

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 12th March, 2014

The House met at 9.00 a.m.

*[The Temporary Deputy Speaker
(Hon. Cheboi) in the Chair]*

PRAYERS

QUORUM

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Members, we do not seem to have a quorum. Therefore, I order that you ring the Division Bell for 10 minutes.

(The Division Bell was rung)

Order! Order, hon. Membrs! We now have a quorum. Therefore, let us proceed with business.

NOTICES OF MOTIONS

The Temporary Deputy Speaker (Hon. Cheboi): We have two notices of Motions, starting with hon. Jacob Macharia of Molo Constituency. If he is not here, can we have hon. Makokha Odanga? It appears that both of them are not in. So, they can give their notices during today's afternoon session.

Next Order!

STATEMENTS

The Temporary Deputy Speaker (Hon. Cheboi): There is supposed to be a response from the Departmental Committee on Education, Research and Technology to Statement requests by hon. Abdullahi Diriye and hon. Ababu Namwamba. Committee Vice-Chairperson, you are the one going to give the responses. I can see that we have hon. Namwamba. Is hon. Diriye in? If he is not in, we can start with the response to the request by hon. Namwamba.

EXCLUSION OF MARANDA HIGH SCHOOL IN KCSE RANKING

Hon. Melly: Hon Temporary Deputy Speaker, thank you. I want to respond to the Statement raised by hon. Namwamba. He requested to know why Maranda National

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School in Siaya County has not been ranked; the reason why the ranking was withheld by the Ministry of Education, Science and Technology and the measures the Government is taking to address this serious aberration that has demoralized the entire Maranda National School community, Siaya and the whole country.

I wish to respond to this issue. The Kenya National Examinations Council (KNEC) cancelled the results of 23 candidates from Maranda National School in computer studies for the 2013 Kenya Certificate of Secondary Education (KCSE) examinations. The results for the 23 candidates were cancelled after it was proved beyond any reasonable doubt that the candidates had colluded in the Computer Paper I451/1 examination.

The KNEC's mandate is to conduct academic, technical and other examinations within Kenya as it may consider desirable in the public interest and to award certificates and diplomas to successful candidates in such examinations. To do this effectively, the KNEC has also been given the power to make rules regulating the conduct of examinations and for all purpose identical thereto.

The KNEC has, therefore, developed rules to regulate all these processes including the ranking of candidates and schools. The KNEC policy on ranking of schools says that examination centers that have candidates who are involved in examination irregularities shall not be ranked by the KNEC except in cases where less than five candidates in an examination center were involved in examination irregularities. This means that Maranda had 23 which were not less than five. Further, cases where head teachers reported examination irregularities to the KNEC and where less than ten candidates in such examination centers were involved in the reported examination irregularities, the schools shall be ranked.

In view of the above policy, Maranda National School was not ranked because 23 candidates in the school were involved in examination irregularities. In Kenya, examination results are a major determinant of access in the job market and institutions of higher learning. Given the very stiff competition for places, it is imperative that objectivity and fairness be the overriding concerns in the allocation of these places. Any practice, therefore, that threatens fairness and objectivity must be stamped out without hesitation. Cheating in examinations is one such practice and if undetected and unpunished, it can undermine one of the core functions of the examination which is to grade candidates according to their abilities. Cheating in examinations can also quickly erode confidence the public has in examinations if false grades are awarded by the system. Cheating also undermines the values of honesty in candidates if it appears that dishonest candidates are the ones being allocated places on the basis of grades attained through cheating.

In the 2012 KCSE examinations, results for 1,700 candidates were cancelled for involvement in examination irregularities. Out of this, 829 candidates were from the North Eastern region that comprises of Garissa, Wajir and Mandera counties. With the above cases in mind it is, therefore, critical for the KNEC to safeguard examination standards by ensuring that any person or school involved in exam irregularities is penalized to ensure that the same does not occur in future.

Hon Temporary Deputy Speaker, I hope and believe that the hon. Member, Maranda High School community, Siaya and the whole country will find this Statement

useful and satisfactory. Meanwhile, the Ministry is to launch thorough in depth investigations about the teachers and the schools which were directly involved in perpetuating and abetting examination irregularities. Thereafter, appropriate disciplinary action will be taken.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Namwamba, do you find the Statement useful and satisfactory? You could seek clarifications at this point.

Hon. Ababu: Hon Temporary Deputy Speaker, I find this Statement very dangerous and inflammatory. I actually find it as a very serious assault on the integrity and status of a school that has built a reputation over many years and a school that today is ranked among the premier education centres in the country. The Chair of the Committee says that it was proven beyond any reasonable doubt that the candidates had colluded. The Chair uses words like “collusions”, “cheating”, “irregularity” but he does not tell this House exactly what happened; exactly what these students did that then led to the cancellation. When you speak of beyond any reasonable doubt, one then presupposes that some investigation or some inquiry was undertaken and that there is a report of such an inquiry. Could the Chair of the Committee table before this House, for the benefit of this House and for the benefit of the school, a comprehensive report of an inquiry that was undertaken in this matter that can conclusively tell us, if indeed there was an irregularity, exactly what irregularity that is? What is the nature of that irregularity and what was the conclusion of that inquiry? Other than that, this is a dangerous Statement that could potentially destroy the reputation of this great school.

The Temporary Deputy Speaker (Hon. Cheboi): We will take three more hon. Members seeking clarifications.

Hon. (Eng.) Gumbo: Hon Temporary Deputy Speaker, I want to follow from where hon. Namwamba has left and reiterate that the Statement by the Chairman is extremely dangerous. You know they say that genius is one per cent inspiration and 99 per cent perspiration and people work hard to get exams.

(Hon. Melly consulted loudly)

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Chair of the Departmental Committee on Education, Research and Technology, I do not think you are concentrating. You know you are going to be taking four clarifications so I want you to concentrate and do not get into---

Hon. (Eng.) Gumbo: Yes, concentrate! Hon Temporary Deputy Speaker, the grading system of the KNEC considers seven subjects; the compulsory subjects are English, Kiswahili and Mathematics. Students are required to take any two science subjects from Physics, Chemistry and Biology and one Humanity; **CRE**, History or Geography. Then there is the category of elective optional subjects which include Agriculture, French, Computer Studies and Business Studies. Just indulge me for one minute so that we see the enormity of what the Chairman has just said. We are talking about a center of excellence and for the record, I want to table here the certified results of Maranda High School.

(Hon. (Eng.) Gumbo laid the document on the Table)

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If you look at the results of Maranda High School, you will find that in English which is a compulsory subject, six students got plain A while 73 students got A- (minus). In Kiswahili which is also a compulsory subject, 247 students got plain A while 101 got A- (minus). In Mathematics, a compulsory subject, 150 students got plain A while 34 students got A- (minus). Biology which is one of the sciences, 286 students got plain A while 65 students got A- (minus). In Physics another one of the sciences, 221 students got plain A while two got A- (minus). In Chemistry, 288 students got plain A. I can go on and on. The total number of plain A in Maranda High School is 1,630 while the total number of A- (minus) is 601.

Hon. Temporary Deputy Speaker, the Computer Studies which he is talking about is an elective or optional subject. Even if it was assumed that they colluded, which he has not proved and they all got plain A, it will account to less than 1 per cent of the total number of plain A and A- (minus).

The Temporary Deputy Speaker (Hon. Cheboi): What is it that you are seeking now?

Hon. (Eng.) Gumbo: Hon. Temporary Deputy Speaker, some of us went to schools where excellence was the norm. I would like to tell the Vice-Chairman that Maranda High School has students from all the 47 counties of Kenya.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Gumbo, you are seeking a clarification. You have built your case.

Hon. (Eng.) Gumbo: Hon. Temporary Deputy Speaker, with all due respect, I think the Vice-Chairman of this Committee is not the right person to address this matter. For example, where were the invigilators when the 23 students were colluding in computer studies?

Hon. Temporary Deputy Speaker, I am requesting through you that we interrogate the Cabinet Secretary and the Chief Executive of the Kenya National Examinations Council (KNEC). This is because in my heart, I believe that the top school in Kenya was not ranked for reasons different from what the Vice-Chairman has said. This is based on what I have just given you.

The Temporary Deputy Speaker (Hon. Cheboi): You see, you have not sought any clarification to the best of my knowledge. I am saying that if you want to interrogate the Cabinet Secretary, for example, this matter had been referred to the Committee, it is at that point that you should have sought that kind of interaction.

Hon. (Eng.) Gumbo: It is not me who asked it. This is a supplementary question.

The Temporary Deputy Speaker (Hon. Cheboi): But are you not the Member of Parliament for that particular area?

Hon. (Eng.) Gumbo: Hon. Temporary Deputy Speaker, when I speak in this House and my record is known, I speak for Kenya and not just for my area. My record is known. When there was a problem in Todonyang, I was the one who requested a Statement to be given in this House. So, it is not about me but it is about the children of Kenya; it is about demoralizing a centre of excellence which is breeding future leaders of this country. That is why I am requesting you to allow us to engage the Cabinet Secretary and the CEO of the KNEC. This is because an enormous injustice has been done and injustice anywhere is injustice everywhere.

The Temporary Deputy Speaker (Hon. Cheboi): I want to know from the Chair if he would be able to take two more clarifications before he answers. I am sure you can do that. I will give you some little time on this one. So, be patient. Let us have hon. Ali Wario.

Hon. Wario: Ahsante, Mhe. Naibu Spika wa Muda. Baraza La Mitihani Nchini linaajiri wasimamizi wa mitihani siku ya mitihani. Mbali na hawa wasimamizi wanaosimamia mitihani, kuna askari ambao wanapelekwa kuangalia usalama wa watoto. Kutambuliwa kwa makosa au kuibiwa kwa mitihani hufanyika siku ya mitihani au ni baada ya kuchunguza ile mitihani? Hii ni kwa sababu wale wanaosimamia mitihani ndio wangesema jambo kama hili likitendeka. Mara nyingi ripoti huja baada ya ile mitihani kukaguliwa. Wale wanaolipwa kusimamia hii mitihani, ikiwa jambo la wizi wa mitihani limetendeka, Baraza linawachukulia hatua gani?

The Temporary Deputy Speaker (Hon. Cheboi): Let us get hon. Serem and then we will take another round. So, be patient.

Hon. Serem: Thank you, hon. Temporary Deputy Speaker. If you look at what the Chair has said, you will find that his response has not satisfied us. Why is this the case? Even a murderer in this country is given a chance to be heard. These kids were not given a chance to be heard anywhere after investing their time and money for four years. We cannot be told that these kids just colluded. Where is the evidence? The invigilators were paid allowances---

(Hon. Melly consulted with hon. Members)

The Temporary Deputy Speaker (Hon. Cheboi): Order! We should be considerate. You know you are actually approaching the Chair of the Committee when he is supposed to be concentrating. I have seen interference from two Members. We really do not want a situation whereby once Members have sought clarifications, a Chair of a Committee just proceeds and responds to things which he did not listen to. So, hon. Members give the Vice-Chair time to work on this.

(Applause)

Hon. Serem: Hon. Temporary Deputy Speaker, I also have a school in my constituency called Kemela High School which is the best school in my constituency. For the last three years, the school has been scoring grade "A" in Business Studies. Nine students scored "Y".

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Serem, I want you to seek clarification. What is coming out is that Members are actually debating. Seek a specific clarification.

Hon. Serem: Hon. Temporary Deputy Speaker, I wanted to build a case so that when I seek clarification, I have direction---

The Temporary Deputy Speaker (Hon. Cheboi): But you are bringing a situation in your own constituency and yet we are dealing with a specific school which is Maranda High School. I do not think the Chair will be able to respond to your request

because he is not prepared. So, hon. Serem, I want you to seek a specific clarification based on the request that the Member had made.

Hon. Serem: Hon. Temporary Deputy Speaker, the same problem that happened in Maranda High School--- I am building a case to show that what happened in that school is not isolated in this case. This is because what you hear from hon. Namwamba is the same case that happened in my school. The kids who got “Y” in their results, without that subject, they still had enough points to enable them join university. This shows that these kids never colluded or cheated in the examinations. If the Chief Executive Officer is not able to handle the KNEC, he should resign.

(Applause)

If there is a situation where cheating in examinations---

The Temporary Deputy Speaker (Hon. Cheboi): Your case is built now. I think we can have the Vice-Chair responding to that unless you have a specific clarification. To me, you have built the case.

Hon. Serem: Hon. Temporary Deputy Speaker, can we demand that the Chief Executive Officer at the KNEC resigns with immediate effect?

The Temporary Deputy Speaker (Hon. Cheboi): Let us have the Vice-Chair. We will take another round of four Members and then we close the matter.

Hon. Melly: Thank you, hon. Temporary Deputy Speaker. First of all, I would like to say that the issues before us--- I want to note that Maranda High School is a national school and the students did well. As narrated by hon. Ababu Namwamba and hon. Gumbo, the students did very well in those subjects. There were no irregularities in Mathematics and English. However, an irregularity is an irregularity. I want hon. Members to note that those students were singled out. An irregularity was noted especially in Computer Studies Paper I. It is known that the students colluded and cheated. The report has been sent to the school and the supervisors of education at Siaya County.

On the same issue, an irregularity can be detected---

Hon. Ababu: On a point of order, hon. Temporary Deputy Speaker. The Vice-Chairman is a very good friend of mine but he is engaging in very dangerous talk. Is he in order to repeatedly talk about cheating and collusion and then refer to a report that has allegedly been submitted to the school when this honourable House is seized of this matter; a place where he should be telling us that this is the report of this inquiry that tells us what nature of collusion or cheating this is? In the absence of any proof of any inquiry, is the hon. Vice-Chair in order to continue using those dangerous terms of “cheating” or “collusion” in the absence of anything substantive to prove that? That is dangerous.

Hon. Temporary Deputy Speaker, could you please order the Vice-Chair to table that report and then allow us to interrogate it?

The Temporary Deputy Speaker (Hon. Cheboi): Yes, let us hear from the Vice-Chair in specific response to that and of course, the rest?

Hon. Melly: Thank you, hon. Temporary Deputy Speaker. I think I shall table the report next week. I would have brought it here---

The Temporary Deputy Speaker (Hon. Cheboi): If you will table the report next week, at what point therefore, would Members be able to interrogate it?

Hon. Melly: I think I will request hon. Members to come to our Committee and then we interrogate the report.

Hon. Members: On a point of order, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): In all fairness, you may need to respond to this request in more details after you table the report, probably on Wednesday, next week. Will that be fine with you, hon. Namwamba so that you can see the details?

Hon. Ababu: Hon. Temporary Deputy Speaker, first of all, I agree with the guidance from the Chair that the hon. Vice-Chair be given more time to prepare more substantively to respond to this House. This is not a small matter. We are dealing with the integrity and reputation of a national institution. Let us not make the mistake of pigeonholing this school in Bondo Constituency, Siaya County. We are dealing with a national school that draws its students from across the length and breadth of our nation. Therefore, this is a matter which I believe all hon. Members in this House, in national interest ought to take interest in.

This is not an isolated case. Obviously, there is a problem at the Kenya National Examinations Council. There are people sleeping on the job and there are invigilators not doing their job. They decide to wake up one morning and victimize innocent students and then allow a Vice-Chair of a Committee to come here and bandy around dangerous terms like “cheating”, “irregularity”, “collusion”, pesky pesky English words. This Vice-Chairman must go back, prepare a comprehensive response to this matter.

In addition to that, with your guidance, hon. Temporary Deputy Speaker, this matter should be referred to the Committee so that between today and Wednesday, they invite the Cabinet Secretary for Education, Science and Technology and the Chief Executive Officer of KNEC, so that those of us who have a very keen interest in this matter can interrogate those two gentlemen in the Committee before that report is brought to this House. You could kindly guide us in that respect.

The Temporary Deputy Speaker (Hon. Cheboi): I hear you, hon. Namwamba. I want to take a point of order from hon. Mbadi and then make a ruling on this issue. It is not something that we really need to over-engage in because--- I hope you are rising on a point of order because we are now about to rule on this matter.

Hon. Ng’ongo: Thank you, hon. Temporary Deputy Speaker. First of all, I think the Standing Orders require that I declare my interest. I want to declare my interest that my son is actually in Form I in Maranda High School.

Hon. Temporary Deputy Speaker, I just want to share with this House, if you indulge me, the kind of pain that I have gone through. This is because when I was taking my son to Maranda High School, he did not want to go because he felt that, that was a rural school. I had to persuade the young Maxwell Mbadi to go to Maranda High School.

When the results were out, unfortunately, the son was with me in the house and when I asked him whether he knew whether his school had performed well, he said that it was unranked school.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Mbadi, you know you are a very senior Member of this House.

Hon. Ng'ongo: Hon. Temporary Deputy Speaker, I am just expressing to you the pain or the kind of stress---

The Temporary Deputy Speaker (Hon. Cheboi): You can reserve the pain for that particular Wednesday. Hon. Mbadi, you know that is not a point of order.

Hon. Ng'ongo: Hon. Temporary Deputy Speaker, I am going to my point of order which is straightforward. When Statements are sought, it is very clear that the Committee should inquire into and report on. If you listened carefully to the statement of the Vice-Chair--- I now agree with the hon. Member from Meru who said yesterday that this Committee is incompetent. This Committee did not inquire into anything. They reported verbatim the report that was written to them from the Ministry. Could the Chair order this Committee to go and do an inquiry to find out--- This is because all the 23 students who took Computer Studies had their results cancelled. He has to give and offer a clear explanation to this House.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Mbadi, that is it now. I think you have made your point. To me, it did not seem like it was a point of order. You actually went ahead and made your statement. I realize that there is a lot of interest in this matter. So, the best thing is for us to--- This is a very weighty issue. Let us rule on this.

Hon. Kaluma: On a point of order, hon. Temporary Deputy Speaker. The Chair is requested to give direction on how the matter should---

The Temporary Deputy Speaker (Hon. Cheboi): That is the direction I intend to give.

Hon. Kaluma: It is in order, hon. Temporary Deputy Speaker. This matter, as I have heard the Vice-Chair of the Committee, revolves around a regulation at the KNEC. May I request that the Committee on Delegated Legislation sits with the Departmental Committee on Education, Research and Technology as and when that happens so that we can check the reasonableness of that regulation and how it came about without coming to the House?

The Temporary Deputy Speaker (Hon. Cheboi): I want to get concurrence from the Chair of that Committee whether Wednesday, next week is okay with you. This is because we want you to make sure that the Cabinet Secretary comes to your Committee and you invite the Members who have interest in this matter so that he can respond to them appropriately. After that, you bring a report on Wednesday if you think you are able to do that within one week. Are you able?

Hon. Melly: Thank you, hon. Temporary Deputy Speaker. I think Wednesday is very appropriate. We shall invite the Cabinet Secretary, the Chief Executive Officer of the KNEC and if need be, hon. Members who are here.

The Temporary Deputy Speaker (Hon. Cheboi): You have the Cabinet Secretary attend the Committee for Members to interrogate this matter.

Hon. Melly: Thank you, hon. Temporary Deputy Speaker. I also request hon. Serem to come to the Committee and then we will discuss these issues.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Vice-Chair, I do not want you to mix these issues. If hon. Serem has a specific issue, he should raise it himself. If he wants to come to the Committee, of course, he is at liberty to do so. This is because Members are at liberty to attend every Committee. We cannot be seeking clarification when we will have time to seek clarification on Wednesday, next week.

Hon. Member: Thank you, hon. Temporary Deputy Speaker. I think, hon. Mbadi alluded to the fact that the Committee on Education, Research and Technology is not competent. That has gone to the records of this House. That is an unfortunate statement. He should have specifically talked about the leadership of that Committee. I believe that the Members of that Committee are extremely competent and absolutely---

The Temporary Deputy Speaker (Hon. Cheboi): Let us not go that direction now. I think you have put it well. Let us not cast aspersions on your own colleagues. So, let us leave the matter at that. We have ruled on that issue. By the way, I can see a request by hon. Diriye and it is almost on the same thing. He is not concentrating. That matter should rest there. Hon. Treasurer, that is out of order. Everybody thinks that whatever they want to say is very important. Hon. Namwamba, you have had a lot of leeway on this one. If I were to give any opportunity, I would actually give to hon. Bosire. If there is anything to enrich him, you can go across and talk to him.

Hon. Ababu: On a point of order, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): No, I will not allow it. That is a matter that should be put to rest. You will have the opportunity on Wednesday. Hon. Bosire, what was it that was burning?

Hon. Bosire: Hon. Temporary Deputy Speaker, I was going out because you have ignored me completely.

The Temporary Deputy Speaker (Hon. Cheboi): I might help you go out, hon. Bosire, if you proceed in that direction.

Hon. Bosire: The small clarification---

The Temporary Deputy Speaker (Hon. Cheboi): I am actually not going to allow you an opportunity to be heard when you have started in that direction. So, we will go to the next Order.

Next Order.

BILLS

First Reading

THE PHARMACY AND POISONS (AMENDMENT) BILL

(Order for First Reading read- Read the First Time and ordered to be referred to the relevant Departmental Committee)

Second Reading

THE NATIONAL FLAG, EMBLEMS AND NAMES (AMENDMENT) BILL

(Hon. Keynan on 5.3.2014)

(Resumption of Debate interrupted on 5.3.2014)

The Temporary Deputy Speaker (Hon. Cheboi): Is hon. Ekomwa in because he had a minute to go? He is not in, so we will proceed and give hon. Njagagua, the Member for Mbeere North, the Floor.

Hon. Njagagua: Thank you, hon. Temporary Deputy Speaker, for giving me this chance to make my contribution. I believe in the National Flag, Emblems and Names (Amendment) Bill of 2013. This Bill actually seeks to amend Cap. 299. The people who are meant to fly the national flag are the President, Vice President, Speaker of the National Assembly, Chief Justice and Attorney General of the Republic of Kenya.

Since the promulgation of the new Constitution, the position of the Vice President has since gone and what we have now is the Deputy President. We no longer have the Vice President. It is only fair that we remove the word “Vice President” from that law and then substitute it with “Deputy President.”

This amendment seeks to list down the people who should fly the national flag and for the benefit of Kenyans per this amendment Bill, they are; the President, Deputy President, Chief Justice, Speakers of the National Assembly and the Senate, which position again was not there in Cap. 299. I believe this Bill is timely and I stand to support it.

While at it, I must also say that it also seeks to remove the Cabinet Secretaries who were formerly known as Ministers from flying the national flag. Let me mention that it may seem little, but it will go a long way in cutting down the expenses which are incurred in maintaining those flags and buying new ones. As we all know, our very good President is leading from the front in stating that he has cut down his salary by 20 per cent.

(Loud consultations)

The Temporary Deputy Speaker (Hon. Cheboi): Order, Members! Order Members, particularly the zone where hon. Ntutu is seated. I understand that hon. Namwamba and the Chair of the Committee on Education, Research and Technology want to consult but you have areas where you can consult better. Let us consult in low tones.

Hon. Njagagua: Thank you, hon. Temporary Deputy Speaker, for coming to my aid. As I was saying, this Bill is timely, the President is leading from the front in having his salary and that of his Deputy cut by 20 per cent, and we must do more than that. We must also collapse the parastatals, we have so many heads of parastatals who are drawing huge salaries. Currently, we are having all the 47 governors flying the national flag, which is at a cost and eats into the national budget. I believe that the Bill is timely.

Secondly, as a further step to cutting costs for this country, it is high time we opened up this Constitution. One, we need to reduce the number of counties. I believe that this county will be well served if we have about 14 to 18 counties. We must make comparison between Kenya and other countries. We all know that India with a population close to one billion has about 25 counties. It is only the other day that they added another county which should come into effect in August this year. So, they will be having 26 counties. China which is far more populated than any other country in the world has a far less number of counties than Kenya.

Why is it that this country, which we are so proud of, has 47 counties? These eat into the national budget. While at it, again, we must appreciate the issue of expenditure. We must seal the loopholes on matters of wastage.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Njagagua, I am sure the Bill we are talking about is not about reduction and increment of counties, it is specific to the issue of flags, emblems and so forth.

Hon. Njagagua: I am well advised, but it is on wastage and unnecessary expenses to this country. I believe my point is very relevant because we must also appreciate that these are what we would call niceties. When you fly the national flag, as some people are saying, it is an issue of national pride. We must appreciate that if you fly the national flag and you are not entitled to do so, you are expected to pay a fine of Kshs.1 million or you could be jailed for a term not exceeding five years or you are exposed to both the fine and jail term.

We must appreciate the national pride that is exhibited by Kenyans on national days and when for example, Harambee Stars or the Kenya rugby teams are playing. We find *matatus* and Kenyans flying the national flag. We must distinguish people who want to fly the national flag and hold titles from the common *mwananchi* who displays national flag on national days. We do not want a *matatu* owner or driver to be arrested merely for flying the national flag at Nyayo National Stadium and he is fined Kshs.1 million or is put in jail for five years.

As we pass this Bill, which hon. Members are willing to pass, we must distinguish between a common Kenyan who exhibits that national pride and a man who wants to show off his office, that he is a governor or he is a Cabinet Secretary.

Hon. Temporary Deputy Speaker, as I was talking about the relevance---

(Loud consultations)

The Temporary Deputy Speaker (hon. Cheboi): Order! Hon. (Ms.) Gathogo, is there anything out of order?

Hon. (Ms.) Gathogo: On a point of order, hon. Temporary Deputy Speaker. I just want to request hon. Members to consult in low tones because I really want to listen to what the hon. Member is saying. There are a lot of consultations in the House.

The Temporary Deputy Speaker (Hon. Cheboi): That is perfectly in order. Hon. Members, consult in low tones.

Hon. Njagagua: Hon. Deputy Speaker, I was talking about the relevance of my submissions on cutting down the wage bill. It is on record from the Cabinet Secretary, National Treasury, Mr. Rotich, that a third of our budget goes to waste. He has even written a letter to the Departmental Committee on Budget and Appropriations to that effect. Therefore, as we move forward in cutting down the wage bill, we must seal all the loopholes so that money is not wasted in unnecessary seminars, hospitality issues like buying of flowers for offices, provision of tea in offices and unnecessary travel.

Hon. Temporary Deputy Speaker, we must appreciate that many of the Senators in this country are always in and out of the country. All of them belong to about two or three committees and they keep on going out. Many of hon. Members of this Parliament

keep on going out of the country on unnecessary trips that have no bearing to the common man or the Wanjiku of this country.

The Temporary Deputy Speaker (Hon. Cheboi): Now, my good classmate, hon. Njagagua, I think you have surely exhausted your time. You are actually delving into areas that are not part of the Bill that is before the House. You said that you were building your case, but what you have done is actually building it and you have continued doing so. I have not seen you completing it. Therefore, I think, because you are going into other issues which really could come out in better ways, not under this Bill--- There is the issue of relevance. The Bill is on Flags, Emblems and Names. Really, it has nothing to do with costs. You put it very well when you talked about the flags being a cost but after that, the issue of Senators going out of the country and back is something else.

I think your time is actually over, you should be winding up.

Hon. Njagagua: Hon. Temporary Deputy Speaker, I am just on my punch line, but so many hon. Members have eaten into my time.

I stand to support this Bill. First, let us have the right persons fly the national flag as one part of our national pride. Secondly, let us cut down on costs and three; let us know who is who in this country.

Thank you, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): Very well. Let us have hon. Wakhungu.

Hon. Wakhungu: Thank you, hon. Temporary Deputy Speaker. In line with Standing Order No.95, this matter of flags, emblems and names has been discussed enough. Looking at the order of business, we are talking about the wage bill, and we want to discuss the VAT Bill, which comes next. In line with Standing Order No. 95, would I be in order to call upon the Mover to reply so that we conclude this matter and move to the next Order?

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Members, as it is usual, you are the ones who make decisions. Of course, I would want to know the mood of the House and the easiest way to know it is by actually putting the Question.

(Question, that the Mover be called upon to reply, put and agreed to)

Therefore, I call upon the Mover to respond. It seems the Mover is not here. I doubt if the Chief Whip has instructions to move on behalf of the Mover.

Hon. Members: He has!

The Temporary Deputy Speaker (Hon. Cheboi): Let us hear from the Chief Whip. I want to hear from you first.

Hon. Katoo: Thank you, hon. Temporary Deputy Speaker. I want to say that with your permission, I would like to respond.

The Temporary Deputy Speaker (Hon. Cheboi): Let us be in agreement first; are you under instructions to respond?

Hon. Katoo: I am not, hon. Temporary Deputy Speaker. Let me make my two-lines contribution.

The Temporary Deputy Speaker (Hon. Cheboi): No, if you are not, I will defer it for the Mover to be present. I think that is the neater way to do things. Hon. Katoo, I like your vigor in this one, but I think I am not going to give you that opportunity.

Kindly, let us go to the next Order.

(Bill deferred)

Second Reading

THE VALUE ADDED TAX (AMENDMENT) BILL

Hon. Ng'ongo: Thank you, hon. Temporary Deputy Speaker. I beg to move that the Value Added Tax (Amendment) Bill, (National Assembly Bill No.37 of 2013) be read a Second time.

Hon. Temporary Deputy Speaker, before the recent repeal of the VAT Act, in August, 2013, which became law in September, the same year; there was increased pressure to have a new VAT law in place to reduce the complexity in management and administration of the VAT in this country. This pressure was coming from the business community, economists, accountants, development partners and other stakeholders.

Hon. Temporary Deputy Speaker, the main concern and reason for this push was to have a tax system with regard to VAT. This is simply to administer and manage, hence resulting into inexpensive tax collection with the ultimate benefit of achieving economy in tax management and administration. The other objective was to avoid possible distortions and leakages in revenue collection, among others. I want to say that pressure and push from various professionals has had this country think of amending the VAT law for quite some time.

Hon. Temporary Deputy Speaker, those of us who were in the 10th Parliament and even those of us who had interest in politics then, will remember that the VAT law was actually introduced in the 10th Parliament. It was not debated and because we were approaching elections, it became a little bit politically sensitive.

Hon. Temporary Deputy Speaker, the 11th Parliament will be praised for passing that law to streamline the VAT management. However, as we do all these, we need to be very concerned with the cost of living of citizens of this country. When we passed this law, it was expected that the Cabinet Secretary of Finance would take advantage of the period allowed between the signing of the Bill into law and the time of actualizing or operationalizing the Act so as to explain the items which were VAT taxable and those one which were not.

Hon. Temporary Deputy Speaker, it was a pity that the Cabinet Secretary did not take advantage of that, thereby sending wrong signals to the economy with the attendant risk of increasing generally the cost of living in the country. We intended to explain to the people of this country, through the Cabinet Secretary so that we could avoid unscrupulous business people, men and women from taking advantage of this law to exploit the public. It was wrong for the Cabinet Secretary to allow the economy to receive wrong signals with regard to VAT Act. But again, as a House, we must accept

that, as representatives of the people, we were also wrong to allow VAT to be introduced on items which are considered basic, hence raising the cost of living.

Hon. Temporary Deputy Speaker, my Bill therefore seeks to widen the list of goods and services exempt from taxation leading to low prices of those goods and services to particularly cushion the citizenry falling within the low income bracket from runaway prices of basic commodities by making them affordable to majority of the citizen of this country who we represent.

Hon. Temporary Deputy Speaker, if you read Article 95 of the Constitution it talks about the responsibility of the National Assembly and our responsibility is to come up with laws which would help the people of this country to lead better lives. If amending the Value Added Tax (VAT) Act to exempt more items which are considered basic is not such, then what would be of concern to the people of Kenya? This House then therefore has a challenge to rise to the occasion and help in reducing the cost of living which has sky rocketed over the past few months.

Hon. Temporary Deputy Speaker, my Bill intends to mitigate the high cost of living experienced when prices of basic commodities escalate when subjected to taxation. It also seeks to cushion farmers from high prices of critical inputs by exempting those inputs from taxation thereby making them affordable and in turn stimulate growth in the agricultural sector which is a key sector of the economy.

Hon. Temporary Deputy Speaker, the value of the agricultural sector in this country cannot be overemphasised. We know Kenya is largely an agricultural country. The only other sector that would compete with the agricultural sector is probably tourism and, therefore, any legislation that would discourage or affect the growth in the agricultural sector needs to be corrected.

Hon. Temporary Deputy Speaker, allow me now to get to the details of those proposed amendments to the Act. Number one is amendment to Section 33 of the parent Act and this amendment seeks to raise the penalty for persons making fraudulent tax refund claims from two times the amount of the claim to five times. This is meant to deter tax refund fraud.

Hon. Temporary Deputy Speaker, in the event a good is zero rated, it therefore means that the input tax would be claimed once the trader charges output tax. One of the problems that this country has experienced over the years with regard to VAT is that so many businesspeople have been seeking and filing fraudulent tax returns. In order to discourage such unscrupulous business people and such fraudulent tax claims, we need to raise the penalty so that if you make a fraudulent tax claim instead of being charged two times the amount you pay five times. This will go a long way in discouraging fraudulent tax claims and I am very specific – fraudulent tax claims.

The Temporary Deputy Speaker, the second amendment is to Section 48. The current Act requires that production of information and all records for examination concerning determination of tax liability. The effect of this amendment is to provide that no one may be excluded from the requirement to produce records when needed for tax computation.

Hon. Temporary Deputy Speaker, when it comes to tax computation we should not give any loophole. We should not allow anybody to use any legal provision to stop tax authorities from demanding for records for tax computation. Why would one resist

tax authorities from coming to your premises and asking for your records to determine how much tax you need to pay?

Hon. Temporary Deputy Speaker, the other amendments now target to amend the First Schedule and introduces new exempt items and affects a wide range of consumer and productive sectors of the economy. The main sectors affected and which my amendments would seek to affect are one, the fishing industry. I have started with the fishing industry for obvious reasons because I am a fisherman and I represent fishermen and fisherwomen. Therefore, any time I think of making life bearable to people, I first think of the fishing industry.

Number two is the dairy sector. Number three is the health sector. Number four is the communication sector and finally financial and energy sectors as I will shortly demonstrate.

Hon. Temporary Deputy Speaker, the fishing industry contributes about 0.5 to the Gross Domestic Product (GDP) generating about Kshs16.1 billion in output.

The Temporary Deputy Speaker (Hon. Cheboi): Order. Hon. Jimmy Angwenyi, do you have a point of order?

Hon. Angwenyi: Yes, hon. Temporary Deputy Speaker. Is the hon. Member, who is my student, in order to refer to fishermen as fisherwomen? There are no fisherwomen even in the Bible. There are always fishermen.

(Laughter)

Hon. Mbadi: Hon. Temporary Deputy Speaker, the Bible has a lot of discrimination of women and that is not the only one. I know of cases where the Bible refers to men throughout and given that I am someone who respects women, I value women and I know women do a lot of fishing in my place. Hon. Angwenyi may not know this because I do not remember the last time he visited a lake or he ever even passed near a lake to see the number of women now doing the fishing. So, I represent both fishermen and fisherwomen.

Hon. Temporary Deputy Speaker, I had just started with the fishing industry where I said that fishing contributes about 0.5 per cent to the GDP generating about Kshs16.1 billion in terms of output. Inputs to the fish industry such as fish nets and fish feeds are subjected to VAT at the moment. The amendment to exempt fishing nets will therefore aid in ensuring that the cost of inputs to the fishing industry go down and that is why I have proposed to amend the Act in the First Schedule to exempt fishing nets of manmade textile materials and this item was exempt under the repealed VAT Act but is now subject to 16 per cent VAT.

Hon. Temporary Deputy Speaker, in the repealed Act the people of Kenya in their own wisdom decided to exempt the fishing nets of manmade textile materials but when we came with the current law we then removed the exemption and subjected these nets to 16 per cent. I am seeking to revert this so that we have the fishing nets exempted from VAT so that our fishermen and fisherwomen now have nets that are cheaper. They can buy nets which are cheaper and this will help because a lot of complaints have been expressed with regard to using wrong fishing gear to fish in Lake Victoria, Indian Ocean

and other lakes in the country. If we make these nets affordable then there will be no urge to go for cheaper and inappropriate nets.

Hon. Temporary Deputy Speaker, the other one is mosquito nets. Those of us who come from areas that are so prone to malaria will tell you that mosquito nets are actually essential and necessary commodities. The draft Bill therefore seeks to amend the First Schedule also of the VAT Act to exempt mosquito nets which were previously exempt but now is subjected to 16 per cent VAT. This will help to reduce malaria which is one of the main causes of morbidity and mortality in Kenya.

Hon. Temporary Deputy Speaker, the other sector is the dairy sector and it commands an output of about Kshs15.4 billion. These are based on statistics and research that has been conducted over the years.

Milk is very important in the food basket of the lower income groups. As you will remember, when the new VAT law came into place, the three most complained about commodities were bread, milk and *unga*.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Tim Wanyonyi, you have a point of order?

(Loud consultations)

Hon. Wetangula: Hon. Temporary Deputy Speaker, I request that you protect me from high level consultations. I would like to follow the proceedings of this Bill.

The Temporary Deputy Speaker (Hon. Cheboi): That will be dealt with immediately. Hon. Members, as you come in, kindly also note that there are Members at the back there who really want to concentrate. So, you come in, in an orderly fashion.

Proceed, hon. Mbadi.

Hon. Ng'ongo: Hon. Temporary Deputy Speaker, we know that the demand for milk is inelastic. Those of us who have taken very basic courses in economics know that the demand for milk is inelastic. Regardless of the price, people will still go for milk. Therefore, the moment you make milk expensive, you make life very difficult and unbearable to the people of Kenya. A price change in this product is nearly as sensitive as a change in *matatu* fares and rent. Therefore, changing the price of milk can greatly affect the cost of living among the lower income groups.

Even though the Treasury clarified, after public outcry, that the definition of “unprocessed milk” includes most of the packet milk, for greater clarity, and I want to emphasize this, we need to bring amendments to make it clear in law. The moment it is at the discretion of the Ministry and the KRA that packet milk is tax exempt, as a matter of fact, it is not clear. When you talk of unprocessed milk, the definition is not clear. Therefore, I am seeking to bring all the milk products to the exempt basket, so that it is very clear that milk is an exempt commodity and any business person charging VAT on milk will, therefore, face the force of the law.

In the absence of that, even if you threaten business people, they can go ahead and charge VAT if they so wish, because the law is not clear. So, I am bringing clarity to the law. Additionally, I have also included milk and cream, concentrated or containing added sugar, or other sweetening matters. This item was subject to 16 per cent VAT under the old law and is currently subject to 16 per cent VAT. I seek to amend the Act to exempt

the item from VAT, because it is in the same category as infant milk. We all know what infant milk is all about. It is a sensitive product together with other milk types. This will also help in simplifying tax administration. Let me explain that. By simplifying tax administration, I mean that the moment you leave ambiguity in terms of taxing of items, then you automatically make it complicated and you give room for corruption. Tax authorities can easily interpret law, whichever way they want, for their own benefit.

Therefore, if you want to exempt milk items, exempt all the milk items, so that you do not allow any room or loophole for any tax officer to take advantage of the law. This will help in simplifying tax administration as I said, and it will also have minimal effect on revenue collection. This tabulation has been done, not just by myself, but even by the Parliamentary Budget Office.

Allow me to move to exempting animal feeds. The Bill intends to exempt animal feeds made from waste vegetable material. All animal feeds are currently subject to 16 per cent VAT. This is making animal rearing in this country very expensive. We may need to even include all the animal feeds to be exempt from VAT. Next are insecticides, rodenticides, fungicides and herbicides. The amendment to exempt these items will include even livestock drugs and medicines. I was targeting the dairy industry because it has become a significant industry to the economy at the moment. Currently, all agricultural chemicals and drugs are subject to 16 per cent VAT. We all know that the market for this product is quite large at the moment. So, if we want to help animal rearing in this country and those whose livelihood is dependent on dairy farming, we need to consider animal feeds and animal chemicals and drugs that are used to treat them.

I have now come to a very interesting thing, that is ambulances and hearses. I call it an interesting thing because some people have explained why we include hearses. To some communities, hearses are as important as ambulances. This is because we value the dead. In fact, if you do not give the dead a decent burial, many of us believe that you will be haunted by the same dead in future. Therefore, we need to consider, not only ambulances that take care of the living who want to live longer, but also the dead by giving them decent burials. Ambulances and hearses are currently subjected to 16 per cent VAT, but were initially zero-rated.

*[The Temporary Deputy Speaker
(Hon. Cheboi) left the Chair]*

*[The Temporary Deputy Speaker
(Hon. (Ms.) Mbalu) took the Chair]*

When I talk of initially, I refer to the VAT law that was repealed in August. This is a very small portion of the road-using motor vehicles, hence, exempting them from VAT would have minimal effect on revenue relative to the imputed social and economic benefits. We all know the social and economic benefits of ambulances. This will enable even our county governments to buy ambulances cheaply and put them in hospitals, so that those in the rural areas, or even in towns, who fall sick abruptly, can be transported to the nearest hospitals with ease. We need more ambulances in the country. I have talked

about the ambulances to ferry the sick and the hearses that transport the deceased. I have just explained why I have also considered the transport of the deceased as important.

Now I move to credit reference bureau services. The Bill proposes to exempt credit reference bureau services under the First Schedule to the Act. Most financial services are exempt from VAT under the current law. Credit reference bureau services are an integral part of lending services, hence the need to exempt them as well.

Now I move to sanitary and pests control services provided to households. This service may appear obscure but is essential and can be categorized under the broad health services. So, it should be exempt from VAT. Allow me to mention another service, postal service. Many services such as financial services, as I have mentioned--- Transportation of passengers which entails delivery of goods and services is exempt as I speak. It is, therefore, logical to exempt this service as well and also to save it from further decline as it faces competition from alternative communication media such as the internet.

I then move to a very interesting and sensitive topic, namely supply of electricity to households which is restricted to 200 kilowatts per hour (kw/h). Before we enacted the VAT Act, 2013, supply of electricity to households from 200 kw/h and below was exempt from VAT. This was for a good reason, namely, because the majority of the people who consume electricity below 200 kw/h form part of the poor section of our society, or the low income earners in this country. The moment you put this group under VAT, you are making life difficult and expensive for them. We are talking of having 80 per cent of households in this country connected to electricity by 2017. If you are going to charge them VAT, even for as low as this consumption, then you are going to make life very expensive for the people of Kenya across the country. Therefore, there was no reason at all for this House to allow this group of Kenyans to be taxed. This was initially zero-rated in the former Act, but it is currently subjected to 16 per cent VAT, thereby making the cost of electricity very high for many low income households.

Tax on electricity consumption is likely to cause a rise in electricity tariffs and inflation. This will place additional pressure on low income households and another risk of using charcoal, the preferred option. That will destroy our forests. We need to discourage our people from using wood fuel and move in the direction of electricity and other alternative sources of energy. We can only do this if we make these sources of energy inexpensive. The moment we make them expensive, we are certainly making wood fuel the preferable alternative.

The other issue that I wanted to raise is with regard to supply of water drilling services. These services were exempt from VAT under the old law, but are currently subject to VAT. The biggest percentage of the land mass of this country is either arid or semi arid. Provision of clean drinking water is a constitutional requirement. We have had cases of people suffering because they could not even get water to drink in Turkana County.

Hon. Temporary Deputy Speaker, Ukambani region, where you come from; is very dry. Suba area is equally dry. There are many dry areas in this country. In order for us to provide water to this country, we must make provision of water cheap, so that we can dig many boreholes and provide water to more households. I want to just let this House know that, in my constituency, for example, the percentage of the people who

have access to clean drinking water is less than 20. My intention is to raise this variable to 80 per cent by 2020.

I intend to leave the National Assembly in 2022, when I will be vying for a bigger position in this country, but before I leave the people of Suba as their MP, I would want to see that at least 80 per cent of them have access to clean drinking water, and that there is no one covering more than 500 metres in search of clean drinking water. This can only be a reality if provision of water services are made cheap. As I said, water drilling services are essentially to ASAL areas in Kenya.

ASAL areas have been faced with poverty and chronic water shortages. Through the media, we have seen how the people of Turkana suffer. The people of Samburu are in dire need of water. Water shortage is all over the country, including the neighbourhoods of Nairobi. I do not think there is any region in this country whose leadership can claim that they have provided water to all the households as required. This is a Millennium Development Goal. By providing clean drinking water to people, you will also be improving the living conditions of those people. You will even reduce our budget for health services.

I have a tabulation which shows that many boreholes are drilled each year, with most being drilled in the Rift Valley, Eastern, Nyanza and the North Eastern regions. Those four regions have seen very many boreholes dug in the past few years. This was possible because water drilling services were exempt from VAT. The VAT Act, 2013 brought these services into the VAT bracket, thereby making them very expensive. As I have said, exempting these services from VAT will help make their cost low and improve water access to households in water scarce areas.

Hon. Temporary Deputy Speaker, allow me to now address the issue of supply of electricity to the rural areas. Exempting from tax supplies by the Rural Electrification Authority (REA) will certainly reduce the cost of providing electricity to rural households; hence create savings, which can be used to increase access to electricity in the country. REA concentrates on providing electricity to rural areas. Rural areas are by nature marginalised. Why would we, therefore, want to make provision of electricity to rural areas expensive by passing a law that will subject supplies meant for rural electrification to the VAT?

I plead with this House to exempt all supplies by the REA from VAT, so that it can provide electricity connections to rural areas. We know that the Jubilee Administration has pledged to provide Standard One pupils in all public schools with computers. We have heard of a goal of connecting all schools to electricity. I think the deadline that has been given is next year or by 2017. This will not be a reality if provision of electricity in the rural areas is not made cheaper. Therefore, I am pleading with this House to consider this Bill favourably.

Before I wind up, I would like to say that, in my Bill, I have picked a number of items. There are others which I would have wanted to appear in the Bill but as we all know, the current law requires that if it is a money-related Bill, it has to go through the Budget and Appropriations Committee for pre-publication scrutiny. The Committee decided to exclude some items. I had in mind books to be used by our young children in lower primary schools.

Even though that bit was removed, I still believe strongly that this House may consider reversing the Committee's decision during the Committee Stage of this Bill by bringing books onboard. Why? Because I believe that those who are using books to write in this country are poor. Those who are not poor do not use books. If you are not poor but you use books, you are said to be analogue. If we exclude books and paper from taxation, we will be lowering the cost of living for many Kenyans.

This House is at liberty to even include more items in the list of VAT-exempt items. I am aware that the Committee on Finance, Planning and Trade has actually come up with some recommendations of more items to be included. Let us balance between the revenue that we expect to collect for this country against the social and economic costs that it has on the people of this country.

My concluding remark is a plea to all the Members of this House; that this Bill has nothing to do with Mbadi. It has everything to do with the people of Kenya. Hon. Members will remember that when we passed the VAT Act, 2013, there were problems in this country. People complained about the rising cost of living. We represent the people of Kenya. There is no shop which belongs to any political party. All the people we represent here go to the same shops to buy their items. There is no shop for CORD or ODM or Jubilee. We all suffer when the prices of commodities rise. If amongst the items I have mention there is any item that this House feels that it should not be exempted from VAT, there is nothing wrong with recommending its exclusion. If there is any item that this House believes that it should be included but was left out by me, the House is at liberty to include it.

I am beseeching this House that it considers passing this Bill. Economists will tell you that once this Bill is passed, it will have a much bigger multiplier effect. What am I talking about? It is going to send a signal to the economy. Hon. Members will recall that when we passed the VAT Act, 2013, even prices of items which were not in the VAT bracket increased. The prices of those commodities shot up because the wrong signal had been sent to the economy, that prices of commodities had risen. The economy is very sensitive. Once we pass this Bill, business people will get a signal that the prices of commodities have come down.

Therefore, you will even find that for the items that are not included here, *wananchi* will demand that their prices decrease and you will see the net benefit of low inflation rate in this country.

Hon Temporary Deputy Speaker, let me say one word as I wind up and this is not intended for politics, I want to praise the President and the Deputy President for what they did by giving a signal that they are surrendering 20 per cent of their salary. But I want to remind them that they cannot cut their salary. That is unconstitutional. What they can do is to write to their Accounting Officer to surrender the salary they do not want back to the State. But you cannot say that you are cutting your salary. The law does not allow you to increase; the same law does not allow you to reduce. So, the salary to the Office of the President is the salary to that Office. You cannot reduce it. You can only surrender your salary to someone. If you want to surrender it to a charitable organization, you do so. If you want to surrender it to the people of Kenya, we will gladly take it, but it is wrong to assume that the President has reduced his salary. He has no power to do so.

Having said that, I also want to conclude by saying that no Kenyan should be forced--- I am talking on behalf of the parastatal chiefs because they have no way of expressing themselves. I think it is unfair to order them to take a salary cut. You cannot order anyone to take a salary cut. You can only ask someone to accept to reduce his salary but you cannot order anyone to take a salary cut. The issue of salaries and a ballooning wage bill is something of concern to this country and we need to be objective about it.

(Hon. Gethenji consulted loudly)

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Gethenji, let hon. Ng'ongo finish his contribution.

Hon. Ng'ongo: Hon Temporary Deputy Speaker, he is totally out of order. I was only expressing myself.

I want to conclude by saying that the issue of salaries needs to be discussed and discussed soberly; we need to look for very pragmatic ways of reducing the wage bill in this country. In that we are together with the President, his Deputy and his entire Government.

With those few remarks, I beg to move and ask hon. Makali to second my Bill.

Hon. Gethenji: On a point of order, hon Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): What is out of order? That was just moving the Motion and if you have issues, you can address them. You are number one and you have made yourself the last one. Raise your point of order!

Hon. Gethenji: Hon Temporary Deputy Speaker, my issue is whether the hon. Member is in order to raise the issue of the President and the Deputy President's offer to have their salary cut. He has not seen the letter the two have written to the Accounting Officer.

(Laughter)

Is he in order to question that particular gesture, yet he does not know the communication that the President and Deputy President have made? Is he also in order to castigate the request to the heads of parastatals to surrender part of their salary? Is he in order yet he has not seen any communication?

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you hon. Gethenji for your observation. You still have time and privilege to state what is not within the law, otherwise hon. Ng'ongo stated that it is unconstitutional. You can identify what is not. You are at liberty and those are the rules of debate. You can state what is unconstitutional.

(Applause)

We have heard the Mover and I am sure you will have a chance to contribute. This is a House of debate and I keep on saying that. I like the way hon. Members present

their views. We do not come here to sleep and the country should learn this. We come here to debate, and so hon. Gethenji also has a right to question.

Hon. Mulu: Hon Temporary Deputy Speaker, I rise to second this Motion. Before I do that, I would like to plead with hon. Members in this House to rise above sycophancy.

(Applause)

I think the era of KANU has gone and this time people should speak their minds. I want to second what hon. Ng'ongo has said, and I thank him for bringing these amendments to the VAT Act. I remember when this House passed this Act in August last year and was assented to in September 2013, some hon. Members of this House got very scared. A number of them went out there to their constituencies saying they were not even in the House when the Act was passed. I kept wondering, if we have come to this House to legislate, why we would be scared when things go wrong. This House has the power to make new laws and it has the power to amend them. So, if anything has gone wrong, we just come here and amend it, as we are doing today.

This House passed this law with very good intentions and the main purpose was to streamline tax administration and at the same time make the whole process more efficient. But after doing that, I think dishonest business people in this country took advantage of some sections in this law and exploited poor Kenyans. As a result of that exploitation, there was a national outcry that this law was bad. That is why I am saying that it is very important that we support the amendments that have been proposed, because I would call them pro the poor. The VAT law has improved revenue collection in this country. As we are talking today, we are almost getting a trillion shillings from revenue collection in this country, which is quite good. But we should also bear in mind that even if we attain these high levels of revenue, this Government cannot ignore the poor in this country. That is why we need to make laws which cushion the poor from the bad effects of laws, like what we passed. The cost of living went up as a result of this law, and the people who suffered most were the poor.

We know very well that in this country the poor are about 46 per cent of the population, implying that half of the population was adversely affected by this law. That is why the proposals hon. Ng'ongo is making make a lot of sense. I want to pick a few items because hon. Ng'ongo was thorough in terms of his presentation and he has managed to take us through all the sectors, which are going to be affected by these amendments. I just want to pick a few.

Let us start with the health sector. These amendments are supposed to make mosquito nets cheaper. We all agree, as hon. Members of this House, that if you go to our bedrooms today, you will find rectangular nets and mosquitoes are kept very far from where we sleep. Because we have very good nets and are able to afford the most expensive ones, we have secured comfortable sleep. But when you look at the poor of this country, who are found in slums of this city and rural areas, where we have a lot of vegetation that is a breeding ground for mosquitoes, those people cannot afford these important nets. As a result, they are always going to hospital because of malaria. What does that do to their income? The meager income they have ends up being spent in

hospitals. That means that this denies them the opportunity to buy basics like food and pay for education and water. So, when you exempt mosquito nets from taxes, this will be very cheap and the Kenyan poor will be able to afford them. This is in the right direction in terms of assisting the poor.

Hon. Temporary Deputy Speaker, I like what hon. Mbadi said about the dead. Most of the communities in this country value the dead more than they value those who are alive. That is a fact. In my community, people will spend a lot of resources to bury their loved ones. If you analyse what is involved in the burial cost, you will find that most of the cost goes towards transporting the body. If we make the transport cheap, we will be making savings for our people and as a result they will have more money in their pockets which can be used to better their lives. That is a very important area to me.

The other area I want to touch on is on electricity supply. We are trying to make sure that electricity supplied through REA becomes cheaper. I think this House needs to support these amendments because even the so-called laptops for primary schools will benefit from this amendment.

Hon. Temporary Deputy Speaker, is that the right signal? I thought I had 15 minutes and I have not spoken for five minutes. Could I be guided by the Chair?

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Mulu, you have two minutes.

Hon. Mulu: It is okay, hon. Temporary Deputy Speaker. Let me also talk about water, which is a very rare commodity where I come from. It is very precious. Any efforts which are made to make drilling of boreholes cheaper in that region are more than welcome. I want to support these amendments because our people will be able to access water. We know what water can do in terms of improving our cleanliness, small-scale irrigation and having kitchen gardens. All these will work towards improving the income of our people. I think this is another important area and we need to support these amendments because they will improve the lives of our people.

Hon. Temporary Deputy Speaker, the last point I want to touch on is agriculture. We know that agriculture is the mainstay of this economy. We also know the multiplier effect of agricultural outputs. If we get it right in the agricultural sector, we will be doing well in terms of creating employment opportunities for our people, improving income of our people and improving the *per capita* income of this country.

The amendments that hon. Mbadi has proposed make a lot of sense to me. That is why I am saying, hon. Mbadi---

Hon. Temporary Deputy Speaker, with those comments I second.

Thank you very much.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Members. When you see the amber light, you should know that it is a warning. When you see the red one, you should know that you have one minute. That is important for you to finish your debate.

I repeat that amber means you have two minutes and red means that you have a minute or you are supposed to be finishing.

(Question proposed)

Hon. (Ms.) Gathogo: Thank you, hon. Temporary Deputy Speaker. I wanted to rise on a point of order but because the Member has finished his contribution, I leave it.

I also listened to hon. Mbadi and whatever we are talking about is not about his constituency but is about Kenya. Because we know that many of our people out there are very poor, I would like to say that we consider this Bill without sycophancy. This is because last time we passed a VAT Bill and our people really suffered.

I want to consider the poor. If you go to the constituencies, you will find very many people cannot afford food for supper or lunch. I want to request all hon. Members that as we go through this Bill, let us not just think about ourselves. I thank the hon. Member who has just said that when you go out there and into our bedrooms, although he has never been to my bedroom--- I do not know how he came to know that my bedroom has a net. You have posh and nice houses and everything that you require. However, poor people do not have what they require. They do not have even food to put on the table. Sometimes we say that sugar is zero-rated but that is different sugar from that in the shops. This is because our people know the sugar that they go and buy from the shops. So, let us be serious as we handle this VAT Bill. Let us also consider the people who voted for us, who are suffering out there and do not have money to go to hospital.

When hon. Mbadi talked about ambulances, I thought about my constituency which neighbours Nairobi. I do not have even a single ambulance there because there is no arrangement for that. People suffer because when somebody falls sick, they cannot afford to hire a car. In fact, even the money to pay the hospital bill is a problem. We should be serious, sober and do what we are supposed to do for our people and not just look for how we will gain as Members of Parliament.

Hon. Temporary Deputy Speaker, there is no way we can doubt that we will have the laptop project. This is because everybody is doubting this project. Some people are saying that they are not sure whether this project will be implemented. I am from the Jubilee Government and I assure hon. Members that the laptop project is there to stay.

Thank you very much, hon. Temporary Deputy Speaker for giving me an opportunity.

Hon. Gichigi: Thank you, hon. Temporary Deputy Speaker. I am happy that this Bill is generating a lot of interest and most of us would like to contribute to it. I am certainly supporting the spirit of this Bill. After the new VAT Bill was enacted, very many people out there suffered because of the increase in price of various commodities. We must accept that the Bill was blanket in its application of the VAT provisions.

Hon. Temporary Deputy Speaker, perhaps this is the right time to have a second thought and see whether we need to remove some items from that particular law.

Having said that, it is very important that this House goes through the proposals in this Bill with a keen eye to make sure that it is only the necessary items that are removed from the VAT law. It is important that at the Committee stage we see whether what has been proposed here are the only items that need to be included and whether all the proposals need to be adopted.

The VAT Bill was proposed to cure a lot of mischief that had crippled our tax administration. As the Mover had indicated, tax refunds had become an illegal industry in this country; people were collecting billions of shillings from the Kenya Revenue Authority and the Treasury as purporting them to be genuine refunds. This was a cartel

involving certain officers at the Treasury, the KRA, brokers, traders and manufacturers. It is, therefore, important that we make sure that we do not return this country to that situation where the work of the Treasury and KRA was to collect money from genuine taxpayers and give it as refunds to hooligans or crooks. It is important that, that is guarded against.

Secondly, the proposal to enhance the penalties on fraudulent claimants should be supported. Let us punish people who sign documents claiming that they are entitled to refunds and rebates when they know that they are not. I also support the proposal to ensure that everybody is compelled to give information to the tax authorities. That is something that we must support.

Hon. Temporary Deputy Speaker, while we might support a law that helps our people out there, let us not forget that the services that are rendered to this country by the Government can only be given if the Government receives enough revenue. For the last several years, I am aware that the KRA has not been able to achieve the targets that have been given by the Treasury. Even the Ministries, when it comes to Appropriations-in-Aid, have not been able to collect this money. So, we must be very cautious that we are talking about reducing the wage bill because the Government does not have money to invest in development, because most of our money is going to recurrent expenditure. On the other hand, we are reducing its revenue. As we debate this Bill and before it goes to the Committee stage, we need to think of whether there are other measures that we can introduce either through other laws or through this particular Bill to enhance the revenue of this Government. That is how we will carry out development in this country.

Hon. Temporary Deputy Speaker, the issue of expenditure in this country is being played out. Hardly anybody is thinking about revenue generation measures. We are headed to debating the Division of Revenue Bill and, perhaps, we will end up having another controversy with our brothers in the Senate. This is because everybody is thinking about how much he or she will get from the national Government. Nobody is asking the county governments how much they are collecting locally.

I am aware that in most of the counties, the amount of revenue that was being collected by the former local authorities has gone down. So, the governors are always in Nairobi lobbying for more funds. Who is implementing measures in the counties to collect more money in their various areas? As we debate this Bill, yes, we want to support our people by ensuring that critical commodities have their prices brought down. Animal feeds, medicine, water and milk prices should come down. However, by the time we conclude this Bill, it will be important to tell the Exchequer where else we will have permitted it to collect more funds. If we do not do that, we will be failing in our duty and, perhaps, we should think about whether we should pass or not pass this Bill.

Hon. Temporary Deputy Speaker, I support this Bill subject to serious amendments to balance revenue generation against reduction of taxation measures.

Thank you.

Hon. Muzee: Thank you, hon. Temporary Deputy Speaker for giving me this opportunity to contribute to this very important amendment Bill.

First of all, I bring greetings from the European Parliament. I was there last week together with the team in charge of integration of East Africa. We were there to study the integration history of Europe from the World War II up to now and draw lessons on what

we can do in East Africa and Africa as a whole, as we go on the journey of integrating our continent and our region.

I want to say that I am very proud that I saw a very nice portrait of our Deputy Speaker, hon. (Dr.) Laboso with the President of the European Parliament. It looks like our Parliament is taken in high esteem in the European Parliament. They asked us to bring greetings to this Parliament, and I hope that you accept them.

Having said that, mine will be very brief as I support this move to amend the VAT Act. I come from a tourism area in Malindi where tourism gives us our bread and butter. If you have been listening to TV and radio---

(Loud consultations)

I hope you will protect me from the Members here.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Order, hon. Members! Let us consult in low tones, so that we can get what hon. Muzee is saying.

Hon. Muzee: Thank you very much, hon. Temporary Deputy Speaker.

If you have been getting and reading reports from the hospitality industry, you will realize that there is a planned strike or demonstration because of the VAT and its effect on the tourism industry. In Malindi right now, we have restaurants and hotels which have closed down and people are complaining that it has become too expensive now to do business. To me, this is the window they have been waiting for to ensure that we correct the situation.

On one hand, I am for the Government getting money through revenue collection and taxation. That is all right because we must run this country and we can do so through taxes and funds from all quarters. However, what is the point of taxing the tourism industry to a level where it cannot operate? The Government is there to provide an enabling environment for the private sector to flourish. The tourism industry is one of the sectors that should be able to take a lead or drive this economy forward. As you know, tourism is a very key pillar in Vision 2030.

If we stifle growth in the tourism industry, which is supposed to help in economic growth, where will we go, as a country? Mine is a passionate appeal that when we come to the Committee stage, we look at the tourism-related areas and fix them. We should get it right once and for all. We should have the VAT at a level where it is acceptable to industry players and the Government as well, and as we work towards getting enough revenue for our own operations.

The other thing that I am keen on is the issue about visa fees; when tourism is this low, we must find ways to ensure that we either abolish or reduce visa fees as well. That sets the path for growth in this country in terms of tourism.

I will also be very keen on the ICT sector. Hon. Mbadi here talked about communication, but he did not go so deep. Right now, the possible ICT take off that we used to experience in the year 2000 is not there anymore, because we have put taxes on hardware, software and Ipads; it cannot work. If we want the ICT and tourism to be the engines, or the key pillars, to drive this economy, in the region and in Africa, we must be very forthright. On the other hand, let us balance between the need to get our revenue, and also look at how we can try to ensure that this industry, or important sectors, thrive,

going forward. That way, our people will get jobs, because, as you know, the ICT is a leading sector when it comes to creating employment opportunities.

I will be very keen, going forward, to see what we can do--- The very key thing is about harmonizing our taxes across the region. We are one country right now in the East African Community. We need to ensure that taxes in Kenya, Tanzania, Rwanda and Uganda, are more or less at the same level; we should not have too many disparities. A business man in Kenya bidding for a tender in Kigali should have the same chance as a brother in Tanzania, Burundi or Uganda. That is the way we should be looking at things, because bidding is a game of numbers. The numbers are in East Africa and not just in Kenya.

We should be considering how to look at it because the East Africa Community is a reality; that is really key to me. A lot has been said and I appreciate hon. Mbadi for making a passionate appeal for the defenseless and the poor people in terms of basics. Our country is one where we have to ensure that we get the basic rights in terms of food for people and malaria drugs; I come from a malaria infested area in Malindi around River Sabaki. These measures are very key and I am here passionately supporting them. We have to do right; we have been given this opportunity again after what we did last year. Let us use this moment to do right for our country and our people.

With those few remarks, I rise to support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you. Yes, hon. Member for Rarieda.

Hon. (Eng.) Gumbo: Thank you, hon. Temporary Deputy Speaker, for giving me the opportunity to contribute to this important amendment Bill. As I contribute, I want to thank my friend, the Member for Suba, hon. Mbadi, for being at the forefront in fighting for this Bill.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Ken Obura, the Member for Kisumu Central, is there anything out of order or any information? You are on an intervention.

Hon. Mirenga: On a point of order, hon. Temporary Deputy Speaker---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Gumbo, you may resume your seat as he speaks.

Hon. Mirenga: I have been waiting; two things are definitely out of order. This is a party-sponsored Bill; so, we would expect that seniority in terms of leadership in the House would take centre stage when you are giving people a chance to speak. The other thing that is obviously out of order is the fact that our key party leader, hon. Simba Arati, is, actually, sitting right at the Jubilee side.

(Laughter)

Since the other party leader is away, we are wondering whether the fellow has sins.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Obura; it is not indicated that it is a party-sponsored Bill. As Chair, I cannot assume. It is indicated on the Order Paper that it is hon. John Mbadi's Bill.

Yes, hon. Midiwo; what is out of order?

Hon. Midiwo: On a point of order, hon. Temporary Deputy Speaker. Even if this Bill is not party-sponsored, from the Chair, it was ruled a week ago that ordinarily we will take the leadership of the House to speak on a Motion or a Bill, and then you go according to seniority. Your own boss ruled that.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Midiwo!

Hon. Midiwo: Just give me a chance to talk. I walked up to you and told you that this is an ODM party-sponsored Bill through hon. Mbadi. It bore our signatures.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Midiwo! Hon. Midiwo! Hon. Midiwo! As a Chair, I may not rule and I will go by the office.

Hon. Midiwo: I disagree---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Midiwo, it is not indicated that it is a party-sponsored Bill. Hon. Midiwo! Can you resume your seat, please?

Hon. Midiwo: No; you are saying a wrong thing, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Midiwo, it is indicated here; leadership is the Leader of the Majority Party or the Minority Party. It is not written that the Bill is party-sponsored. As much as you want to play politics here, we are going to debate the Bill on my direction. Let the Bill by hon. Mbadi be debated and let us have sanity. Hon. Midiwo, you still have a chance; actually your name is far down, but I will give you a chance to speak. You are No.3.

Hon. (Eng.) Gumbo: I hope you will remember to add me the five or so minutes, which have been taken by the arguments.

As I said, I want to thank hon. Mbadi for bringing this Bill to the House.

(Loud consultations)

Hon. Temporary Deputy Speaker, could you, please, protect me? There is too much consultation going on.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, I want to assure you that I have 27 requests on my screen. Let us consult in low tones, if we have to. Every Member has a right to speak in this House.

Hon. (Eng.) Gumbo: Thank you, hon. Temporary Deputy Speaker. I want to thank hon. Mbadi for bringing this amendment Bill to the House. You know as we speak today, the issues that confront our country are to do with the cost of living, the rich-poor divide and the increasing poverty levels. I am glad that this Bill actually attempts to address some of the concerns that are key, and are in the hearts of most Kenyans.

This Bill is also in line with Article 201(b)(i) of our Constitution on principles of public finance; it states that the burden of taxation shall be shared fairly. When the Value Added Tax Bill first came to Parliament, and of course a majority of us were new--- Some of us had warned that at the end of the day, that Bill would affect us individually. The message was driven home when there were demonstrations in no other place than Gatundu, the President's backyard; the effects of the VAT law were felt indiscriminately.

Therefore, I agree with those who have spoken before me that this is not a Bill in which party alliances account for anything. This is not a Bill in which sycophancy

accounts for anything. I remember a time when we were being whipped to support the Bill; we were concentrating on the supply side of things. We were told that by getting more money into the supply side of things, we would cushion the more vulnerable members of our society.

Hon. Temporary Deputy Speaker, those of us who were keen and have been following the goings-on in our country since the VAT Bill was passed in the last Session of Parliament, know that some very fundamental things have happened in Kenya. One, a lot of us may not know that our capital city, Nairobi, is the most expensive in Africa. In fact, it has overtaken Luanda in Angola, as the most expensive city in Africa. That is fundamental because it has an effect on foreign investments and the number of expatriates who want to come into our country. In fact, it has an effect on the number of tourists who want to come to Kenya; tourists weigh their options. They reason, I have got this much in my pocket to spend; do I go to Nairobi, Kampala or Dar es Salam? This is something we have to dispassionately, as hon. Members of this House, look at when we talk about Bills that directly affect the people of Kenya.

As I have said before, we derive the legislative authority from the people because we speak on their behalf. What the people say is what should be the agenda of this House. Last week I stood here and asked why we are not tailoring our calendar of events to suit-- Why is the House Business Committee (HBC) not listening to the voice of the people? The people of Kenya have indicated that the cost of living is too high. The rich-poor divide is getting worse. It is not a good thing for us because we sit in this House as privileged members of the Kenyan society. But I can tell you, it is not a good thing for us for the rich-poor divide to widen. Recently, one of the leading media houses in the country published information on who is who in Kenya in terms of wealth. About 8,000 Kenyans belong to the super rich category. It is said that these 8,000 Kenyans who belong to the super rich own almost 80 per cent of the economy. That is a dangerous state of affairs because the next thing that will happen is that, when we push further those Kenyans who are not able to make ends meet – the numbers are increasing – we who belong to the privileged category will become the target of the poor. Therefore, in so far as this Bill is addressing the poverty levels in this country, and in so far as it is addressing the cost of living, it is a very good Bill.

When hon. Ng'ongo was moving the amendment Bill, he cited areas that have not yet been comprehensively covered. I want to urge my colleagues that we dispassionately relook at the Bill that we passed, and if we feel that what hon. Ng'ongo has proposed is not comprehensive enough--- We may be thinking that by putting VAT on a lot of these items, we are going to increase the revenue collection. But we are forgetting that sometimes it is better to make goods and services affordable to many people. When many people are in the tax bracket, your tax proceeds are likely to be more; this is better than discouraging many people from participating in the economy through high tax rates.

Therefore, in that respect, this is a good Bill and we need to look at it. I come from a fishing area of the country and some of our people have been affected. In fact, it is not just the fishing community that is affected; even the agriculture sector in this country is affected. You heard that the VAT Act was assented to, but first of all there was misinterpretation of it. Some unscrupulous businessmen took advantage of the provisions of the Act, or the apparent lacuna in those provisions to try to indiscriminately apply the

VAT Act even on products that were not VAT-rated. I think we have an opportunity to soberly go through this whole regime of VAT in Kenya and look at areas that affect the majority. We particularly need to look into concerns that are uppermost in the minds of the people of Kenya. This has to do with the cost of living, poverty levels and a whole range of things.

I thank hon. Ng'ongo and those hon. Members who have contributed and I ask my colleagues to look at this Bill dispassionately. We should look at the areas that concern us. When the cost of living becomes unaffordable for a majority of Kenyans, even our own security is threatened as we are the people who are very visible. We are the leaders of this country. When life becomes unaffordable by the common man--- Whenever we bring laws to this House, at the back of our minds, we should think of the effects it will have on those Kenyans who are most vulnerable.

In that respect, this is a good Bill and we must collectively and without considering which parties we belong to, go about it soberly and look at where we can even bring in more items, so that our people can enjoy some relief. Most importantly, our country should attract investments, tourists and expatriates from other countries.

With those remarks, I support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you, hon. Gumbo. Hon. Members, I must say that this is one of the Bills in which there is a lot of interest. I have 26 requests. I propose that we reduce the time allocated for each contributor. Hon. Members, are you comfortable with ten minutes?

Hon. Members: Yes.

Hon. Gikaria: Thank you, hon. Temporary Deputy Speaker, for giving me this opportunity to contribute to this Bill. When a government comes to power, it has its own projects, pledges and ways as to how to manage and govern the country.

Hon. Temporary Deputy Speaker, before the Jubilee Government came to power, its leaders had gone round the whole country giving pledges, ranging from free primary and secondary education to the laptops, irrigation, the railway construction and so many other things; the leaders gave pledges to support and improve the standard of living of its citizens. It goes without saying that to do those projects you have to first of all consider where you are going to get the resources to be able to accomplish everything.

Hon. Temporary Deputy Speaker, we want to thank former President Mwai Kibaki for the good work he did for this country. He initiated sufficient collection of our own revenues from taxes and resources within the country, so that we do not become dependants of the foreign countries and donations that are normally given by the developed countries. I want to thank the former President for that concept he brought to this country, which has been replicated by the Jubilee Government. The only way for us to succeed as a Government in accomplishing the pledges that the Jubilee Coalition gave is through collection of enough tax revenues.

Hon. Temporary Deputy Speaker, I want to say that hon. Ng'ongo has always been a mentor to us in finance issues. Of course, he has been telling us that this is a money Bill; it thus needs the input of the Finance Committee and the National Treasury. I was listening to hon. Mbadi when he was moving the Bill. He told us why he brought these amendments. One of the issues he mentioned was the dishonesty of business people that are making fraudulent claims to the Tax Department to reap a lot of money.

Of course, when we were passing this Bill in August, we were told that this country was losing up to Kshs40 billion through fraudulent Value Added Tax claims. That is one of the reasons why I want to support hon. Mbadi. He is right by saying we need to check on those dishonest businesspeople.

Hon. Temporary Deputy Speaker, the second issue he brought up is the skyrocketing of prices of basic commodities. Lastly, is the streamlining of VAT administration and, of course, as hon. Makali has indicated, the amendment is pro-poor.

Hon. Temporary Deputy Speaker, what hon. Mbadi has not indicated to this House is how the Government will be able to collect revenue and accomplish the many pledges it made. Secondly, I am a member of the Committee on Implementation and we already have 29 Motions and commitments which have been placed on the Floor of this House. All of them are targeting revenues. They are urging or resolving that the Government uses a lot of money in developing various industries, including the one that hon. Mbadi has indicated; that is, fishing industry. All that has to be done by money that has been collected from various tax areas, including VAT.

Hon. Temporary Deputy Speaker, so, hon. Mbadi has mentioned the areas that he wants to be amended. In fact, they are quite a number. I think they are over 20, but this is just a sub-title. When he talks about, for example, communication, that is a sub-title. Communication has so many other factors or aspects where the Government is collecting VAT. So, he needs to be a little bit specific so that, again, we do not leave it in a general state. When he says communication, if the records which we saw the other day are right, Safaricom is making billions of shillings in terms of profits. It is not only Safaricom, but also other telecommunication companies are making billions. Now, if we just generalise communication, I think that will not be the right direction.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): There is a point of order from hon. John Mbadi, the Member for Suba.

Hon. Ng'ongo: Thank you, hon. Temporary Deputy Speaker. I really appreciate the contribution by my friend, hon. Gikaria, but I want to correct him on the issue that he has raised concerning communication. I am not general in my Bill in terms of what communication areas need exemption. I have just cited two. I was not general in all communication areas. I have only talked about the credit reference bureau services, which is Item No.19 - if you check your Bill. The second one is postal services. Those are the only two areas of communication. I only mentioned communication as a sub-topic and the only items that are put for exemption are just two; credit reference bureau services and postal services and I have explained why. However, if hon. Gikaria feels those two services need not be exempted, then he is free to bring amendments. But I want to correct him that I did not just talk about communication in general.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you for the clarification. Hon. Gikaria, you can carry on.

Hon. Gikaria: Thank you, hon. Temporary Deputy Speaker. If that is the clarity, then that is good. You know, I was just listening since I did not have the Bill. Let me take the other component which is milk. I come from a place where the poverty index is high. He talked of milk product as a general issue. Cheese and butter, for example, are products that will never find their way into the houses of common Kenyans. If he has indicated the milk product as a general issue, I think that is where we would be cautious when looking

into these amendments. That is because, again, we do not want to have a Government that tried to reduce the vatable items for the purposes of it raising money. Again, if we reduce tax on these items, of course, we will be going back.

Hon. Temporary Deputy Speaker, if you look at the recent records that we have from the taxman, he has already attained the targets that he wanted. It is a good indication for this country. This means that most of the things that the Government had pledged to do are happening.

So, we want to support this Bill but only on the aspect that it is only going to assist; not because we want to generalize. We want to be specific. This is like the fishing nets. Honestly, those are things that we need because that affects an ordinary common *mwananchi* on the shores of Lake Victoria, Lake Turkana or any other water body. Of course, even in Nakuru now, we have fish from the fish ponds and we use fishing nets. That is being done by peasant farmers who have decided to do fish farming.

Hon. Temporary Deputy Speaker, so as we look into the general issues of the amendments as it has been indicated, it is important to remember that the Government wants to attain the objective that it intended to. We have been pushing for the implementation of the resolution on 20 kilometres bitumen gravelling of our roads. When we talk to the Cabinet Secretary and we are waiting for his report in the Committee on Implementation, he tells us “Yes, we will give you the report but I can tell you the task is enormous for us. We do not have that kind of money. We also need to put that money in the Budget. We need to collect money in this country to be able to do that.”

Hon. Temporary Deputy Speaker, the only aspect that I agree with hon. Mbadi is the amendment to Article 33 of the original Bill. People have just been getting money from this country using fraudulent means. This is by giving fake tax and VAT returns. I totally support hon. Mbadi regarding hiking or increasing the penalties that will be meted on any businessperson who will give fraudulent VAT claims.

Secondly, on the aspect of production of reports for purposes of tax evaluation, I think it is an amendment that needs to be supported. Every businessman should be compelled by the law to produce records for purposes of calculations of the tax that he is supposed to pay.

Hon. Temporary Deputy Speaker, in short, I want to say that this Bill, much as it is intended to assist the ordinary Kenyan, we must be very careful that we do not pass a Bill that will make this Government be unable to collect money and not do the work that it had pledged to do. If, indeed, in the Third Reading we will be allowed to itemize specific areas that we are supposed to zero-rate on VAT, then we will be getting in touch with Mbadi to see how best we can do that. These will include electricity and water. People take bottled water. An ordinary man will not buy half a litre of water at Kshs70 or Ksh100 and drink it. So, again, when we say the supply of water, we have to be very specific. For the ordinary *mwananchi* who gets piped water, it is important for us to be able to think on how we can assist him. But for the people who are using bottled water here, we need to include such items in the VAT bracket.

I do not want to say that I support. I am not supporting the Bill *per se*, but with a few amendments and itemising the Bill, I will support it. However, as it is, I stand to oppose it.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): You can give your

amendments to the Member. They will be brought during the Third Reading. We have ten minutes for each individual as per the resolutions on 11th February, 2014. It is a Bill, hon. Mbadi.

Hon. Wakhungu: Hon. Temporary Deputy Speaker, I rise to support these amendments. The cost of living in this country has gone up because of the VAT that we passed here because of the “tyranny of numbers.” When the prices of essential goods go up, the consumers do not know which political divide they belong to. I am calling upon my colleagues to debate this Bill objectively without putting our party interests at heart. Many people have complained that prices of goods have gone up. Many people have complained that school principals are charging very high fees. However, it is not their wish. Some of the things that they use in schools are subject to VAT. For instance, when you talk about electricity, we are only talking up to the limit of 200 kw/h. If you subject electricity to VAT, the production cost goes up.

We have put VAT on water. These are the basic inputs that we use in any production cycle. So, if the price of the inputs is high, obviously, the output is going to be high. I am calling upon my colleagues to support this. If we are going to put VAT on the inputs of the production of these basic commodities, it goes without saying that the price will be high. When we passed this law, *mamas* were rioting in Gatundu, where the President comes from. Some of them who keep *kukus* were rioting because the inputs that they give to those *kukus*, in the long-run, totals the total cost. So, when the production cost is high, when you add your profit margin, the price will be high. But when we use the law of demand and supply, in the long-run--- I need your attention hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Wamalwa, can you carry on? We are listening to you.

Hon. Wakhungu: I am hoping that you are listening. From the way things are---

Hon. Muzee: On a point of order, hon. Temporary Deputy Speaker. Is it parliamentary language to talk about *kukus* and *mamas* in this august House?

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Wamalwa, use good English language, but not *kukus* and *mamas*!

Hon. Wakhungu: Hon. Temporary Deputy Speaker, *kuku* is a common word as long as you understand what it is. However, we are talking about chicken.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you for the clarification. Carry on.

Hon. Wakhungu: Those are some of the businesses for the small/medium enterprises. We know very well that in many areas where the economy has grown, it has grown because of the Small and Medium Enterprises (SMEs). Right now, we are talking about the *Uwezo* Fund. This is money that we are going to give to the youth and women. Most of the businesses that they are going to put in place will fall under the category of SMEs. If you tax electricity and water and those are some of the basic inputs they are going to use, it goes without saying that the output is going to come out at a higher price.

Some of the basic commodities that Kenyans have been crying about, for example, *ungu* and milk, attract electricity and water. So, unless we remove taxation on things like water and electricity, the production cost will remain high. It goes without saying that if the production cost is low, obviously, the price will be low. It is important

that we understand the difference between tax exemption and zero-rated tax. Most of these basic goods, we can say are zero-rated. In my understanding, when we talk of a product being zero-rated, it means that the inputs attract taxation. So, you put it as an expense. So, we are calling for tax exemption.

To mention Section 33 which talks about fraudulent tax, the Jubilee Government mentioned this and said that many people have been making some fraudulent claims at KRA, which is true. We do not want them to continue doing that. In fact, some of the sanctions or the penalties that have been given to people is paying just five times what they are supposed to pay, I suggest we should not even give a jail term. Those are the people who are making VAT Bill to go through. We do not want people to reap where they never sowed. As a matter of fact, even the Bible says that a man eateth where he worketh. So, if you have not worked and you want to eat, we should put tough penalties to discourage such people from making those fraudulent claims at KRA. As we go to Third Reading, we are going to bring further amendments to Section 33 of this Act, so that the penalties are tougher to discourage the people who have been colluding with officials of KRA to get tax claims. They want to reap where they never sowed.

Another important issue is about exercise books. What the Jubilee Government is doing, following what the former President His Excellency Mwai Kibaki did on the issue of free primary education, is a wonderful idea. But the moment you put taxation on exercise books, we must look at this issue. It is going to make education very expensive. It will also contribute to schools charging high fees. Therefore, it is high time my colleagues from the other side, as we go to Third Reading, should note that we need to exempt exercise books from taxation. Exercise books go to the poor *mwananchi* in the village. There is no way we can accept exercise books to be zero-rated. Instead, they should be in the bracket of tax exemption.

Another issue that I want to mention is about farm inputs. We have a variety of farm inputs. I want to thank hon. Langat. Of course, fertilizer is tax exempt and we know very well that we want to make this country a production base as opposed to consumption base. About two weeks ago, when I was in my constituency, the issue of the social assistance where old people are getting Kshs2,000 came up.

Hon. Langat: On a point of order, hon. Temporary Deputy Speaker. I am not disrupting the Member's contribution, but going by the mood of the House, the size of the Bill and the resolution of the House that was made on 14th February, may I propose that we reduce the time taken by each Member to five minutes? The resolution that we made in the House was that a Member is given a maximum of ten minutes, but I am saying that the House can still, by the leave of the House, reduce that time to five minutes. This is a fairly simple straightforward Bill and short. We should spend our time wisely in the House. So, may I request that we reduce the time spent on this Bill because it is fairly a summarized Bill.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Langat, thank you. Until you propose it, we cannot put the Question. Hon. Members, hon. Langat's proposal is for the reduction of time to five minutes.

Hon. Members: Three minutes!

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): To five minutes! That is hon. Langat's proposal.

*(Question of the reduction of time,
put and agreed to)*

Let us have hon. Wakhungu.

Hon. Wakhungu: Thank you, hon. Temporary Deputy Speaker. My five minutes are not yet over. If we do more of listening, we will be avoiding repetition. That is another good way of debating. We should not repeat matters that have already been mentioned.

The issue I was trying to put across is that the cost of living has nothing to do with the CORD or Jubilee coalitions. I am calling upon my colleagues on the other side of the House to look at this Bill objectively and support the amendments. I would like to point out the issues of exercise books, electricity, water and ambulances. If we can agree and build a consensus on this issue, it should not be an issue to debate. Let us look at it soberly in the spirit of brotherhood. We have talked about the Jubilee Government saying that it wants to raise money through VAT. How much money are we going to raise?

I was talking about the issue of the social net. We have seen some elderly people of more than 65 years being given a stipend of Kshs2,000 each. What is Kshs2,000? Looking at their number, they are totally insignificant. The Government should focus on production as opposed to consumption. If you look at economies like Malaysia and China, you will appreciate that they focus more on production as opposed to consumption.

Therefore, my humble request is that the Jubilee Government should get its priorities right, so that we can focus more on production as opposed to consumption. The Kshs2,000 shillings that we are giving to the few elderly people is like a drop of water in an ocean. There are very many elderly people who do not get that money. If we can re-focus our attention towards production and encourage more people to produce and feed themselves, we will be more sustainable.

Article 10 of our Constitution, which is on national values and governance, talks about sustainable development. As we debate the issue of VAT, we must look into the issue of sustainable development. If the economy improves, it is for all of us. It is not for Jubilee or CORD. That is why I am calling upon my colleagues on the other side of the House to support these amendments.

With those remarks, I beg to support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, I would like to refer you to the resolution that we made on 11th February, 2014 on priority of speaking. Turn to the second page of the Order Paper. The Leader of Majority Party is not in. Therefore, priority in speaking goes to the Leader of Minority Party. Hon. Nyenze was in this House. He spoke to the Chair but he has not contributed to the House. When the Leader of Minority Party is not present, the Deputy Leader of Minority Party takes charge. Therefore, I call upon the Deputy Leader of the Minority Party, hon. Washington Midiwo, to contribute.

Hon. Midiwo: Hon. Temporary Deputy Speaker, I rise to support this Bill. I want to thank hon. Mbadi for looking after the interests of Kenyans.

Having sat here for a while and listened to hon. Members speak, I appreciate that there are some reservations about this Bill. I want to say from the outset that the

reservations are not honest because I do not see how the items that have been listed down by hon. Mbadi would offend anybody, if they are exempted from VAT. The list contains items like milk, sanitary towels and supply of electricity. It beats logic that anybody would have any reservations about the list.

The conservatives at the National Treasury must let Parliament do its legislative work. Legislation is the role of Parliament. When we passed the VAT Act, 2013 a few months ago, there was a lot of controversy because people were not willing to talk. So, we have hurt the economy. If we do not rectify the problem that we are seeing in the economy today, by Christmas, we will begin seeing a negative growth in the economy because we are overtaxing Kenyans. We ask Members of Parliament to remain sober.

Hon. Temporary Deputy Speaker, I do not want to talk about the items that hon. Mbadi has listed down because debate on them has been exhausted. There are other provisions in the Bill that repealed the original VAT Act, which we must also look at. For example, air travel is an issue. Immediately the VAT Act, 2013 was passed, the cost of air travel to Mombasa and Kisumu from Nairobi doubled. It cost a lot more to travel outside the country. Why? Because somebody decided to tax the fee that travel agencies charge. That is an anomaly. We are not encouraging business. We are looking at air travel as a luxury. Therefore, we will be bringing an amendment to sort out that bit.

Another area of concern is the service charge imposed on hoteliers. It is true that the people who brought the Bill to this House did not think through. If you access services at the Intercontinental Hotel, you appreciate that there is something called “service charge”. That charge is passed on to the consumer. In many hotels across the country, there is only one charge. If the price of a meal is Kshs2,000, VAT is inclusive. An employer pays his employees, whose salaries are taxed. Levying VAT on employee’s salaries is tantamount to double-taxing such employees. That is not fair.

Hon. Temporary Deputy Speaker, this Bill could not have come at a better time. We are now talking about salaries. When you tax somebody’s salary twice, you disadvantage them. This House has a responsibility to stay sober and do the right thing. Sugar is now the most overtaxed commodity. It is also the most used commodity by many Kenyans. Only industrial sugar is supposed to be included in the VAT bracket but some unscrupulous businessmen bring table sugar into the country through our ports of entry. This malpractice is killing the sugar sector. Therefore, something must be done to save the sugar sector from collapse.

Members of Parliament from the sugar sector will be proposing that the Government establishes something like the National Cereals and Produce Board (NCPB) to buy all the sugar from the factories. The sugar factories are full. I was in Muhoroni this week, some sugar is kept in board rooms. I was at SONY Sugar Factory on Sunday. The sugar was stored in board rooms because some unscrupulous business people have flooded the market with cheap sugar. We must do something about it. Let the Government buy sugar from the sugar factories and release it to the market on need basis. Nobody imports sugar into this country without the authority of the Government. Anybody who imports sugar has some permit to do so from the Government.

Hon. Temporary Deputy Speaker, it is not how much you tax that matters, It is how large your tax bracket is. Let us help the Government to broaden the tax base. It is not just how high you tax. In fact, you can tax so many people but tax them less, so that

people are not angry and they spend more. That is how it happens in developed economies, if you want to truly develop our economy. Let me give you an example. You have all these churches and crusaders owning a majority of *matatus* on the streets of Nairobi and they pay tax to nobody. You will also find religious organizations; such people must be brought to the tax bracket. They must pay tax. When they pray, *sadaka* is tax exempt but when they are running businesses; when they are building offices like the one being built next to the Intercontinental Hotel, they must pay taxes. Let them not do *harambees*, build high-rise buildings and be tax exempt and expect the rest of Kenyans to make money somewhere else and keep paying *sadaka*. All I am saying is that I think the Kenya Revenue Authority (KRA) has done well but they need to do better. They need to bring everybody under the tax bracket because the few who are being taxed are overtaxed.

Hon Temporary Deputy Speaker, very lastly, this issue about salary reduction is not an answer to anything. In any case, the Government needs to put more money in people's pockets especially civil servants, so that they can have money in the market. Kenyans are starved of money. Our economy is starved of money. We cannot again ask people to reduce their salary so that a few people on Harambee Avenue can have money in their pockets. It is not right! The crooks at the Treasury; the people in the Office of the President, there is so much money which is not being accounted for. For that reason, we must not allow and we will not allow this House--- This House will be out of its mind to allow the Executive to reduce anybody's salary against their will because---

Hon. Langat: On a point of order, hon Temporary Deputy Speaker. I hope you noted the language used by hon. Midiwo that the people at the Treasury are crooks. I think this House needs to be civil and hon. Midiwo needs to withdraw because the people at the Treasury are employees of the Kenya Government. They are civil servants of this country. They are not crooks unless he has evidence to show that they are crooks. If he has the evidence, he can table it.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Midiwo, you cannot justify it. But let us use parliamentary language.

Hon. Midiwo: Hon Temporary Deputy Speaker, just two things because my time is up. They are opposing this Bill in entirety and I know that. That is crooked! Secondly, the President himself said the thieves and the corrupt are in the Office of the President and the Treasury. The President of the Republic of Kenya, His Excellency hon. Uhuru Kenyatta said the thieves are in his Office. What is so crooked about that?

I support!

(Laughter)

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): He has supported and so, you cannot raise a point of order against hon. Midiwo.

Hon. Kang'ata: Hon Temporary Deputy Speaker, I rise to support but with some reservations. It is true that this is a very good Bill.

Hon. Langat: On a point of order, hon Temporary Deputy Speaker. I thought you were correcting an oversight which was made earlier in terms of the order of speaking. That is because now you have corrected for the---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Just put your card well!

Hon. Langat: I am there!

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Members, I have 20 requests and since---

Hon. Members: The anti-gay!

(Laughter)

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Let the hon. Member finish his discussion and now that your card is in, I will again make a ruling! Hon. Langat, you are always going to intervention and intervention is different. I am always giving you time to contribute. Let the hon. Member finish. Now your name is appearing, not on intervention but that you want to contribute.

Hon. Members, pursuant to the resolutions on 11th February, 2014, on priority of speaking, it is the Leader of Majority Party, Leader of Minority Party and Chairperson of the relevant Departmental Committee, in that order.

Hon. Kang'ata: Hon. Temporary Deputy Speaker, the problem I have with this proposed Bill is that we do not have data. For instance, the Mover of this Bill ought to have provided some basic---

(Hon. (Ms.) Odhiambo-Mabona stood up in her place)

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Odhiambo-Mabona, your card is not on intervention. What is out of order? Your card is not on intervention. Please, place your card in the correct spot.

Hon. (Ms.) Odhiambo-Mabona: On a point of order, hon. Temporary Deputy Speaker. I have put both of them but I just wanted to rise as a matter of concern that we need to get our technology to harmonize with our rules. That is because the technology is also creating confusion in the House and making the House very dull. If I want to compare with the Tenth Parliament, if you had issues of intervention which also made the House interesting but also made sure we had procedure in order, I could intervene. But now even when I see something is out of order, I do not want to intervene because I am going to be told that I will go back to the bottom. That is one concern. So, could we ask the people who deal with this technology to do it in such a manner that we can interact? Let us have one system that shows points of order without being relegated, especially if you have been here for long.

But the main issue I wanted to raise is on seniority and ranking. I have raised it before and it is not of my creation. It is an issue of a parliamentary system. I know hon. Midiwo was very concerned and he continuously raised it. It is also not an issue of his creation. All parliamentary systems have seniority and that is why, when I see some hon. Members coming--- Even when I saw the Deputy Whip come in just after we had been here for two hours and he spoke, we did not complain. He does that all the time. We do not complain because it is an issue of ranking. But I will complain if I, hon. (Ms.) Odhiambo-Mabona, sits here and I am senior to other hon. Members and I am made to sit here. When we sat in this House, there were people like hon. (Ms.) Karua---

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you! Seniority is not about space and it was resolved thus; the Leader of Majority Party, the Leader of Minority Party and the Chairperson of relevant Departmental Committee. We agree she is senior but that is the order of speaking. Again, hon. Wamalwa was here in the morning, he just went out shortly.

(Hon. (Ms.) Odhiambo-Mabona stood up in her place)

That is resolved, hon. (Ms.) Odhiambo-Mabona!

Hon. Kang'ata: Hon. Temporary Deputy Speaker, my problem with this Bill is that there is no data that has been provided by the Mover of this Bill. First, if, for instance, we were to pass this Bill and it becomes law, the question is: How much revenue is the Government going to lose? Since the time of the enactment of the new VAT Act, the Government has been collecting some money out of the products that the hon. Member is proposing to exempt from tax. From that time until today, how much has been collected in respect of those items? Secondly, if we remove them from taxation how much, as a country, are we going to lose? Without that information, some of us cannot adequately decide whether to support or reject these amendments.

The next data I would like from the Mover of this Bill is; the effect of the removal of the tax. Who is going to benefit? I can see Item 24 on page 1204 - Supply to Rural Electrification Authority. The question is: What does the Mover mean? Supply of what? Again, there is also an item indicated as supply of water drilling services. We need to ask ourselves, for instance, since the enactment of the new law, how many boreholes have been drilled and what has been the effect on taxation? Have we seen, since the commencement of that Act, a situation where we have fewer boreholes being drilled as a result? So, it is not very clear who is going to benefit from this Bill. In my opinion, the benefit should accrue to the common *mwananchi*. It should also accrue to the producer and not to a big contractor. I would not like a situation where we are holding brief for the big suppliers of REA.

Hon. Temporary Deputy Speaker, we should not allow a situation where we are going to help the very rich contractors who do these businesses. We would only like to help the poor common *mwananchi*. That is why, in my opinion, I support the item pertaining to mosquito nets. It is very clear. The people who purchase them happen to be poor.

I also support issues to do with exempting products in respect of pellets, the animal feeding aspect of it and issues relating to milk. On the other hand, I would not like a situation where we have the big manufacturers of milk products benefiting, and not the common *mwananchi* who buys those items. The rich and big corporate - most of them who might be in this business - should not benefit. So, I call upon the Mover of this Bill to bring more and better particulars relating to this Bill. Otherwise, we may as well be holding brief for the rich corporates and, as a result, make the Government not get enough revenue. As of today, KRA has been able to get a lot of money as a result of the new Bill.

Hon. (Ms.) Emanikor: Thank you, hon. Temporary Deputy Speaker, for giving me this chance to contribute. I rise to support the Bill because its overall aim is to reduce the cost of living for Kenyans.

Before I give my points, I want to congratulate the President and the Deputy President for the good gesture of reducing their pay. We encourage all the people with fat payslips to do the same. Unfortunately, for me, I may not do it because after deductions, my payslip only reads Kshs6,000. I do not know what to give.

With regard to that, I want to talk about public or State wastage. That is because if we have to reduce the cost of living for Kenyans, we have to address the issue of State wastage. I am looking at institutions like the commissions that we have in Kenya.

Most of the commissions have nine commissioners. If we reduce the commissioners to three, we will save close to Kshs720 million a year. If we reduce the board members in State corporations, we will be talking about saving billions of shillings. If we retrench idle staff in most of these State corporations, for example, Kerio Valley Development Authority (KVDA) where I was before--- It has over 600 staff members who are doing nothing. When we have more people or commissioners working in these institutions, they wrangle with staff over work. They are idle and as you know: An idle mind is the workshop of the devil. That is where we have a lot of corruption. The other State wastage is in flawed procurement. We know there are inflated road contracts. That is what the Government and the county governments need to check.

At the end of last year, the Kenya Ports Authority (KPA) and the Kenya Bureau of Standards (KEBS) had questions over flawed contracts. We are looking at things like workshops and seminars that are unnecessary. We have many organisations that are paying ghost workers. Many Government agencies are paying people who died many years ago. We can make savings by reducing foreign trips and reducing printing and advertising in the Government.

Hon. Temporary Deputy Speaker, if you look at the county governments now, you will realize that they have become employment bureaus. We have three different governments in the counties. We still have the local government - we used to have the county councils - we have the Provincial Administration and all of them have budgets. Unless that is addressed, we will not be able to realize the multiplier effect that hon. Mbadi was talking about. This is the only time we can get the water we are talking about in Turkana and achieve the food security that is devastating many counties. We will be seen to be making pro-poor policies and legislations.

Hon. Temporary Deputy Speaker, I beg to support. Thank you.

Hon. ole Ntutu: Thank you, hon. Temporary Deputy Speaker, for giving me this opportunity I also rise to support this Bill that has been brought by my good friend, hon. Mbadi. This is a Bill that we passed a few months ago, and we have heard our people complaining about the VAT Act.

I totally agree that we need to do something to cushion our farmers. I come from a county that depends solely on agriculture. Farming has become very expensive in this country. Taxing inputs that go along with farming are causing the problem.

In recent days, I have been told by farmers in my County of Narok that they no longer practise wheat or maize farming simply because the inputs have become very

expensive. That is the case and yet, you all know that the backbone of our economy is agriculture. There is nothing that we can do without those inputs.

Hon. Temporary Deputy Speaker, if you look at the issue of drought coupled with global warming that is being experienced in this world, you will realize that, if we do not take care of our farmers, we will not have food to eat as a country. If you look at the basic items that the hon. Member has talked about, you will find that electricity, which is used in the rural areas--- The Jubilee Government has talked about taking laptops to rural areas. But how will we use those computers without electricity? I know they are talking about solar energy, but solar energy cannot be depended upon like electricity does. Therefore, the issue of electricity is very important.

Hon. Temporary Deputy Speaker, with regard to water, I come from a constituency that is really hit by shortage of water. Exempting water, milk and cream from taxation is a good thing. I would also want to talk about the advantages that VAT has brought to our country. If we look at the issue of the current debate on wage bill, it is, indeed, not a laughing matter. We must be able to address the issue of the ballooning wage bill in this country. I want to thank His Excellency the President and his Deputy for taking the lead as leaders of this country to say: "Look, we have a problem as a country and we must address it."

I know that the national Parliament has not been keen on what the President is saying. I want to call upon this august House to listen to the voices that are saying that we really need to do something about the wage bill. When you look at the money that we need for development – and hon. Ng'ongo, who is my good friend, will agree with me that, in our Budget and Appropriations Committee--- The other day, we were talking about giving the county governments Kshs218 billion to continue with devolution and also giving the national Government over Kshs800 billion. I know we had the Salaries and Remuneration Commission (SRC) the other day talking about the need to give the county governments about Kshs238 billion. But when we look at what we have, it is not enough. I know, therefore, it is a populist statement to say that we need to have some of these items included.

Hon. Temporary Deputy Speaker, when you look at the money that we are giving to our vulnerable members of the society, the old people; we need money.

I support this Bill, but when it comes to the Third Reading, let us look keenly on the items that we want to include. I will also come up with some items that we need to add to hon. Ng'ongos list.

With those remarks, I support the Bill.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you. The hon. Chair of Departmental Committee on Finance, Planning and Trade, your request can be seen on the screen. Hon. Langat has a contribution, not on an intervention.

Hon. Langat: Thank you very much, hon. Temporary Deputy Speaker. Pursuant to what hon. (Ms.) Odhiambo-Mabona had raised early about technology and our practices, I think the technology that we have adapted must match with the rules. I know the system you are using shows only ten names per session. But if we were to apply the rules, I think the Chair needs to see everybody who wants to speak. That is the only way we can apply the rules appropriately.

Having said that, I want to thank the House. When we passed the VAT Bill last time, which is now an Act of Parliament, I think we adopted a very good spirit that enabled us to pass the Bill. I was in the last Parliament. When the Grand Coalition Government attempted to bring the Bill, it could not pass because it had serious issues. But I want to say that when we came to the 11th Parliament, we were able to negotiate, consult and arrive at a Bill that was eventually passed in this House and assented to by His Excellency the President. It is now an Act of Parliament.

Hon. Temporary Deputy Speaker, I must admit that after the passage of that Bill, there were a lot of outcries and concerns about the impact of that Bill on our people and the economy. In this country, we must be real to ourselves. We continue having a country where we have our total revenues close to Kshs900 billion or a trillion. We have salaries costing us almost Kshs400 billion. We pay over Kshs200 billion to the counties and around Kshs300 billion goes to service the public debt. If you look at that equation, it clearly tells you that for us to do any development in this country, two things must happen. One, either we borrow more, which will then increase that amount of annual servicing, or two, we tax people more.

Hon. Temporary Deputy Speaker, I can see hon. Ganya, my friend, wants to interrupt my debate, I am just stating that we must be real and we must---

Hon. Ganya: On a point of order, hon. Temporary Deputy Speaker. Is it in order for the Chairperson of Finance, Planning and Trade Committee not to be categorical whether he is supporting this Bill or not? The people of Ainamoi Constituency need to know whether he is supporting the Bill or not.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Chachu Ganya, the hon. Chairperson, hon. Langat, has not finished his contribution. I am sure at the end of his contribution, he will state his position.

Hon. Langat: Hon. Temporary Deputy Speaker, I think my good friend, hon. Ganya, is actually unnecessarily interrupting me because I am building my contribution. I am saying that we continue to demand that more resources should go to our counties and the Constituencies Development Fund (CDF). At some point, I have heard people saying that we need to give more resource to our old men and women in our regions. Therefore, we need to raise more revenue.

So that I allay the fears of my good friend, hon. Ganya, I want to say that I would support this Bill but, as a Committee, we will come up with some amendments because what I read from hon. Ng'ongo, when he was moving and when he was presenting his Bill, he really wanted the poorest of the poor in this country not to suffer. I think, if we were to go in that direction, we will agree to what he has raised.

Hon. Temporary Deputy Speaker, we will also look at issues that affect business because, at the end of the day, for Kenya to survive, we must get foreign direct investments. People ought to come and invest so that we sort out the problems of unemployment. We are going to look at those issues which unnecessarily affect the people so that we make this country a conducive place to do business. Every day, we continue to slide downwards. When we got reports on the issue of doing business in Kenya, we moved from number 20 to 26. Now I think we are in number 29.

I think because of history and our location in this region, Kenya must be the best place to do business because of the seaport. We are located in a very strategic position

and I think we owe it to ourselves that we make Kenya a place which is very easy to do business. We must attract investors. We are going to look at those areas that really affect the environment of doing business. But Kenyans must be self-reliant at the end of the day. We have received information from stakeholders and I am going to table a report on that. I am sorry we have delayed a bit but I am on top of things. We are going to table our report concerning this Bill plus additional stakeholder consultations on issues which have come on board.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Langat, there is a point of order from Washington Jakoyo Midiwo, Member for Gem.

Hon. Midiwo: Hon. Temporary Deputy Speaker, just out of curiosity, on the Floor is the Chairman of the Departmental Committee on Finance, Trade and Planning. The Speaker made a ruling that before a Bill can take off in the Second Reading, there must be a report. But that is not even where my concern is. Is he really in order to go round and round to say some businesses will be brought under exemptions to help create jobs without telling us which businesses are those? He is not being specific about which businesses he is trying to exempt so that we can know. That is because he has not brought a report.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you. Hon. Langat, give your clarification to hon. Midiwo's point of order.

Hon. Langat: Hon. Temporary Deputy Speaker, I am saying we are tabling a report pursuant to Standing Order No.127. I will be bringing a very comprehensive report before the Third Reading. I want my friend to hold his horses for the time being before we reach there. We will cross the bridge when we reach there.

Hon. Temporary Deputy Speaker, I really do not want to say more than what I have said but we would want the honourable House to look at this thing very objectively. In my Departmental Committee on Finance, Planning and Trade, we are very objective and we look at things in the most objective manner that has ever happened in this Parliament.

Hon. Temporary Deputy Speaker, I want to thank hon. Mbadi - and he tells me he is my senior at the university and I quite agree. I have never challenged him on that. He keeps on insisting that he is my senior when I have never challenged that fact.

(Laughter)

So, hon. Temporary Deputy Speaker, I want to say thank you very much. I thank all my honourable colleagues who have contributed to this Bill. We hope to carry on board some of those comments we have heard on the Floor.

Thank you and I support.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Thank you. His position is that he supports and I am sure hon. Chachu is happy. Hon. Richard Makenga, the Member for Kaiti.

Hon. Makenga: Thank you, hon. Temporary Deputy Speaker. I rise to support this VAT (Amendment) Bill and as I do so, I would like to thank the Mover, hon. John Mbadi for bringing these very important amendments of which, some touch on the lives of our people.

I would like to pick some of them. One is Item No.46 on ambulances and hearses. As you are aware, some of those facilities are not available in our constituencies and it may be difficult to access them. I would like to say that in my constituency, we have never had an ambulance. We are at the mercy of probably the county government who may want to facilitate us with some ambulances.

In my constituency, we have got some donors from America who may want to donate some ambulances. That will go a long way to support our people. Our people walk long distances to access health facilities. The second item is on the drilling equipment. We have also got some people who are willing to partner with us as a constituency. They are willing to donate some drilling equipment and we, as the constituency, should provide people to man the drilling equipment. This will go a long way to enhancing the access of water to our people and also domestic animals. With that gesture, our people are going to benefit quite a lot now that, that VAT has been exempted on those particular items.

The other item is on rural electrification. Definitely, access to power or electricity will be enhanced. The Rural Electrification Authority will provide electricity in some areas. Therefore, that will definitely enhance the access of electricity.

With those few remarks, I support.

Hon. Ababu: Thank you, hon. Temporary Deputy Speaker. I do not have much in the way of time, but let me just say that we are a legislative Chamber. We sit in this Chamber primarily to make law and pretty much in the mode of Hammurabi the law giver; the sixth king of ancient Babylon. In making law, we can make, unmake and re-make any law. That is what the Constitution grants us and the people have mandated us to do so.

Therefore, we should not feel apprehensive like we are doing anything wrong if we made a law in this Chamber and that law did not meet the expectations of the people we represent here. We should be ready to look at that law again because primarily, a law is supposed to cure mischief. In this case, the placement of a broad range of products under VAT, when we passed the VAT law last year, caused a lot of pain across the board. Therefore, we must look at this law as being some kind of relief to the people out there. I want to urge my very good friends on the side of the Jubilee Coalition that this law is, in fact, in the best interest of the Jubilee Government, in the sense that it will address a lot of pain and concern among the ordinary people across the country who have definitely felt the pinch of the VAT law as it is now.

Therefore, this is one piece of legislation that should enjoy overwhelming support in this House. When you look at the areas that this law is targeting, the benefits will accrue very directly to ordinary Kenyans, whether you are talking about farmers and enabling them to access affordable inputs. You are talking about people who depend on products like milk at a very basic level. You are talking about ordinary Kenyans who constitute the majority of the people we represent.

Sitting here and listening to the Chair of the Finance, Planning and Trade Committee talking about the need for the Government to finance its operations, of course, that is given, but even as the Government seeks to raise revenue, it must also manage the revenue it collects better. It is on record and the President himself has admitted this that there is wanton wastage in the Government.

The Temporary Deputy Speaker (Hon. (Ms.) Mbalu): Hon. Ababu Namwamba, thank you for your contribution. You will have three more minutes at the next sitting to contribute on the same. Hon. Members, we have many requests and I am sure you are going to contribute in the next Sitting.

ADJOURNMENT

Hon. Members, it is now 12.30 p.m. This House stands adjourned until this afternoon at 2.30 p.m.

The House rose at 12.30 p.m.