

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

**Tuesday, 4th July, 1995**

The House met at 2.30 p.m.

*[Mr. Speaker in the Chair]*

## PRAYERS

## PAPERS LAID

The following Papers were laid on the Table:-

The Annual Report on the accounts of the Kenya Airports Authority for the year ended 30th June, 1993 and the certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister, Office of the President (Mr. Sunkuli), on behalf of Ministry of Transport and Communications)*

The Annual Reports on the accounts of the Capital Markets Authority for the years ended 30th June, 1991 and 30th June, 1992 and the certificates thereon by the Auditor-General (Corporations).

The Annual Report on the accounts of the Capital Markets Authority for the year ended 30th June, 1993 and the certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister, Office of the President (Mr. Sunkuli), on behalf of the Ministry of Finance)*

The Annual Report on the accounts of the Kenya Broadcasting Corporation for the year ended 30th June, 1993 and the certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister, Office of the President (Mr. Sunkuli), on behalf of the Ministry of Information and Broadcasting)*

The Annual Report on the accounts of the National Council for Science and Technology for the year ended 30th June, 1992 and the certificate thereon by the Auditor-General (Corporations).

*(By the Assistant Minister, Office of the President (Mr. Sunkuli), on behalf of the Ministry of Research, Technical Training and Technology)*

## ORAL ANSWERS TO QUESTIONS

*Question No.217*

### EXPORTATION OF SEED MAIZE

**Dr. Kituyi** asked the Minister of State, Office of the President:-

(a) who was exporting the consignment of seed maize from Kenya Seed Company which was

impounded by the police in Suam in mid-March, 1995; and,

(b) what action the Minister has taken to plug this hole in the protection of seed from being smuggled to Uganda before satisfying the domestic needs of Kenya.

**The Assistant Minister, Office of the President** (Mr. Manga): Mr. Speaker, Sir, I beg to reply.

(a) The person arrested was a businessman by the name of Mr. Peter Gathu Kariuki on suspicion of attempting to export goods without an Export Licence, contrary to the Import, Export and Essential Supplies Act. The case is set for hearing on 1st August, 1995. The maize consignment did not come directly from the Kenya Seed Company as is evident from the cash sale receipts---

**Mr. Speaker:** Order, Mr. Manga! If the matter is in court, as you say, is it legitimate that you must further go into the merits or demerits of it?

*(Dr. Kituyi stood up in his place)*

I am sorry, Dr. Kituyi, unless you say that there is no case!

**Dr. Kituyi:** Mr. Speaker, Sir, I am not talking about the case. I would like the hon. Assistant Minister to explain to this House why cases which have involved senior personnel of the Kenya Seed Company, being found smuggling seed maize out of Kenya, have never gone to court.

**The Assistant Minister, Office of the President** (Mr. Manga): Mr. Speaker, Sir, cases are not brought to court because they have not been caught. Simple!

*(Dr. Kituyi stood up in his place)*

**Mr. Speaker:** I am sorry. This specific issue where you are asking about a person who was caught with these goods is in court and, therefore, we will not discuss it.

**Dr. Kituyi:** Mr. Speaker, Sir, the hon. Assistant Minister should answer part "b" of the Question and explain why the Government does not prosecute Government officials of the parastatal called Kenya Seed Company, who have been found smuggling seed maize through Suam to Uganda.

**Mr. Speaker:** Yes, you could answer part "b".

**The Assistant Minister, Office of the President** (Mr. Manga): Mr. Speaker, I will answer part "b".

Security has been put in place to ensure that those attempting to illegally export seed maize are dealt with in accordance with the law.

**Mr. Rotino:** On a point of order, Mr. Speaker, Sir. Dr. Kituyi has made a categorical statement that employees of the Kenya Seed Company have been found smuggling and have not been arrested. Could he substantiate?

**Mr. Speaker:** Order! We do not substantiate at Question Time. I am sure the Assistant Minister will be in a position to either agree with him or not.

**Mr. Wamalwa:** Mr. Speaker, Sir, the hon. Assistant Minister has just told the House that measures have been taken to enforce security and to make sure that people do not smuggle seed maize out of the country through Suam. We know that there have been a police officers there. There have been Administration Policemen (APs) there for years and smuggling has still gone on. Could the Assistant Minister tell this House specifically what has been done to make sure that there is no more smuggling because policemen have always been there and yet smuggling has gone on?

**Mr. Manga:** Mr. Speaker, Sir, one of the loopholes that have been there has been through the stockists. The Government has, therefore, decided to have only KGGCU dealing with this maize.

**Dr. Kituyi:** On a point of order, Mr. Speaker, Sir. Is the hon. Assistant Minister in order to so blatantly mislead this House by claiming that only KGGCU is to be the stockist of seed maize when that is actually the direct opposite of what the Government is doing now? It is breaking the monopoly of any single organisation in the marketing of seed.

**Mr. Manga:** Mr. Speaker, Sir, that, I am not aware of.

**Mr. Speaker:** Next Question, Mr. Ruhui!

*Question No.204*

ARRESTS BY THE KENYA POLICE

**Mr. Ruhiu** asked the Minister of State, Office of the President under what law the Kenya police officers arrest wananchi for failure to carry their identity cards.

**The Assistant Minister, Office of the President (Mr. Sunkuli):** Mr. Speaker, Sir, I beg to reply.

The arrest of people who have no national identity cards is carried out under Section 14(1) of the Registration of Persons Act Cap. 107 of the laws of Kenya.

**Mr. Ruhiu:** Mr. Speaker, Sir, this is a very important Question indeed which affects freedom of movement among wananchi in this country. Could the Assistant Minister tell me why he is answering a different Question altogether? I did not ask him to tell me the people who have no national identity cards. My question is, "failure to carry identity cards" and not "those who carry". Since I have got the Section of the Registration of Persons Act here, could he tell me what specific part of this Question makes a wananchi---

**Mr. Speaker:** Order! Order! I suppose if any Member wanted an interpretation of any particular section of the law, the right place is in the court, not here. So you can only ask factual questions not interpretations thereof. The position is that, we will not interpret the law, that is not our business. Ask questions of fact!

**Mr. Ruhiu:** Mr. Speaker, Sir, I asked a question here. Specifically, I have asked under what law do the Kenya police officer arrest wananchi for failure to carry their identity cards. The answer the Assistant Minister has told me is about people who have no national identity cards which is carried out under Section 14(1) Cap. 107 of the laws of Kenya. My question is: Under which law do Kenya police officers arrest wananchi" for failure to carry their national identity cards with them?

**Mr. Sunkuli:** Mr. Speaker, Sir, the police officers do not arrest people for failing to carry identity cards but a situation arises when it is necessary for a certain person to identify himself or herself. It is important that people who claim to be Kenya citizens should be registered as Kenyans. The only evidence that the police officers can utilize to ensure that they are, indeed, nationals of the Republic of Kenya is the possession of an identity card. There is no other way; we do not charge anybody for failing to carry identity cards; we charge them for not having registered as Kenyans.

**Mr. Kiliku:** Bw. Spika, hivi sasa tunapozungumza, kuna vijana wengi kule Mombasa ambao Serikali imeshindwa kuwapa vitambulisho. Wakenya ambao wanatembea bila vitambulisho, wanawashikwa na polisi na kuaambiwa wajitambulisho ilhali hawajapewa kitu chochote cha kujitambulisha kama Wakenya. Wakipelekwa kortini, wale polisi wanadai kuwa wamewashika hao vijana kwa sababu ya kutangatanga ovyo na kukosa adabu. Ninamuuliza Waziri Msaidizi: Je, wakati Serikali inafanya mpango vijana wetu wapewe vitambulisho, wanaweza kuamuru polisi, hasa katika mji wa Mombasa, waache tabia hiyo ya kushika watu ovyo ovyo na kuwashtaki kwa kutangatanga na kukosa adabu katika nchi yao hadi wakati vijana hao watavyopewa vitambulisho?

**Mr. Sunkuli:** Mr. Speaker, Sir, I think I will answer in English because the question was in English. If, indeed, the Police are arresting people without due cause, I would like to state here that they should not do so, but Hon. Kiliku himself---

**Dr. Kituyi:** Jambo la nidhamu Bw. Spika! Je, inakubaliwa kwa mhe. Waziri Msaidizi kujibu swali ambalo limeulizwa kwa Kiswahili akitumia lugha nyingine?

**Mr. Speaker:** Ni sawa kabisa!

**Mr. Sunkuli:** Mr. Speaker, Sir, I do not want the hon. Members to create the impression that I cannot speak good Kiswahili. I want to say that, if, indeed, the police officers have been arresting people without due reasons, they should not do so. The hon. Member for Changamwe has said that the police have never charged anybody in Mombasa for not having an identity card and, I think that is right. If a person is charged under the Vagrancy Act, it is not for me to tell the police officers not to charge people under a section of the law that they are lawfully entitled to do so.

**Mr. Anyona:** Mr. Speaker, Sir, what usually happens is that when the police officers arrest people, they are not looking for aliens, but they want to get bribes. When they get to the police station, they get the bribes and set them free because they are aware that they arrested them illegally. What is the Assistant Minister going to do about it?

**Mr. Sunkuli:** Mr. Speaker, Sir, when the policemen are arresting aliens, they should not look for bribes.

**Mr. Ruhiu:** Mr. Speaker, Sir, I wish to ask the Assistant Minister to tell this House what is the fate of over four million youth who are aged 18 years and above and who have not been issued with identity cards?

**Mr. Sunkuli:** Mr. Speaker, Sir, they should report to the registration office of their districts of origin and have themselves registered there.

**Mr. Speaker:** Next question! Mr Otieno Karan.

*Question No.40*

## SUBDIVISION OF LOCATION

**Mr. Karan** asked the Minister of State, Office of the President when Kawino Location in Kadibo with five sublocations will be subdivided into two locations as per the Kisumu District Development Committee recommendations.

**The Assistant Minister, Office of the President:** (Mr. Sunkuli): Mr. Speaker, Sir, I beg to reply. Kisumu District Development Committee has not received any recommendation from the Kadibo Division to create five sublocations from Kawino Location as alleged. My office, therefore, is not intending to create the said sublocation, without the approval of the Kisumu DDC.

**Mr. Karan:** Mr. Speaker, Sir, I am not surprised because that is the reply we normally get in this House. Could the Assistant Minister confirm that they are committed to dividing administrative areas within the Opposition area? Is it within their vocabulary or is it not, just as Multipartyism is not within their vocabulary? Could he confirm to this House that they are committed to dividing administrative areas within the Opposition zone, because I am the one sitting in the sub-DDC and the DDC and I am aware that this has been passed by both bodies?

**Mr. Sunkuli:** Mr. Speaker, Sir, while I am not aware of the existence of Opposition zones in this country, I am afraid that the Government is committed to the principle of close administration and that, indeed, the creation of Kadibo Division itself from Winam is an indication that the Government believes in the principle of close administration.

**Mr. Karan:** Mr. Speaker, Sir, now that the Assistant Minister has said that lack of recommendation from Kisumu DDC is the only hitch he is having, could he confirm to this House that if he gets that recommendation, then this location will be subdivided as desired by the people?

**Mr. Sunkuli:** Mr. Speaker, Sir, if the Kisumu DDC itself does not find any reason for this subdivision not to be carried out, then my office will not find any reason at all.

**Mr. Speaker:** Next question, Mr. Njoka Mutani!

*Question No.362*

## PAYMENT OF RESPONSIBILITY ALLOWANCE

**Mr. Speaker:** Mr. Mutani not here? We will come back to the Question later. Next question, Mr. Sifuna!

*Question No.342*

## EXPENSES ON MILK PROGRAMMES

**Mr. Sifuna** asked the Minister for Education how much money was spent on Primary School Milk Feeding Programme in Kanduyi Constituency, in particular, and Bungoma District in general, for the years 1993 and 1994.

**The Assistant Minister for Education** (Mr. Komora): Mr. Speaker, Sir, I would like to seek the indulgence of the House and the hon. Member because I am not satisfied with the answer that is in my possession at the moment. I would like to request for some time to have it properly done.

**Mr. Speaker:** What is your reaction Mr. Sifuna?

**Mr. Sifuna:** Mr. Speaker, Sir, would the Assistant Minister therefore, tell us exactly when he will be able to bring a favourable answer to this House?

**The Assistant Minister for Education** (Mr. Komora): Tomorrow afternoon, Mr. Speaker, Sir.

**Mr. Speaker:** The Question is deferred.

*(Question deferred)*

*Question No.410*

## PHONE FACILITIES IN TURKWEL

**Mr. Speaker:** Question No.410 by Mr. Ejore is also deferred!

*(Question deferred)*

*Question No.431*

## INVESTMENT POLICY OF NSSF

**Mr. Speaker:** Mr. Icharia not here? Next Question.

*Question No.431*

## INVESTMENT POLICY OF NSSF

**Mr. Icharia** asked the Minister for Labour and Manpower development:-

- (a) what the investment policy of the National Social Security Fund (NSSF) is;
- (b) in which bank and financial institutions the money was received by the Fund in 1991, 1992 and 1993 invested and at what interest rate; and,
- (c) what properties were bought for investment purposes by the Fund during the same period and at what prices.

**The Minister for Labour and Manpower Development** (Mr. Masinde): Mr. Speaker, Sir, I beg to reply:-

(a) The basic investment objective of the NSSF is to provide maximum possible return for the benefit of members. This is achieved through carefully selected investments which produce best yields, safety and security. Long-term investments are preferred to enable matching of the maturity structure of investments to long-term benefit payment obligation. The Fund has, therefore, diversified into Government securities, bank deposits, corporate equity shares as well as real estate.

(b) The NSSF invested in 40 financial institutions in 1991, 1992 and 1993 at interest rates ranging between 15 per and 20 per cent.

(c) The NSSF purchased eight properties in Nairobi between 1991 and 1993 at a total cost of Kshs1.3 billion.

**Mr. Icharia:** Mr. Speaker, Sir, the answer given by the Minister is most unsatisfactory. In parts (b) and (c), I asked for specific details of the banks where the money was deposited. I asked for the details of the properties which were bought. In an earlier answer, I had those details, but now there are no details provided in this answer.

However, the Minister has said that the money is invested to provided maximum possible return for the benefit of the members. I would like the Minister to explain to this House how the following properties bought by NSSF are going to benefit the ordinary workers who pay money to the NSSF: Undeveloped plot LR No.MM/111089 measuring eight hectares in Mtwapa, Kilifi, which was sold by the Commissioner of Lands to a company called Sansora Investments Limited, which I understand belongs to an hon. Minister of this Government.

**Hon. Members:** Aaa Minister!

**Mr. Icharia:** It was sold to the company for KShs46,000, but recently the same undeveloped plot was sold to NSSF for Kshs425 million. Plot No.2....

**Mr. Speaker:** Order! Order! Are you asking questions or making a speech?

**Mr. Icharia:** Mr. Speaker, Sir, I am asking questions!

**Mr. Speaker:** Then let him answer! Order! I would draw your attention to the provisions of Standing Order No.37 - concerning contents of Questions and how you ask them. Proceed!

**Mr. Masinde:** Mr. Speaker, Sir, his Question is centred on the issues that occurred between 1991 and 1993. As far as I am concerned, he has said that he got the details of the properties within that period, and I knew he got them and that is why I did not bother to go into details. I still have those details here. Whatever else he has given does not fall within the period between 1991 and 1993, and therefore, he can bring it up in a different Question.

**Mr. Ndicho:** Mr. Speaker, Sir, this institution invests its money in various projects. Can the Minister promise this House that he is going to stop tendency of anybody grabbing a plot in Nairobi, Mombasa, Thika and Kisumu going to NSSF to sell those plots? The NSSF has spent trillions of worker's money on plots that NSSF does not need.

**An hon. Member:** Unworthy properties!

**Mr. Masinde:** Mr. Speaker, Sir, this is based on the policy of willing buyer and willing seller. When you go to the market to buy a commodity you do not inquire where the seller got that commodity from and so on. When anybody offer his plot or property to sell the NSSF, all the NSSF have got to do is to see whether that property would be beneficial to the contributors. If it is legal the title deed is produced or the certificate is produced. We do not have to go into details to know whether it was grabbed or not, we just buy it at that face value and therefore, I cannot promise that I will stop such deals.

**Mr. Icharia:** Mr. Speaker, Sir, the Minister has avoided answering my question. He said here that the investment policy is meant to provide maximum possible returns for the benefit of the members. I have with me documents which shows that three plots in Mombasa bought at less than one million shillings were sold to NSSF at over a half billion shillings. I have the documents here!

**An hon. Member:** Lay them on the Table!

**Mr. Icharia:** I would like the Minister to tell this House, how does the ordinary worker benefits from undeveloped plot in the bush of Kilifi bought by NSSF for half billion shillings. I have got the papers here.

**Mr. Masinde:** Mr. Speaker, Sir, I am not disputing any prices for whatever plots. What I am saying is that if, NSSF has bought any plots, it has bought them with the aim of developing them to benefit the workers.

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

**Mr. Speaker:** Order! Mr. Icharia, you ought to give respect when the Chair has given another hon. Member the Floor! You do not have the exclusive rights, do you?

**Mr. Omino:** Mr. Speaker, Sir, the Minister has told us that NSSF deposited funds with banks and financial institutions which paid interest rates of between 15 per cent and 20 per cent which is very commendable. Could he now tell this House how much the contributors are being paid for their deposits with NSSF in terms of interest?

**Mr. Masinde:** Mr. Speaker, Sir, the current percentage is 15.

**Mr. J.N. Mungai:** On a point of order Mr. Speaker, Sir.

**Mr. Speaker:** Order! Order! Mr. Mungai, this is Question Time! There is nothing extraordinary or out of order here! Proceed, Mr. Wamae!

**Mr. Wamae:** Mr. Speaker, Sir, would the hon. Minister confirm to this House that NSSF will not be purchasing plots from individuals but will instead apply to Government for available land for the development?

**Mr. Masinde:** Mr. Speaker, Sir, we have done both.

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

**Mr. J.N. Mungai:** On a point of order Mr. Speaker, Sir.

**Mr. Speaker:** Order! What is it?

**Mr. J.N. Mungai:** Thank you Mr. Speaker, Sir. The hon. Questioner has just told us here that he has documents reviewing a lot of malpractices within the National Social Security Fund (NSSF). Would I be in order to ask the hon. Member to lay those documents on the Table so that they can give us---

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

**Mr. Speaker:** Order, Mr. Icharia! First of all, Mr. Njenga Mungai, that is not a valid point of order. Any hon. Member seeking or wishing to lay any document in his or her position on the Table is entirely up to him or her to do that. It has nothing to do with the Chair. It is absolutely in order for a Member to lay a document on the Table which he has referred to and he may also not lay it. So, there is really nothing in your point of order.

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

Order, Mr. Icharia! Could you stay again together?

*(Loud Consultation)*

*(Messrs. Icharia and Mwaura stood up in their places)*

Order! Order Mr. Icharia!

*(Mr. Icharia sat on the Front Bench)*

Order! I think you can sit there! Now, I can see you very clearly. I think the only time an hon. Member can lay a document on the Table is when that hon. Member has the Floor not otherwise.

Next Question, Mr. Obure!

**Mr. Obwocha:** Mr. Speaker, Sir, I would like to make a correction on this Question---

**Mr. Speaker:** Are you Mr. Obure?

**Mr. Obwocha:** Mr. Speaker, Sir, I am asking the Question on behalf of Mr. Obure. But I would like initially, to make a correction that the dispensaries referred to are Kenyena, not "Kinyanya" and Ogembo.

*Question No.429*

POSTING OF DOCTORS IN BOMACHOGE

**Mr. Obwocha,** on behalf of **Mr. Obure,** asked the Minister for Health when he will post a doctor to serve the rural dispensaries in Kenyena and Ogembo Divisions in Bomachoge Constituency.

**The Assistant Minister for Health** (Mr. Mutiso): Mr. Speaker, Sir, although the correction the hon. Member is trying to put across would have been too late for anybody to make use of. However, I beg to reply.

My Ministry has no sufficient doctors in the country. Due to this shortage, the rural dispensaries are run by Senior Community Nurses assisted by Second Nurse. So, according to our staffing norms in operation, the Ministry is not in a position to deploy doctors in the dispensaries.

**Mr. Obwocha:** Mr. Speaker, Sir, arising from the reply the Assistant Minister has given, could he tell this House, now, how many members of staff are in Kenyena and Ogembo dispensaries at the present moment?

**Mr. Mutiso:** Mr. Speaker, Sir, the hon. Member asked about posting of doctors to these particular dispensaries. The issue concerning nurses was not made known to me, otherwise I would have given the number of nurses we have in these dispensaries. But he knows, if he comes from the area, how many there are and he can as well tell us.

**Mr. Obwocha:** On a point of order Mr. Speaker, Sir. Is the Assistant Minister in order to evade a legitimate question? If he is saying he cannot post a doctor, then he knows the number of staff who are in these health centres. So, all I am asking the Assistant Minister is: Could he tell this House the number of staff who are in these health centres? That is all I want to know.

**Mr. Speaker:** I think you are right. That is a legitimate question because it is related to the original Question.

**An hon. Member:** Reply!

**Mr. Mutiso:** No, but Mr. Speaker, Sir, I have just said a dispensary is run by a Community Nurse and this particular one has one Community Nurse assisted by other junior nurses.

**Mr. Speaker:** Yes. Who is that? Mr. Manoti!

**Mr. Manoti:** On a point of order Mr. Speaker, Sir. Is it in order for the hon. Questioner to mislead the House by referring to Ogembo and Kenyena as dispensaries while we know they are health centres? Could the Assistant Minister, now, send doctors to those two health centres?

**Mr. Mutiso:** Mr. Speaker, Sir, I do not know whether the hon. Member meant that these particular dispensaries are health centres or what he meant by his intervention.

**Mr. Speaker:** That is what he means!

**Mr. Mutiso:** Mr. Speaker, Sir, to my knowledge, these are dispensaries and not health centres.

**Mr. Omino:** There are about 10,000 doctors in this country, which means one doctor for every 2,500 population of the country. Could the Assistant Minister accept that it is bad employment policies of the Government that have made it impossible for them to retain the doctors and post them to serve wananchi?

**Mr. Mutiso:** Mr. Speaker, Sir, in fact, the Ministry has plans to send medical doctors to health centres in the rural areas, but we have to ration these doctors so that we can have qualified personnel serving the heavily occupied institutions like district hospitals---

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

**Mr. Speaker:** What is it Prof. Ouma?

**Prof. Ouma:** Mr. Speaker, Sir, when matters of health are discussed, there is no point for the Minister in charge to go beating about the bush. Could the Assistant Minister give this House the real answer? Does he agree that it is bad employment policies which have made doctors run away to private practice and leave the Government with so few doctors that they cannot go around? The answer is either "Yes" or "No"!

**Mr. Mutiso:** Mr. Speaker, Sir, that is the hon. Member's opinion. The Government has no bad employment policy. The Government's employment policy is good because we have doctors serving in the Government. As for those who opt to go and open private clinics, that is their own business. We cannot force them to remain in the Government service.

**Mr. Speaker:** Final Question, Mak'Onyango.

**Mr. Mak'Onyango:** Mr. Speaker, Sir, could the Assistant Minister agree that people are dying at a very high rate right now and this is because of lack of proper medical care? What is the Ministry doing to ensure that we have doctors within easy reach of the people in the rural areas to give them the necessary medical care?

**Mr. Mutiso:** Mr. Speaker, Sir, the issue of health is of concern to all of us and I sympathise with the statement made by the hon. Member that people are dying because of lack of doctors. I have already stated that we taking steps to ensure that according to the number of doctors available in the country within the Government, we will send them to serve health centres in the rural areas and make sure that by doing so we do not deprive higher health institutions in the country of doctors at the same time.

*Question No.326*

REPAIRS OF UKAMBANI ROADS

**Col. Kiluta** asked the Minister for Public Works and Housing:-

- (a) whether he is aware that all roads in Ukambani are in terrible and impassable condition; and  
 (b) what steps he intends to take to put these roads in a better condition.

**Mr. Speaker:** Anybody here from the Ministry of Public Works and Housing? Not yet, we will come back.

Next Question, Mr. Robert Mungai!

*Question No.241*

REPAIR OF MAKUYU ROADS

**Mr. R.K. Mungai** asked the Minister for Public Works and Housing:-

- (a) whether he is aware that the main Kakuzi-Ithanga Road, which traverses Mitumbiri, Kakuzi and Ithanga locations, is totally impassable during the rainy season and residents have to walk long distances for their medical and other personal requirements; and  
 (b) if the answer to "a" is in the affirmative, what steps he is taking to alleviate the situation.

**Mr. Speaker:** Anybody here from the Ministry of Public Works and Housing?.

**Mr. Mutani:** Mr. Speaker, Sir, I apologise for coming late for the first time!

*Question No.362*

PAYMENT OF RESPONSIBILITY ALLOWANCE

**Mr. Mutani** asked the Minister for Education the payment of responsibility allowance to primary school headmasters and their deputies.

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

The responsibility allowance is paid to primary school head teachers and their deputies, at the following rates, as long as such teachers are on job Group 'K' and below:-

Type of School	Minimum	Headmaster D/Headmaster
No. of	K£ p.a.	K£ p.a.
Classes		



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Single Stream	1	45	Nil
Single Streams	4	45	12
Double Streams	8	90	24
Triple Streams	15	135	36
Four Streams	22	180	48
Five Streams	29	225	60
Six Streams	36	270	72
Seven Streams	43	315	84
Eight Streams	50	360	96
Nine Streams	57	405	108
Ten Streams	64	450	120

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**Mr. Mutani:** Thank you, Mr. Speaker, Sir. Arising from that answer by the Assistant Minister and bearing in mind that the deputy headmasters are most of the time acting for the headmasters while the headmasters are away and yet they do not even get half of what the headmasters get, could he make sure that they are paid at least half of the headmasters' allowance since they are always in the schools?

**Mr. Komora:** Mr. Speaker, Sir, in the first place, I do not accept that headmasters are not all the time in the schools. Even if they are not within the school compound, they are on duty elsewhere. They must have a reason for not being in school.

Secondly, the whole question of allowances is being reviewed by a Committee and that one also will be taken into consideration.

**Mr. Munyasia:** Mr. Speaker, Sir, the Assistant Minister said that in one category the deputy headmaster gets K£12 p.a. as responsibility allowance. Does he not accept that this is too low for anyone working as a deputy headmaster and would he consider raising these allowance for teachers?

**Mr. Komora:** Mr. Speaker, Sir, I have already answered that question before he asked his question. The matter is under review.

**Mr. Mulusya:** Mr. Speaker, Sir, the Assistant Minister has stated in his answer that some headmasters get as low as K£12 p.a. which is KShs.20 per month for being a Headmaster. Does he agree with me that the responsibility allowances paid to the headmastership and deputyship have made most of the headmasters in primary and secondary schools in this country to become corrupt because they try to get money from other sources which are not acceptable to parents and this practice is retarding development in schools---

**Mr. Speaker:** Order! That ceases to be a question now. Would you like to respond?

**Mr. Komora:** Mr. Speaker, Sir, firstly, there is no headmaster who receives K£12 p.a. and secondly, allowances are not salaries.

**Mr. Mak'Onyango:** Mr. Speaker, Sir, arising from the answer given by the Assistant Minister, could he tell this House how long those particular rates of allowances have been in operation and when does he intend to review them?

**Mr. Komora:** Mr. Speaker, Sir, the reason why they are being reviewed is that they have been outdated. They have been in practice since 1986.

**Mr. Speaker:** Next Question! For the second time, Col. Kiluta!

*Question No.326*

REPAIR OF UKAMBANI ROADS

**The Minister for Culture and Social Services** (Mr. Mwendwa): Can I assist you?

**Mr. Speaker:** Anyone here from the Ministry of Public Works and Housing?

**Mr. Ndicho:** On a point of order, Mr. Speaker, Sir. I stand to seek your guidance on this particular issue. What happens, in normal circumstances in Parliamentary procedure, when hon. Members meet the Minister outside here and he refuses to come into the Chamber to answer Questions?

**An hon. Member:** Did you see him?

**Mr. Ndicho:** Yes, Mr. Speaker, Sir, we were with hon. Mwamzandi outside there! Could you give tell

us under this kind of circumstances really what happens?

**Mr. Speaker:** Order! Order, hon. Ndicho, that would be expecting the Chair to trail every hon. Member, which is not possible and most undesirable. So, unless I see something different, I will not take it as being so.

*(Loud consultations)*

Order! Order, I have already said that what you are asking me to do is to engage services of people who will trail hon. Members wherever they go. As I have said, I do not have those resources and I would not be willing to use them even if I had. It is undesirable. The best I can do is to inform the Minister concerned to come and respond to Questions. Anyway, the Question is deferred.

*(Question deferred)*

Let us move on to Mr. R.K. Mungai's Question for the second time. I suppose it will have the same fate.

**Mr. R.K. Mungai:** Mr. Speaker, Sir, my Question is going to be under the same situation. Nevertheless, I will ask it, but it is very disappointing.

*Question No.241*

#### REPAIR OF MAKUYU ROADS

**Mr. Speaker:** Is there any chance of there being anybody here from the Ministry of Public Works and Housing now?

*(Question deferred)*

### COMMITTEE OF WAYS AND MEANS

*(Order for Committee Read)*

*[Mr. Speaker left the Chair]*

#### IN THE COMMITTEE

*[The Temporary Deputy Chairman  
(Mr. Wetangula) took the Chair]*

### MOTION

#### APPROVAL OF TAXATION MEASURES

**The Minister for Transport and Communications** (Mr. Otieno), on behalf of the Minister for Finance: Mr. Temporary Deputy Chairman, Sir, I beg to move:-

THAT, the proposals relating to:-

- (a) Customs Tariff
- (b) Excise Duties
- (c) Value Added Tax
- (d) Income Tax
- (e) Miscellaneous Fees, Stamp Duties and Taxes contained in the Financial Statement for the Year of Account 1995/96 be approved.

Mr. Temporary Deputy Chairman, Sir, may I also add that His Excellency the President has signified his consent to this Motion.

Mr. Temporary Deputy Chairman, Sir, most of these are proposals that were intended to take effect from mid-night on the Budget Day. As usual we ask, by way of this Motion, that these taxation measures be approved.

I beg to move.

*(Question proposed)*

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, I would like to comment on the proposal relating to Income Tax where the Minister has mentioned instalment tax. The penalties that the Minister has proposed to impose on taxpayers who will not file their returns in good time are prohibitive. I therefore submit that the Minister's course of action is going to make many taxpayers file false returns. This is because they will be frightened by these penalties. Therefore I would like to appeal to the Minister for Finance that it does not make sense to impose such penalties. This is because we know that even the interest rates that are charged by banks basically range between 15 per cent to 20 per cent. If you compute these penalties you will find that they have been doubled. Last year they were 43.6 per cent but this year they have been doubled and I do not think that this has been done in good faith. This is a very, very dangerous trend in tax administration. I wish to appeal to the Minister for Finance to review this course of action.

Thank you.

**Prof. Anyang-Nyong'o:** Mr. Temporary Deputy Chairman, Sir, this Bill deals with proposals relating to---

**The Temporary Deputy Chairman (Mr. Wetangula):** Order! We are not dealing with any Bill, Prof. Anyang Nyong'o! We are dealing with a Motion on the Financial Statement.

**Prof. Anyang-Nyong'o:** Sorry. I am still on the road; travelling to Nairobi but that is beside the point.

Mr. Temporary Deputy Chairman, Sir, I would have thought that the Acting Minister for Finance, hon. Dalmas Otieno, should have taken the Members more systematically and carefully through this Motion. This is because these are very important proposals. He should have told the House what it means to amend Customs Tariff, Excise Duties, Value Added Tax, Miscellaneous Fees, Stamp Duties and Taxes.

Mr. Temporary Deputy Chairman, Sir, as I have said before in this House, things to do with money and taxation are very important and that it is really incumbent upon the Government to offer better explanations to proposals made in the House.

**The Temporary Deputy Chairman (Mr. Wetangula):** What are you saying Prof. Anyang Nyong'o? I cannot get you.

**Prof. Anyang-Nyong'o:** I am sorry for you if you cannot get me, but I am speaking very clearly!

**The Temporary Deputy Chairman (Mr. Wetangula):** I can hear you but I cannot get what you are saying.

**Prof. Anyang-Nyong'o:** But I am saying, Mr. Temporary Deputy Chairman, Sir, is that as I have said before in this House, when we come to proposals like these ones, it is incumbent upon the Minister to take the House step by step through what is being proposed. The Motion here says:-

"THAT, the proposals relating to:-

- (a) Customs Tariff
- (b) Excise Duties
- (c) Value Added Tax
- (d) Income Tax
- (e) Miscellaneous Fees, Stamp Duties and Taxes contained in the Financial Statement for the Year of Account 1995/96 be approved."

Then you add, in parenthesis "His Excellency the President has signified his consent to this Motion" in bold letters as if that is so important that we should just pass this Motion. What I am saying is that---

**The Temporary Deputy Chairman (Mr. Wetangula):** Order, Prof. Anyang-Nyong'o! I have given you an opportunity to comment on these Items "a" to "e"---

**Prof. Anyang-Nyong'o:** Yes, you have given me an opportunity, Mr. Temporary Deputy Chairman, Sir, to comment on these proposals and---

**The Temporary Deputy Chairman (Mr. Wetangula):** And you are doing everything except that!

**Prof. Anyang-Nyong'o:** I am commenting on these proposals. I am saying there is a way of commenting on these things and that is important. The Minister should not have stood here to say he is proposing and then sits down; he should have taken these Items one by one and explained to the House what it is that he is proposing. That is his responsibility. If the Minister for Finance is not here his Assistant Minister should be here. But you do not import a Minister from the Ministry of Transport and Communications and ask him to move a Motion like this one when he knows that this is not his Ministry and he cannot do it.

**The Temporary Deputy Chairman (Mr. Wetangula):** There is collective responsibility in Government.  
**Prof. Anyang-Nyong'o:** Yes, but he is not very "collective" today.

What I was going to say is that the proposal relating to Customs Tariff which the Minister, during the presentation of the Budget Speech, dwelt on extensively--- As my colleague, hon. Obwocha, has said, it is not so important to propose amendments. The most important thing is to convince this House whether these proposals are going to lead to effective collection of revenue. What the Minister should tell this House is that each of these proposals is going to lead to effective collection of revenue. He will have to convince us that, that is the case.

Mr. Temporary Deputy Chairman, Sir, the other day I said here that it is fine to create a Revenue Authority as a State Corporation but what is important is whether that is going to lead to effective collection of revenue. Today *The Economic Review* supported what I was saying. This Revenue has been created and we have a Chairman. But that Chairman is a recycled Chairman from so many other duties. One wonders whether he is going to be effective as Chairman of this Authority to do what we want; that is effective collection of revenue. I am not myself satisfied, after reading the Budget Speech, that really the Government has got its act in order; in other words whether the Government is really conscious that what this nation needs are not higher levels of taxation but more effective collection of what is being taxed.

The VAT has been reduced 18 per cent to 15 per cent but according to me the VAT should be reduced to eight per cent. That is when the people will have the incentive to spend. What the nation needs in terms of taxation is for the Government to say "These are the expenditures that we have and these are the revenues that we need." Indeed, in a society like ours which is not very highly industrialized, the whole role of the Government is going to be reduced to collection of taxes. That tax is being spent on four things. One, physical and social infrastructure which includes transport and telecommunications, education and health. Two, water which is very important. Three, public housing and four, Government bureaucracy. This is all the Government is going to be occupied with in this nation. It is on these four items that we on this side of the House would like to see a very clear indication of what type of expenditures the Government has in mind and hence whether that warrants this kind of raising of revenue.

I am submitting that this is what should be very clearly articulated when we are being told that we are approving a Motion like this one. It is not just enough to say "this has been changed" because we also need to be told towards what direction the revenue is going to be spent. That is why I was pre-facing my remarks with those words and I hope, you are now getting me, Mr. Temporary Deputy Chairman, Sir.

I am not quite sure what proposal is being made here, from what has happened in the past. I would like the Minister to explain this one to the House because we would like to pass what we understand, and I am sorry I have to plead my ignorance on that issue.

Mr. Temporary Deputy Chairman, Sir, let me come to Income Tax. The whole principle of Income Tax collection in our nation, I think, has been based largely on taxing wage earners and evading taxing businesses. If there is any revision in the Income Tax regime, it should be a revision that visits carefully why it is that business is not paying as much Income Tax as it should. I think the Minister did recognise in his Budget Speech that business has not been paying as much tax as it should and that is very possible within our laws for business to evade tax.

What are the specific areas of tax evasion that any change in the Income Tax regime being proposed is going to address? Are we, as a Government, aware that these are the specific areas of tax evasion that a revision in the tax regime will address? I think, just like hon. Members on this side, the Government also seems to have a very general view; that there is tax evasion, but the Government is not quite clear which specific areas of tax evasion they are addressing. I think it has been recognised that it is in the business world that tax evasion is taking place most, and it is we, wage earners, that are bearing the brunt of Income Tax because we cannot escape whatsoever. Once it is known that you are earning a salary, the Pay-As-You-Earn Tax is deducted and goes straight to the Government. You cannot evade it, but in the area of business, there is definitely a large tax evasion.

Mr. Temporary Deputy Chairman, Sir, business people always evades tax because they do not have other proper incentives to make profits. If business people had proper incentives to make profits and, if, indeed, they have what is acceptable in business circles, of re-investing that profit and so on, I do believe that business people would not evade tax. It is only when the whole finance administration, the whole bureaucracy approaches business in a manner that tends to make business people also evade tax. These two points are very important. Unless proper management of public finances and public institutions is done, unless corruption is eliminated, unless bureaucratic red tape is eliminated, we will still find that business will evade taxation because they are paying a tax of another kind in order to get a licence or do something to corrupt somebody and so they will make up for it in another way. So, you eliminate those three things and tax evasion will also be sorted out.

Thank you.

**The Assistant Minister for Commerce and Industry** (Mr. Osogo): Thank you, Mr. Temporary Deputy Chairman, Sir, for giving me this opportunity to make a few observations on this Motion. It is one of the most difficult Motions that the House finds difficult to follow. In fact, I would remind hon. Members who have not had experience long enough in this House, that when the Minister for Finance makes his Statement when he moves the Financial Statement to this House, he begins by stating quite a number of things appraising the House, so to say, of what has happened in the previous year or in the year that is ending. Then it will be remembered that at the time when the Minister says that he will now want the House to regard what he is going to say as a Committee of Ways and Means, and he says, "I now move, Mr. Speaker do now leave the Chair---" That is when he starts the taxation, and that is when Members of Parliament who have experience start taking notes of what taxation measures are coming. The Minister did that. It is a tradition that when he reaches that stage he drinks a glass of water. It is also a tradition in the House of Commons and even in this Parliament, so that then we know we are now going to be taxed. So, we pay special attention to hear what the Minister is going to tax us on. In normal cases, one has to pick up the Finance Bill of the previous year to compare because he knows that we have been referring to the Finance Bill of the previous year, saying what has been increased, and *ad valorem* or otherwise. One has to refer all the time on to the Finance Bill that was there the previous year. This is the trick of the Motion that we are now debating.

**The Temporary Deputy Chairman** (Mr. Wetangula): I am enjoying the lecture but I am wondering about the relevance.

**The Assistant Minister for Commerce and Industry** (Mr. Osogo): I did not get you, Mr. Temporary Deputy Chairman, Sir.

**The Temporary Deputy Chairman** (Mr. Wetangula): Carry on!

**The Assistant Minister for Commerce and Industry** (Mr. Osogo): Thank you, Sir. I was just trying to inform hon. Members who are new in this House, about what happens. So, when a Motion like this comes, then Members of Parliament are ready. It is the only Motion that cannot be amended because we cannot amend taxation on the Floor of this House. We only give proposals to the Minister to consider later on, either when he moves other Supplementary Taxes or in the next financial year, that this should have happened just as hon. Henry Obwocha said. He said, for example, that the increase in penalty could be considered by the Minister in the next financial year, but he cannot do it this year because he has no way of changing his taxation now. We are now approving the taxation as it is, and there is no way we can change it. Even the Standing Orders do not allow us to change the taxation.

**Mr. Obwocha:** On a point of order, Temporary Deputy Chairman, Sir. We are seeking your guidance. Is the hon. Assistant Minister in order to allege that we cannot move an amendment to this Motion?

**The Temporary Deputy Chairman** (Mr. Wetangula): Hon. Osogo is giving his point of view. It may not necessarily be right. Carry on, hon. Osogo!

**The Assistant Minister for Commerce and Industry** (Mr. Osogo): Mr. Temporary Deputy Chairman, Sir, I am only offering experience to the hon. Members. It has never been done and he cannot do it. I am quite sure of that. You cannot amend taxes that have already been read by the Minister for Finance. The aim is for us to pass a resolution. That is why they indicated there that H.E. the President has signified his consent to this Motion. So, it is actually as it is. It is a foregone conclusion, that taxes have already been passed. So, we are only sealing them now, because the Minister moved them when he read his Budget Speech. They are now being sealed into a sort of Parliamentary resolution to allow Government to levy the taxes.

Mr. Temporary Deputy Chairman, Sir, before I sit down, I would like to say that I was very shocked to read, this morning, that an hon. Member of Parliament can stand up in public and say that taxes collected from *wananchi* are used by KANU Members in Harambees, and that the Opposition Members do not collect taxes to enable them to hold Harambees in their constituencies. This was very unfortunate. A Member of Parliament with some standing is quoted in the Press as having said that which is very, very unfortunate. He said this in a public meeting which he was addressing; that this Government collects taxes and gives the money to KANU Members to donate in Harambee meetings.

Mr. Temporary Deputy Chairman, Sir, some of us who hold small Harambees in our own constituencies, and some of us with our meagre funds, are not able even to raise Kshs50,000 in a Harambee. So, if the Government was using money for Harambees, then a man like Osogo, who is only capable of raising little money in his own constituency in a big fund raising meeting, should be able to benefit from the taxes if this hon. Member was serious. This type of cheap politics is what brings *wananchi* into a lot of suspicions because a Member of

Parliament of this House standing up and telling *wananchi* that the taxes collected are normally given out in Harambees, is folly.

Mr. Temporary Deputy Chairman, Sir, that hon. Member should be able to correct that statement if he said it at all in the newspaper that reported him today. He should be able to correct that statement because if he does not do that, we are going to take him to task to prove in this House that what he told the public is true. We are honourable, as the Speaker has always said, and we should always be honourable in whatever we say.

I wanted to draw the attention of the House---

**Dr. Lwali-Oyondi:** On a point of order, Mr. Temporary Deputy Chairman, Sir. I have been listening to the Assistant Minister talking but we know very well and I said this last week---

**The Temporary Deputy Chairman** (Mr. Wetangula): Order! What is your point of order?

**Dr. Lwali-Oyondi:** Is the Assistant Minister in order to say that taxes are not used in Harambee when he knows very well that this is true? Last time, I quoted the Minister for Education as giving taxes from the Ministry of Education as Harambee money from time to time. That is our tax and we do pass it here. Is he in order to mislead the House?

**The Temporary Deputy Chairman** (Mr. Wetangula): Order, Dr. Lwali-Oyondi! That is not a point of order.

**The Assistant Minister for Commerce and Industry** (Mr. Osogo): Mr. Temporary Deputy Chairman, Sir, I am not misleading the House. The Minister for Education has got a provision in his Vote for that type of allocation and the hon. Member is going to pass it when we pass the Vote for the Ministry of Education. If he does not read that information properly, that is his own "shauri". We know it because it is not only the current Minister for Education who does that. Ministers in this Ministry have been doing it right from the time of hon. Otiende. This is money from the allocation granted by Parliament.

Just before I end, I would like to express my thanks to His Excellency the President for having appointed the Commissioner General of Kenya Revenue Authority. He is a very dedicated civil servant whom we all know as having served very well in whatever ranks he has been appointed. We do hope that he is going to consolidate and form the Authority on a very firm foundation. As a founder Commissioner-General of the Authority, we hope that he is going to lay it on a very firm foundation so that those who will come after him will find the foundation very firm. We know that he is not a man one can easily corrupt from the records we have and we thank him very much.

I also thank His Excellency the President for having nominated a very outstanding Kenyan as the Chairman of the Authority. He has a record for himself having worked in the Civil Service and in the other appointments he has received. I think the choice to have these gentlemen guide the Authority in its infancy are good choices for this country.

With these remarks, I beg to support.

**Dr. Lwali-Oyondi:** Mr. Temporary Deputy Chairman, Sir, I wish to just say one or two things on this Motion.

I asked the Minister why the Government is getting away from the normal expectations. I wish to give an example to verify this. When somebody has got cattle he will take the animal that gives least milk and sell it so that he gets rid of it first and only sells the best cow that gives much milk if things are bad for him economically. I was wondering why we leave those parastatals that are taking a lot of our money and bringing no profit to this country and instead sell those that benefit us, for example, Mumias Sugar Company. Mumias Sugar Company has been bringing revenue every year without fail to this Government. Selling those parastatals that bring revenue and leaving those that are taking away money from our coffers is not wise.

Another thing I would like to comment about is the Parastatals Reform Programme. *Wananchi* are crying a lot because money has been provided for by various donors to reform these

**[Dr. Lwali-Oyondi]**

parastatals, Ministries and so on, but the money is not being given. The Minister should make sure that, in his proposals, as he has put it, this money is given. Some people who think that they should be getting let us say Kshs100,000 as early retirement benefits, are now being given Kshs40,000. Others are being given Kshs60,000. In a parastatal like National Cereals and Produce Board many people have opted for the "golden handshake" but from January up to now they have not been paid anything. Those who have been paid only received about Kshs60,000 instead of Kshs100,000.

Secondly, in this particular parastatal, we have very old people who have reached retirement age. The parastatal is being manned by very old people. These are men who should have been retired a few years ago but they are still there. So it is high time that---

**The Assistant Minister for Finance** (Mr. Keah): On a point of order, Mr. Temporary Deputy

Chairman, Sir. I am listening very attentively to the hon. Member so that I can take notes but I do not know whether what he is talking about has anything to do with what we have here on the Order Paper. I think he is totally out of order and that has nothing to do with taxation measures.

**Dr. Lwali-Oyondi:** Mr. Temporary Deputy Chairman Sir, we are commenting on the Financial Statement.

**The Temporary Deputy Chairman (Mr. Wetangula):** On specific items!

**Dr. Lwali-Oyondi:** You see, we are commenting on this document which we have been debating and now we are in the Committee. Now, I do not see why we should isolate any one item.

**The Temporary Deputy Chairman (Mr. Wetangula):** Dr. Lwali-Oyondi, do you have today's Order Paper?

**Dr. Lwali-Oyondi:** Yes I do.

**The Temporary Deputy Chairman (Mr. Wetangula):** What you are supposed to be commenting on is listed there as "a", "b", "c", "d" and "e". Let me hear more about that. You are not allowed just to stand up and talk in general terms and talk about anything and everything. We are talking about specific items.

**Dr. Lwali-Oyondi:** Yes, I am talking about taxation measures and taxation will come about if these people are given a "golden handshake" and they begin business from which the Minister will collect some funds. This is actually what is affecting *wananchi* at this point in time. The Minister, having commented on this in this Paper, I thought I should draw his attention to it so that *wananchi* can benefit from it and from their benefits you will have to get more money.

If you could allow me to continue, this is a very serious section. I think that the old people who should have resigned--- Telling the young people to resign is not fair! To start with, if we have to do any reforms, I should ask the Minister to recommend that the old people retire first. Those old people who should have retired and are heading various Ministries and parastatals should be the first ones to go before they tell a young man of, for example, 36 years, to retire. There is no logic in a man who is manning a parastatal or a Ministry aged about 67 and should have retired long ago, telling a young man of 35 to go away. That is very unfair!

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

**Dr. Kituyi:** Thank you, Mr. Temporary Deputy Chairman, Sir. I want to talk about these irregular procedures for the following reasons. We are in a process of establishing a practice which is very few years deep where revenue-related measures in the Financial Statements are discussed for passing with two ambiguities; the first one, they are not a Bill---

**The Temporary Deputy Chairman (Mr. Wetangula):** Dr. Kituyi, what do you mean by an "irregular procedures?"

**Dr. Kituyi:** That is what I am trying to explain, if you just give me a chance. Mr. Temporary Deputy Chairman, Sir. You will understand well what I am saying. What I am saying is as follows:-

The Financial Statement is not tabled before the House like a Bill or a Motion. Therefore, when we do pass the revenue-related measures in the Budget which are contained in the Financial Statement, we are talking about matters which are neither a Bill nor a Motion. That is irregular. But even more irregular is the fact that the Finance Bill is a detailed account of revenue-related measures as contained in the Budget. That means that when we come to discussing the Finance Bill, we are going to delve into the matters that we are now being asked in a general way to pass in this ---

**The Temporary Deputy Chairman (Mr. Wetangula):** Order, Dr. Kituyi! If you looked at Standing Order 138, you would not be saying what you are now saying. There is nothing "irregular" at all in the procedure we are following in this Motion.

**Dr. Kituyi:** Thank you very much, Mr. Temporary Deputy Chairman, Sir, for expressing your opinion. I have had the privilege of looking at Standing Order 138 and ---

**The Temporary Deputy Chairman (Mr. Wetangula):** Order, Dr. Kituyi! The Chair is not expressing an opinion, it is making a ruling; that there is nothing irregular in what we are doing.

**Dr. Kituyi:** Notwithstanding the ruling of the Chair about the interpretation of that section of the Standing Order, it might be useful to remember that the practice of passing duty-related measures in the Financial Statement is not an old practice in this House. But be that as it may, Sir, there are a number of things that one wishes to mention. I appreciate very much the very careful effort made by the Minister in detailing what kind of revenue measures have been brought to the House.

First, while appreciating the grains upon which the VAT was reduced, I think, if you looked at the reasons, there is no justification as to why the reduction was so modest. I believe that, in tandem with other revenue-related measures that were announced in this Financial Statement, the level of VAT in this country could

have justifiably been reduced more than it has been.

There are also a number of problems with revenue collection and prosecution of cheats in this country. I wish to congratulate the relevant department of Government on the recent spate of arrests of Customs Officers and revenue collection officers who have been involved in some scandalous fraudulent acts that deprive the citizens of their rightful dues. I want to express the hope that this is not one of those typical measures we see undertaken in a few weeks leading up to the "donor consultations" and which disappear very quickly once the donor consultations are over.

Mr. Temporary Deputy Chairman, Sir, I also want to wish that the determination to seek out thieves who have been stealing from public coffers is not confined to the few cases that are now at hand, but they can be expanded to contain other known cases of fraudulent acquisition of public funds. Now, before I go to my modest remarks about specific recommendations in this Financial Statement, I wish to say the following:

Mr. Temporary Deputy Chairman, Sir, there are a lot of us in this country who breathe a sigh of relief that one of the most useful benefits that we have had in the growing pressure of transparency is a team to man the Treasury and the country's economy which showed a reluctance to extend its personal ambition to grab from interfering with their duties as custodians of public funds. But two things have been brought into sharp focus; our optimism about the new team that is in charge of these affairs.

One, Sir, is a rather sad incidence where, according to provisions of paragraph 14, page 7, part two of the Financial Statement, the Minister announced during the Budget Speech and I quote him, after announcing all the new measures that were put in place to reduce the chances of dumping and so on, the last sentence to paragraph 14, the Minister said:

"With these new protective measures in place, the temporary suspensions on importation of maize, wheat and sugar are lifted with immediate effect."

Mr. Temporary Deputy Chairman, Sir, I have three fundamental problems with that statement. The first statement is that one expects that Government is in business. If you looked at the publicly-displayed and televised statement by the Minister for Agriculture during the opening of the Nakuru Agricultural Show, hon. Nyachae, was denying any responsibility in the business of lifting the temporary ban on importation of cereals and sugar and the consequences thereto---

Unfortunately, the day before the Budget was delivered, the Minister for Agriculture published Legal Notice No.216 in the Kenya Gazette which lifted the temporary ban on importation of cereals and sugar into Kenya. So, you have a confusion about responsibility accepting that you are a party to a deal that may be going sour in the face of the consumer in this country. That is one of the problems.

A second and fundamental problem, Sir, is that it is public knowledge in this country that before the Minister for Finance announced the lifting of the temporary ban on importation of cereals and sugar, powerful personnel in Government had already imported cereals from Uganda and stored it in NCPB stores in Western Kenya. Therefore, the statement by the Minister for Finance was a ritual to give blessing to an activity which had already been criminally undertaken.

There is also a third reality, Sir. There is just no justification whatsoever in this country---

**Mr. Sankori:** On a point of order, Sir. Is it in order for the Dr. Kituyi to mislead the House when he cannot prove his allegation that Government officials had actually on that day - Budget Day - stored some cereals in the NCPB stores?

**Dr. Kituyi:** Mr. Temporary Deputy Chairman, Sir, if hon. Sankori had actually challenged me to substantiate that - which he has not done - I would have done it to his satisfaction. Cereals from Uganda - maize - were imported into this country and stored in the NCPB stores before the Minister for Finance announced the lifting of the ban on importation of cereals. But after he---

**Mr. Sankori:** On a point of order, Sir. That is exactly what I am asking hon. Kituyi to do!

**Dr. Kituyi:** The hon. Member does not know how we can say it when cereals are brought into this country from another country.

**The Temporary Deputy Chairman (Mr. Wetangula):** But, as far as the Chair is concerned, he has not asked you to substantiate anything!

**Dr. Kituyi:** Thank you very much, Sir.

Now, Mr. Temporary Deputy Chairman, Sir, I want to make a very critical remark. The hon. Minister for Finance has been a Member of this House at a time when I substantiated here and showed how an irregularity under the tenure of the former Minister for Finance occurred, when the Financial Secretary wrote to the Commissioner of Customs and Excise asking him to free a consignment of goods coming into the country - in that case *mitumba* clothes imported by Ms Tausi International, which belongs to Mr. Gideon Moi - under the



anticipation that the Minister would publish a duty waiver. It is unfortunate that now we have a similar case---

**The Vice-President and Minister for Planning and National Development** (Prof. Saitoti): On a point of order, Mr. Temporary Deputy Chairman, Sir. Is it in order for the hon. Member to cast aspersions on a member of the public who is not in this House and who cannot defend himself?

**Dr. Kituyi:** Mr. Temporary Deputy Chairman, Sir, I am casting aspersions on the hon. Saitoti, who was the Minister for Finance, and not on a member of the public who is outside this House! It is Prof. Saitoti I am talking about and not any other person!

**The Temporary Deputy Chairman** (Mr. Wetangula): Hon. Members there being no other hon. Member who wants to contribute, I will now call upon the Mover to reply. Yes, Mr. Mudavadi!

**The Minister for Finance** (Mr. Mudavadi): Mr. Temporary Deputy Chairman, Sir, as I did emphasise when I was making the taxation proposals, the key to all this is continued pressure that the Government must apply to ensure that there is adequate revenue collection across the board, and hence the formation of the Kenya Revenue Authority (KRA). I would, however, like to say that whereas it is going to be imperative for the KRA to start very vigorous action on tax collection, I think it is also fair to acknowledge that the authority will also be undergoing a transitory period, through which it will have to set up quite a number of mechanisms that would in the long-run improve the revenue collection.

I would also like to point out that, in the process of effecting these taxation measures which, as hon. Members note, do not all come into effect at the same time - some have different lead time before they come into effect - we do hope that we could have an excellent revenue collection, similar to what has been achieved in certain countries. Perhaps, a very good example is New Zealand where the tax collection system is extremely efficient. Even the revenue authority in Uganda has done quite a good job in improving revenue collection. We expect that our KRA will face this challenge. I should add that if, ultimately, we see some light in the tunnel the taxation rates will be adjusted. But there must first be success in revenue collection before we can alter taxation levels. So, whatever may seem modest today should be seen as the beginning of a very concerted effort by the Government to try and lower the tax burden as a whole for the taxpayers.

Also, from these taxation measures, one will notice that there are several penalties that we have doubled either under the income tax or the VAT. All these are supposed to assist us in ensuring that there is adequate compliance with tax payment. Where there will be no compliance we will be able to penalise the offenders adequately so that this will be a deterrent to any future fraudulent activities. I think this is a very important measure that needs to be highlighted.

Let me also point out that in the taxation measures the Government has also reduced drastically the duty rates on several raw or primary materials which are used in industry. This is supposed to assist in the stimulation of industry. So, without taking more time on this, it is clear that the measures we have put in place are specific, very plain and very simple for this House to understand.

With those remarks, I beg to reply.

*(Question put and agreed to)*

**The Minister for Finance** (Mr. Mudavadi): Mr. Temporary Deputy Chairman, Sir, I beg to move that the Committee doth report to the House its consideration of the Resolution and its approval thereof without amendment.

*(Question proposed)*

*(Question put and agreed to)*

*(The House resumed)*

*[Mr. Speaker in the Chair]*

## REPORT

### APPROVAL OF TAXATION MEASURES

**Mr. Wetangula:** Mr. Speaker, Sir, I am directed to report that the Committee of Ways and Means has

considered that the proposals relating to customs tariff, excise duties, value added tax, income tax miscellaneous fees, stamp duties and taxes contained in the financial statement for the year of account 1995/96 be approved and approved the same without amendment.

**The Minister for Finance** (Mr. Mudavadi): Mr. Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Resolution.

**The Assistant Minister for Finance** (Mr. Keah) seconded

*(Question proposed)*

*(Question put and agreed to)*

#### **ADJOURNMENT**

**Mr. Speaker:** Hon. Members, for the convenience of the House, since we have no other business to transact, the House is now adjourned until tomorrow Wednesday, 5th July at 9.00 a.m.

*The House rose at 4.10 p.m.*