as I said earlier on, we are susceptible to pressure from those Bretton Wood institutions, without taking into consideration the interest of our development. I am so disturbed by some of the measures suggested by the Bretton Wood institutions, to the extent that I think all of them are actually being used as instruments of neo-colonialism! They are used as instruments of economic colonialism by the developed world against our own country!

The IMF and the World Bank are just banks like any other bank. I do not see the reason why our Government must give in to pressures from them! We are the people who need the medicine! We can tell them

that this pill is too bitter and we cannot take it; or, "this is going to be an overdose! It is too much for our people! Our people cannot absorb it!" But we are giving in so easily to those institutions as if we must adhere to them and allow them to dump their policies, which have caused revolutions in other countries! At the rate at which we are going, if we are not careful, some of those policies will make Kenyans revolt one day! This is because it has happened elsewhere in the world! Kenyans should not think that we are an exception. Some of the policies are so economically oppressive to our people that, one day - and I think some of the people who are enjoying somewhere in an ivory tower would not know - Kenyans will stand up and say: "Enough is enough!" I say that because, for instance, if you take what IMF calls cost-sharing policy, it is implemented without considering the people who cannot be able to buy medicine. So many of our people are dying because they are unable to access medicine. The Government has told us more than once that it will make sure that no Kenyan would die because of lack of money to---

Mr. Gatabaki: On a point of information, Mr. Temporary Deputy Speaker, Sir. The latest poll by the Nation Group of Newspapers demonstrated that, almost 100 per cent of Kenyans do not want to see President Moi as President after the year, 2002! It is a demonstration that Kenyans have said: "Enough is enough!"

Dr. Oburu: Mr. Temporary Deputy Speaker, Sir, the cost-sharing policy of the World Bank and the IMF was implemented without properly cushioning the disadvantaged members of our society. To that extent, we have people who are dying because they cannot access medicine. I think the Government must stand up and be counted, and tell Kenyans what it is doing to deal with some of the pressures from the World Bank and the IMF, which are instruments of economic colonialism.

Mr. Temporary Deputy Speaker, Sir, the policy of globalisation and liberalisation has been introduced in our country. These are very good words, but if globalisation and liberalisation are implemented without taking the interests of Kenyans into account, they will become counter-productive. Whereas we accept liberalisation, it should not be there at the expense of development of our industries. Liberalisation should not be there at the expense of the development of our agriculture. This is the time for the Government to adopt a policy of protectionism. I know that the World Trade Organisation will oppose the use of the word "protectionism." So, you need not use the word "protectionism", but we cannot develop without protecting our up-coming infant industries. Nobody has done it in the world!

Mr. Temporary Deputy Speaker, Sir, our textile industry has died. When I was young, in my village, there used to be many activities because of the growing of cotton. At that time, the Asian businessmen were buying the cotton.

The cotton industry used to thrive in this country but it has died ever since. And because it has died, KICOMI, Thika Textile Mills and Rivatex have also collapsed. We are talking of being an industrialised country by the year 2020 and yet we are killing our own industries by not protecting them. The Government must take serious and bold steps, and tell whoever is imposing certain policies on us that enough is enough. We should protect our industries and make sure that we do not allow dumping of goods in this country.

Mr. Temporary Deputy Speaker, Sir, the oil companies in this country are notorious for increasing fuel pump prices whenever there is an increase in the price of crude oil. But they are always very reluctant to reduce those prices when the price of crude oil goes down. There are anti-dumping and anti-monopoly laws in this country, but nobody seems to be applying them. These people have formed a cartel with regard to the prices of fuel. They just call the managing directors of Caltex, BP Shell, Kobil and so on, and fix the prices of fuel. So, when fuel pump prices go up for one company, the other companies follow suit. One wonders why this is so, and yet these companies are supposed to be competitors in the market. How do they agree to fix their fuel prices at a certain level if they did not actually form a cartel? This behaviour has reached a very frustrating stage. When you wake up in the morning to go and purchase diesel, you will find that the price has gone up by a shilling, and in the next day, it will have gone up by another two shillings. Although we need to liberalise, liberalisation must also have regulations. We cannot just have a game where there are no rules and people operate using the law of the jungle, where the fittest survive. The people of this country must be protected against such monopolistic tendencies.

Mr. Temporary Deputy Speaker, Sir, I would like to conclude by urging the Government to distribute the funds given for the *El Nino* Project equitably. The *El Nino* rains affected all parts of the country, but I am surprised that Bondo Constituency is completely excluded from the *El Nino* Project as if when God was "urinating" the *El Nino* rains, Bondo Constituency was not "urinated" on!

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. With due respect to my hon. friend, could he possibly use a better word than "urinated"?

The Temporary Deputy Speaker (Mr. Musila): Dr. Oburu, I do not think it is good to associate that

kind of language with God. You should withdraw it and when you go home, you should pray.

Dr. Oburu: I will withdraw that reference to God and replace it with satan. When that satan brought rain which spoils our roads and destroyed our infrastructure, my constituency was also affected. So, when the Government is distributing the *El Nino* funds, it should not be discriminative. Many of the projects which will benefit from the *El Nino* funds have been advertised, but Bondo Constituency has been left out completely and yet our infrastructure is almost one of the worst in this country. I hope some funds will be made available in order to assist the people of Bondo.

With those few remarks, I beg to support.

The Assistant Minister for Tourism, Trade and Industry (Mr. Ekirapa): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute on the Finance Bill. I would like to begin by congratulating the Minister for Finance for the able manner in which he presented the Bill to the National Assembly.

Mr. Temporary Deputy Speaker, Sir, I would like to make a few comments, beginning with the manner in which the few resources that have been given in terms of the total Budget that the National Assembly has approved are used, especially at the district level. People in the districts have complained about the manner in which these funds are used. I want to specifically refer to what is known as "flying vouchers" these days, which are originated on Thursdays and Fridays, that is preparing for the officers concerned to take off for the weekend, using public funds which are meant for development in the districts. I would like to appeal to the Minister for Finance to find some ways of ensuring that money voted by the National Assembly and transmitted to the districts is used properly for the purposes for which the National Assembly has voted such funds.

In my district, the Treasury approved some money for the construction of a health centre. The amount was Kshs6.3 million. According to statistics and vouchers available with reference to these "flying vouchers", the money was used to put up a building in that health centre. But, as of today, there is no single brick on the site, and so, there was no building. There are many other examples, like this one where a road is purported to have been constructed or repaired, and yet on the ground, there is no such work. I would like to appeal to the Minister for Finance to find a way in which monies voted by this House are sent to the districts. This money is not enough to deal with all the problems that the country faces. But the little that is there should be used very prudently. I hope the Minister for Finance will find a way of ensuring that the districts which receive that money actually benefit from it.

Mr. Temporary Deputy Speaker, Sir, there is an exercise which is going on in the Public Service, like has been going on in the private sector. The private sector has completed its programme on retrenchment or rightsizing, as it is now called. In the private sector, arrangements are made in advance on what will happen after retrenchment. I would like to ask the Ministry of Finance to ensure that those officers from the Public Service who are going to be retrenched are told in advance as to when that will happen. Since this exercise began, these people have felt threatened because they do not know what is going to happen next. The longer we wait, the more the concerned officers get demoralised and the more the Public Service suffers. I think we should take quick action as far as that is concerned. I would like to appeal to the Minister to ensure that the exercise is finalised very quickly, so that by 1st of January, those officers who have been earmarked to leave the service do so. I would like to suggest that, perhaps, on 1st January, 2000, instead of just sending them on leave, they should be given six months' leave. During that time, it is very important that we prepare them for life after the Public Service. Those six months should be used for training them to become businessmen, farmers or whatever they want to become. This is very important because some of those officers who are leaving now are not being productive in the Public Service, which everybody knows is easy to cope with. They will less survive outside in the rough world of the private sector. There is no point of throwing them outside there so that they become paupers and, eventually, become criminals or just desperate and destitute. So, it is important that we prepare these people in that field.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Musila): Order, hon. Members. It is now time to interrupt the business of this House. The House, therefore, stands adjourned until tomorrow, Thursday, 4th November, 1999, at 2.30 p.m.

The House rose at 6.30 p.m.

