

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 6th May, 2004

The House met at 2.30 p.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

NOTICE OF MOTION

PROVISION OF COMMUNICATION FACILITIES IN MARGINALISED AREAS

Dr. Ali: Mr. Deputy Speaker, Sir, I beg to give notice of the following Motion:-
THAT, in view of the fact that Telkom Kenya has failed to provide services in remote areas of this country, claiming that it is very expensive to provide such services; recognising that marginalised areas require these facilities, this House urges the Government to allow individuals and, or private organisations to provide telephone and radio call facilities in all marginalised areas.

Mr. Deputy Speaker: Next Order!

Hon. Members, we will commence with Questions by Private Notice.

QUESTIONS BY PRIVATE NOTICE

ISSUANCE OF CERTIFICATES OF GOOD CONDUCT

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

(a) Is the Minister aware that Mr. Daniel Kigochi Waimiri is unable to take up employment offered to him by Eldoret Express Company on 12th February, 2004, as he cannot obtain a certificate of good conduct?

(b) Is he further aware that the said certificate is denied on account of a charge that was filed against Mr. Kigochi (Nakuru Case No.CR769/163/93) which was later dropped by the State on 28th January, 1994?

(c) Given that Kenyans looking for employment have to furnish prospective employers with the above certificate, which former convicts and others who have had court cases against them cannot obtain, could the Minister consider withdrawing this requirement?

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

(a) Yes, I am aware.

(b) Yes, I am aware that Mr. Daniel K. Waimiri was denied the said certificate on account of a charge with offence of attempted robbery with violence vide Case No.CR769/163/93, Court File No.2300/93.

Mr. Deputy Speaker, Sir, this is a requirement by certain employers for certain categories of

jobs and businesses. Hence, "c" does not arise.

Mr. Wamwere: Mr. Deputy Speaker, Sir, I do not even know how to deal with this matter. Mr. Kigochi was charged ten years ago with the offence of attempted robbery. However, the State dropped the case against him on 28th February, 1994. Ten years later, he is unable to get the certificate of good conduct even after being sent to the Criminal Investigation Department (CID) by the Commissioner of Police, and paying Kshs1,000. Could the Assistant Minister explain to the House why the CID took the Kshs1,000 from Mr. Kigochi if they knew that they had no intention of issuing him with the certificate of good conduct?

Mr. Tarus: Mr. Deputy Speaker, Sir, I will find out the reason why the CID demanded Kshs1,000 from the applicant for the certificate of good conduct. If it is a statutory requirement, then we will find out why he has not been issued with a certificate of good conduct. If it is not, then disciplinary action will be taken against the officers concerned.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, this is a serious problem. This person was charged wrongly for that offence. In its wisdom, the Government found that it had wrongly charged him and that is why it dropped the case. It looks like the CID want to condemn him. They sentenced him silently for ten years and they want to continue with that sentence. Could the Assistant Minister take immediate action and have this person issued with a certificate of good conduct? He should also withdraw the requirement of the certificate of good conduct. These certificates are issued by corrupt CID officers.

Mr. Deputy Speaker: Order, Mr. Angwenyi! You asked a question, let the Assistant Minister respond.

Mr. Tarus: Mr. Deputy Speaker, in order for us to have reliability, especially in drivers of public vehicles, we cannot just withdraw the requirement. The safety of our commuters is equally important. Secondly, I cannot confirm now that we will issue a certificate of good conduct to Mr. Kigochi. However, we can find out the circumstances under which it has been impossible for him to get it. As I have said, this emphasises the importance of having drivers who are disciplined. It has nothing to do with victimising anybody.

Mr. Deputy Speaker: Hon. Members, let me try to help. It seems, to the Chair, that we are wasting a lot of valuable time for this House for a very simple matter. First, there is no criminal case against this man. Secondly, he has paid Kshs1,000. Let us forget about withdrawing the requirement because that is not at issue here. The issue is that the man has paid Kshs1,000 and there is no criminal case against him. Mr. Assistant Minister, why can you not solve this matter once and for all? We are wasting a lot of time.

Mr. Tarus: Mr. Deputy Speaker, Sir, taking cognisance of the issues raised by the hon. Members, may I undertake to ensure that the issue is sorted out?

Dr. Godana: On a point of order, Mr. Deputy Speaker, Sir. I think the Assistant Minister is not being precise in answering the Question. He said earlier that he was going to find out why the man was denied clearance. Would I be in order to ask that you defer the Question and he comes back with a full explanation about the issue?

Mr. Deputy Speaker: Exactly! That is what I was going to do. I, therefore, defer this Question to Wednesday morning. That gives the Assistant Minister sufficient time to sort out the matter.

Next Question!

(Question deferred)

RECRUITMENT OF VOTER
REGISTRATION CLERKS

Mr. Akaranga: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Justice and Constitutional Affairs the following Question by Private Notice.

(a) Could the Minister confirm whether the Electoral Commission of Kenya (ECK) has in the first quarter of this year recruited Voter Registration Clerks in each constituency?

(b) What were the required qualifications for the recruitment?

(c) What are the ages and qualifications of the 52 registration clerks recruited in Sabatia Constituency?

Mr. Deputy Speaker: Is the Minister for Justice and Constitutional Affairs here? We do not come back to Questions by Private Notice. I, therefore, direct that this Question be deferred. Mr. Akaranga, there is nothing I can do about that because the Minister is not here.

*(The Assistant Minister for Justice
and Constitutional Affairs (Mr. Githae)
walked into the Chamber)*

Hon Members: He is here!

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Mr. Deputy Speaker, Sir, I sincerely apologise for coming late. It is the first time that I have been late.

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

(a) Yes, the ECK decided to recruit registration clerks for a period of 36 days, from 26th April to 1st June this year.

(b) The qualifications for the recruitment of clerks were as follows. They must be aged 20 and above, must have a minimum of aggregate "C" of the Kenya Certificate of Secondary School Education (KCSE) or Division II of the Kenya Certificate of Education, must be non-partisan, must be of good health, must not be actively involved in politics, and must be people of integrity and good behaviour. Finally, preference will be given to those with past voter registration experience.

(c) The recruitment of 52 registration clerks for Sabatia Constituency was in conformity with the requirements listed in (b) above.

Mr. Akaranga: Mr. Deputy Speaker, Sir, I, indeed, asked the Assistant Minister what the ages of the 52 clerks recruited in Sabatia Constituency were. I want to confirm to this House that almost 50 per cent of those recruited are about 55 years old. When I enquired from the ECK Officer concerned, he said that they required people aged 20 years and above. I want to know from the Assistant Minister why the unemployed youth, who assisted the NARC Government to take over from KANU, were left out, yet they have all the necessary qualifications required.

Mr. Githae: Mr. Deputy Speaker, Sir, as I said, one of the qualifications is that someone must be above the age of 20 years. My arithmetic tells me that the age of 50 years is above 20 years. Those recruited fall within the required age bracket, are eligible and qualified.

Secondly, we cannot recruit people on the basis of whether they voted or campaigned for NARC. That is not a qualification. Those recruited are all Kenyans and possess the stated requirements. Therefore, they were rightly recruited.

Mr. Sambu: Mr. Deputy Speaker, Sir, would the Assistant Minister tell the youth of this country that the Government policy of providing jobs does not apply to those between the ages of 20 to 35 years, but covers only those who have retired and are over 55 years of age?

Mr. Githae: Mr. Deputy Speaker, Sir, that is a very important question. It gives me an opportunity to remove some misconceptions and misunderstandings about the policy. The NARC Government never said that it was going to give the youth 500,000 jobs. We said that we were going to create an enabling environment, so that business people can create the 500,000 jobs. For sure, the enabling environment is being created, and jobs are also being created.

Mr. Midiwo: Mr. Deputy Speaker, Sir, I rise on a point of order to ask the Assistant Minister a question. To me--

Mr. Deputy Speaker: Order, Mr. Midiwo! Were you standing on a point of order to ask a

question?

Mr. Midiwo: No! Mr. Deputy Speaker, Sir, it is not a point of order. It is a question.

Mr. Deputy Speaker: Then ask the question!

Mr. Midiwo: Mr. Deputy Speaker, Sir, the Assistant Minister is not taking this House very seriously. We have seen how he has been answering Questions in the last few days. He is now saying that the NARC Government did not promise the youth any jobs. He is making members of the Government appear to be very bad, because we did. It is in our manifesto. The question is, what rules has the Government laid down as regards recruitment for jobs? We are seeing people who have retired and are above the employment age being recruited by this Government.

Mr. Githae: Mr. Deputy Speaker, Sir, I do not know if my hon. friend knows the meaning of being serious. I have been very serious while answering this Question. I am not smiling.

I reiterate that the Government would create an enabling environment for business people in this country and corporations to create the 500,000 jobs. These jobs are for every Kenyan. They are for every Kenyan who is above the age of 18 years. There is no age limit. One does not cease to be a Kenyan because he or she is old. Therefore, as far as this Question is concerned, the people employed were above 20 years of age. Therefore, they were qualified for the jobs.

Mr. Akaranga: Mr. Deputy Speaker, Sir, from the Assistant Minister's answer, it is very clear that the NARC Government has no business with the youth of this country. Could he tell us how many of the recruited clerks were women? He is talking of only retired men. Is he satisfied that the deployment of one clerk per registration centre is satisfactory?

Mr. Githae: If there is one Government that has a very commendable youth programme, it is this Government. We will create an enabling environment, so that we can create jobs in the agricultural sector, *Jua Kali* industry and corporations. It falls upon us, as leaders, to create jobs. The number of clerks in the polling stations is adequate. Let me take this opportunity to ask leaders to publicise this recruitment exercise, because so far very few people are turning up at registration centres to be recruited as voters. I think this is a good opportunity for leaders to publicise the exercise. In every constituency there are registration clerks waiting to recruit voters. I do not have the gender figures, but that is something I can provide later.

Mr. Rotino: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Assistant Minister to evade answering the question? He was asked whether he is satisfied that one clerk per station is enough. He should answer that question. It is very important.

Mr. Githae: Mr. Deputy Speaker, Sir, I have said that one registration clerk per station is adequate. Most of the time the clerks are idle because we, leaders, have not publicised this exercise. They are recruiting one or two people per day. Even one clerk is more than enough, unless many more people go there to be recruited.

Mr. Deputy Speaker: Next Question.

SUSPENSION OF JUDGES

Mr. Kajwang: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Justice and Constitutional Affairs the following Question by Private Notice.

(a) Is the Attorney-General satisfied that Sections 62, 77 and 104 of the Constitution were complied with when the suspended Judges were removed from the payroll, evicted from Government houses, and required to surrender all Government property?

(b) Does he consider the above measures a suspension from duty pending the decision of the tribunals appointed by the President or a dismissal?

(c) What meaning does the Attorney-General subscribe to the provisions for tenure of Judges as provided in the Constitution?

Mr. Deputy Speaker: I just want to draw the attention of hon. Members that in part "a" of

the Question where it refers to the Attorney-General, it should refer to the Minister and similarly in "c". So, the Question is addressed to the Minister and not the Attorney-General. This Question was deferred last time was it not?

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Mr. Deputy Speaker, Sir, I beg to reply.

(a) New information that has been received shows that this matter is now *sub-judice* and, therefore, against parliamentary Standing Orders. Hon. Justice Vitalis Odera Juma has gone to the High Court under Miscellaneous Civil Application No.512 of 2004 seeking orders to be paid his salary and allowances, and also an interpretation of Sections 62, 77 and 104 of the Constitution which is the same subject matter of the parliamentary Question.

Hon. Justice Tom Mbaluto has also gone to the High Court under Miscellaneous Civil Application No.509 of 2004, seeking similar orders to those sought by the hon. Justice Vitalis Odera Juma.

(b) In view of the above this matter is, therefore, *sub judice*.

(c) In view of the above, this matter is now *sub-judice*.

Mr. Kajwang: Mr. Deputy Speaker, Sir, now I can agree with Mr. Midiwo that the Assistant Minister is not serious. We said it would be very embarrassing for Judges to go to court on such a matter. The reason why the Judges have gone to court is because they have been denied their salaries. The Question which is before this House is the manner in which the President has exercised his constitutional right. He has suspended the Judges, but at the same time the Government has denied those Judges salaries, which is contrary to the Constitution. This is a constitutional matter, which falls squarely before this House. There is no *sub judice* rule which can stop this Parliament from addressing an issue which affects constitutionality. We do not want the Government to come and bandy around words like *sub judice* in this House. He must come here prepared to answer a constitutional matter and he is an Assistant Minister for Justice and Constitutional Affairs. Has he now withdrawn the letter of Mr. Ouko, which denied the Judges their housing, salaries and medical benefits? Where is the letter?

Mr. Deputy Speaker: The matter was very clear and the Chair ruled that the Assistant Minister should provide the information required today, and that was why this Question was deferred. The Chair did point out to you, Mr. Githae, that this was a constitutional matter, and you should reply to the Question, what you are saying about the *sub judice* rule notwithstanding.

Mr. Githae: Mr. Deputy Speaker, Sir, this matter is in court, and the same answers that Mr. Kajwang is seeking are the same issues that the constitutional court will determine. I think we will be stepping on a dangerous ground if, as Parliament, we proceed to discuss this matter. I will not say anything more---

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

Mr. Deputy Speaker: Order, Dr. Godana! You do not have to shout at the top of your voice.

Dr. Godana: Mr. Deputy Speaker, Sir, I want to plead with my learned colleague---

Hon. Members: There is no learned hon. Member here!

Dr. Godana: I want him to be much more serious. There is something called "contempt of the High Court of Parliament". We might just proceed to set the precedent. When the late John Profumo suffered the fate that he did in the House of Commons, it was not because of his relationship with the Russian prostitute. It was because he gave an answer he knew to be false to the House and that is a very serious matter. This Assistant Minister told us last week that notwithstanding the letter which has been written earlier, the Government had changed its position, and that the Judges were now entitled to those benefits. He said none of them has been denied those benefits. Now he is turning around to say that the matter is *sub judice*. This is a catch 22 interpretation of *sub judice*. The rule of sub-judice is designed to control the House, and the House

restricts itself voluntarily, from discussing a matter which may embarrass the court in its decision. This is not a matter of that nature. We are not dealing with the issue before the court. Is he in order to refuse to answer a legitimate Question? That is what he is doing.

Mr. Githae: Mr. Deputy Speaker, Sir, I reiterate what I have said. It is true we discussed this matter, but we discussed it in ignorance. We were not aware of the existence of these two courts cases. Papers have just been served on the people who have been sued. It might be of importance to inform this House that the Judges have sued the Registrar of the High Court, the hon. Chief Justice, the Permanent Secretary to the Cabinet and Head of the Public Service, the PS, Treasury, the Chief Accountant and Administrator, High Court of Kenya and the Senior Principal Personnel Officer. The same issues we are attempting to discuss are the same ones which are before the court. I think we would be prejudicing the matter if we go to its merits.

Standing Order No.74 says very clearly: "No Member shall refer to any particular matter which is *sub judice* or to any matter which is in its nature secret".

Mr. Deputy Speaker: Order, Mr. Githae. The Chair feels insulted by your reading Standing Orders to it. The orders given to you by Mr. Speaker who was on the Chair are very clear. You undertook to bring additional information. If you do not want to give information, of course I will not force you to do so. But I think you must know that the Chair takes a very serious view of you, because this is definitely in contempt of this House. Mr. Githae, will you give the information or not, so that we do not waste a lot of time?

Mr. Githae: Mr. Deputy Speaker, Sir, this matter is in court. Therefore, I am not authorised to give this information.

Mr. Deputy Speaker: Very well!

Mr. Oloo-Aringo: On a point order, Mr. Deputy Speaker, Sir. I rise on what has proceeded here before that, indeed, the Government can hide under *sub judice* rule to undermine the integrity and dignity of this House. This is extremely serious. I want to appeal to the Chair to order that this Assistant Minister be named because in spite of the Chair reminding him to give the information to this House, he has persistently refused to do so. Therefore, with your permission, Sir, may I move that the Assistant Minister be named.

(Applause)

Mr. Deputy Speaker: Order, Members! Mr. Oloo-Aringo, not yet! Nothing has been moved! Will you take your chair, Mr. Oloo-Aringo. The Chair does not wish to take this drastic action.

Hon. Members: Why!

Mr. Deputy Speaker: Hon. Members, under Standing Order No.88, the Chair can allow an hon. Member to be named, or call upon an hon. Member to move that another hon. Member be named. The Chair will not take this course this time. However, the Chair takes very serious view of the conduct of this Assistant Minister today. Therefore, I think a reprimand will suffice for the time being.

Hon. Members: No! It is not enough!

Mr. Deputy Speaker: Order, Members! In addition to that, we will not dispose of this Question. I will still defer it to Tuesday, next week. Mr. Githae, the House will expect an answer from you on Tuesday.

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

Mr. Deputy Speaker: Yes, what is it?

Mr. Sungu: Mr. Deputy Speaker, Sir, I am very concerned because today we are setting a very bad precedent. This will be---

Mr. Deputy Speaker: Order, Mr. Sungu! When the Chair rules on a matter, it ends there. I

have already reprimanded the Assistant Minister. As I said, he will not be named. I have also deferred this Question to Tuesday, next week. That suffices. I will not allow further comments on this Question.

The Question is, therefore, deferred to Tuesday, next week.

(Question deferred)

Next Question, Mr. Mwanicha!

ANNUAL DEATH TOLL FROM MALARIA

Mr. Mwanicha: Mr. Deputy Speaker, Sir, I beg to ask the Minister for Health the following Question by Private Notice.

(a) How many Kenyans die annually of malaria and malaria-related causes?

(b) What is the Ministry's level of preparedness to avert the effects of the expected malaria epidemics in the prone areas following the heavy rains?

(c) In view of the fact that quinine and sulphur based drugs are no longer effective in the treatment of malaria, when does she expect new drugs for malaria treatment to be available?

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

(a) It is estimated that deaths due to malaria and malaria related illnesses such as anaemia range from 26,000 to 30,000 annually. The most affected are children under five years and pregnant women. Most of the deaths are due to delays in seeking effective treatment by patients.

(b) The Ministry has established an inter-sectoral epidemic task force that also consults regularly with the Disaster Preparedness and Response Unit (DPRU) in the Office of the President. This task force closely monitors surveillance data to detect in a timely manner any unusual increase in malaria cases and provides technical support to respond to the increase in the number of these cases.

(Loud consultations)

Mr. Deputy Speaker: Order, Members! Please, may we listen to the Assistant Minister. Could you consult in low tones?

Proceed, Mr. Konchella!

The Assistant Minister for Health (Mr. Konchella): Mr. Deputy Speaker, Sir, a number of activities are on-going to respond to the affected malaria upsurge in the country. That is, supply of chemicals for indoor residual spraying, treated mosquito nets in selected epidemic areas, supply of spray pumps and additional buffer stock of anti-malarial drugs have been distributed to regional depots.

(c) Quinine is still effective for treatment of malaria, but is used for complicated cases of malaria when they are admitted. However, it is true that sulphur based drugs are no longer effective in malaria treatment. Only 30 per cent of patients treated with these sulphur drugs recover. The Ministry has conducted technical evaluation of drugs in the market and found that a Combination of Artemether and Lumefantrine (Coartem) is more effective on resistant strains. This drug is, however, expensive and the Ministry is exploring ways of financing the new policy on malaria treatment. Meanwhile, we shall continue with quinine for complicated cases that do not respond to sulphur drugs.

Mr. Mwanicha: Mr. Deputy Speaker, Sir, in all honesty, this Question was not treated with

the seriousness it deserved. The HIV/AIDS scourge kills about 700 people daily, while malaria and malaria related illnesses kills more people. In fact, about 250,000 people die of malaria and malaria related illnesses annually. The Assistant Minister says about 26,000 to 30,000 people die annually due to malaria and malaria related illnesses. That is a big joke!

Since only 30 per cent of malaria cases respond positively to the sulphur drug and that the new drug combination is more expensive, will the Government let its people die just because the new malaria drugs are more expensive?

Mr. Konchella: Mr. Deputy Speaker, first of all, I am very serious on what I am saying, and so is the Ministry.

The Government is looking for ways of financing this new effective drugs. However, I must inform this House that the cost of supply of these drugs to treat the many malaria patients in our hospitals is equivalent to using all the funds that are allocated to the Ministry of Health to supply medicine. That comes to about Kshs1.5 billion. That is the amount of money that we will require if we were to go for these expensive drugs.

Dr. Khalwale: Mr. Deputy Speaker, the Assistant Minister says that the Ministry has established a special task force that provides technical assistance to fight malaria. What is the representation of this task force at the grassroots level? Does it draw representation from the sub-location, location, district or the constituency? What is its composition?

Mr. Konchella: Mr. Deputy Speaker, Sir, Government operations throughout the country go through the Provincial Administration. That is why the head office is based in the Office of the President because. It has the capacity to reach every location. The Government has assistant chiefs and other officers working in the field.

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

Mr. Deputy Speaker: No! No! I have given you a chance to ask a question. If it is not clear, just wait! I will give somebody else a chance! Maybe, there could be more clarification.

Mr. Lesrima!

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

Mr. Deputy Speaker: Order, Dr. Khalwale! Let us give other Members a chance.

Mr. Lesrima!

Mr. Lesrima: Mr. Deputy Speaker, Sir, is the Assistant Minister aware that, in fact, his Ministry has a comprehensive programme on malaria control and a number of districts have been allocated Kshs3 million and Kshs4 million, except Samburu and Pokot districts? Why is the Assistant Minister committing an act of genocide against certain communities of this country? Could he explain? It is even very bad that he is an Assistant Minister from the Maasai community and he is committing genocide against the Samburus!

Mr. Deputy Speaker: Order, Mr. Lesrima! You may be having the urge to fight for the Samburus, but you should give time for the question you have asked to be answered!

Mr. Konchella: Mr. Deputy Speaker, Sir, that is a very serious allegation! I would like the hon. Member to substantiate his claims, because I am not aware!

Dr. Manduku: Mr. Deputy Speaker, Sir, I am not comfortable with the statistics that have been given by the Assistant Minister. We know that the highest killer disease in this country is malaria, followed by tuberculosis (TB) and HIV/AIDS. He has given us statistics showing that malaria kills a maximum of 30,000 people annually. The information they give us in the campaign against HIV/AIDS is that 700 people die---

*(The Minister for Roads, Public Works
and Housing was applauded as he
entered the Chamber)*

We must welcome him! We are told that 700 people die every day. That comes to around 252,000 people per year. Have they now changed the trend, so that we can know the number one killer disease is HIV/AIDS, followed by malaria? What has happened?

Mr. Deputy Speaker: Ask your question!

Dr. Manduku: Mr. Deputy Speaker, Sir, I am saying that these statistics are not right. Could he give us statistics showing the number one, two and three killer diseases?

Mr. Konchella: Mr. Deputy Speaker, Sir, the Government does not rely on hearsay. The statistics we have given here are cases reported in our public institutions. We know that, since many Kenyans are poor, they fear going to hospital. Therefore, when they die, it is not reported to any of our institutions to compile data. But they now know that we are giving free treatment for malaria. Every Kenyan should seek treatment when he falls ill. He or she should not wait because of the bills. There are no bills as far as the treatment of malaria and tuberculosis is concerned.

Mr. Deputy Speaker: Last question! Mr. Mwanicha!

Mr. Mwanicha: Mr. Deputy Speaker, Sir, part of the problem why malaria is the biggest killer is because of diagnosis. The symptoms of malaria and those of typhoid fever are similar. Most of our clinics do not have equipment like microscopes for diagnosis. Could the Assistant Minister consider providing microscopes and personnel to diagnose that disease properly, so that it is treated in good time before it kills our people?

Mr. Konchella: Mr. Deputy Speaker, Sir, I agree with the hon. Member entirely. The Ministry is planning to do that exactly.

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

Mr. Deputy Speaker: Next Question by Mr. Bahari!

Capt. Nakitare, you have a reputation of standing on points of order and asking questions.

Capt. Nakitare: It is important!

Mr. Deputy Speaker: I know it is important! Therefore, you are overruled. Let us move on to the next Question!

RESETTLEMENT OF NCC DEMOLITION VICTIMS

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

(a) How many families have been rendered homeless as a result of the recent demolition of homes in Nairobi by the City Council?

(b) What measures does the Minister have in place to ensure that the affected families are given alternative settlements?

The Assistant Minister for Local Government (Mrs. Tett): Mr. Deputy Speaker, Sir, I beg the House to give me up to Tuesday, because I am still collecting information.

Mr. Deputy Speaker: Mr. Bahari, the Assistant Minister has requested for more time until Tuesday. Is that okay?

Mr. Bahari: Mr. Deputy Speaker, Sir, this Question is by Private Notice! This is the third time it has come before the House! Every time, there has been an unsatisfactory answer. But since the answer is unsatisfactory, I am inclined to accept the request by the Assistant Minister, if she agrees to bring a better answer on Tuesday.

Mr. Deputy Speaker: Is Tuesday okay, Madam Assistant Minister?

The Assistant Minister for Local Government (Mrs. Tett): Yes, Mr. Deputy Speaker, Sir! But this is the first time I have seen it. I do not think it has come before the House.

(Question deferred)

Next Question by Mr. Kamanda!

CAUSE OF FIRE AT CITY HALL

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

What caused the fire that destroyed part of City Hall on 2nd March, 2004?

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

To date, the cause of the fire is still pending under investigations by the Director of Criminal Investigations Department and other investigation agencies, including the Government Chemist. The matter is being co-ordinated by the Office of the President. However, my office is willing to collect any information and pass it to the Criminal Investigations Department (CID).

Mr. Kamanda: Mr. Deputy Speaker, Sir, this Question was deferred, so that I could bring the signed document! I want to confirm to you that I have, not only the certified copy, but the original.

(Applause)

Mr. Deputy Speaker: The matter was deferred, so that you could lay a properly certified document on the Table. Do you have it now?

Mr. Kamanda: I have it now, Mr. Deputy Speaker, Sir.

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

Mr. Deputy Speaker: Where is the signature? Well, I suppose the only reason why the document was not accepted last time was because of the lack of the signature. I confirm that the document is signed by one Mr. Eliud Muchoki, MBS, Managing Director, Hawk Eye Technologies. So, it is accepted!

Mr. Kamanda, you can now ask your question.

Mr. Kamanda: Mr. Deputy Speaker, Sir, in her answer, the Assistant Minister has admitted that she can received any information. But this is not just any information. This is a very credible report. Could the Assistant Minister, now that she has seen the report, own up to it and take action against those who are named? If you could allow me, I could name the people. I would like to say that the following people need protection because they have already been threatened! One, there is a Mr. Njururi of *African Confidential*, the Directors of Hawk Eye Technologies and Directors of Invesco Insurance Company. Those people have already been threatened by the person whom I named on Tuesday, including myself, because of bringing this information to this House. I also want to say---

Mr. Deputy Speaker: Mr. Kamanda, what is your question?

Mr. Kamanda: Mr. Deputy Speaker, Sir, there was a person who was leading the investigation into this issue. Could the Assistant Minister tell us what happened? The CID officer who was appointed to lead the investigations has done nothing and from the information I have from these people, the CID officers had a very difficult time.

Mrs. Tett: Mr. Deputy Speaker, Sir, the investigations are at an advanced stage and the Government has its own machinery for this sort of investigation. I would like to ask hon. Kamanda to report to the police if he has been threatened.

Mr. Sasura: Mr. Deputy Speaker, Sir, Invesco Insurance was mentioned in relation to the issue of an insurance tender by the Minister for Local Government and it was the subject of debate in this House. This Ministry has a reputation of corruption running around it every other day. Could the Assistant Minister assure us that the burning of City Hall has nothing to do with officials of the Ministry of Local Government and Nairobi City Council? Could she give us that assurance? Now, that she has got the report, could she follow it up and ensure that people are arrested?

Mrs. Tett: Mr. Deputy Speaker, Sir, I am not aware of any corrupt dealings in my Ministry. But I undertake to look at that document and I will pass it over to the CID personnel to have a look at it. We shall take the culprits to court or whatever action will be decided.

Mr. Mwenje: Mr. Deputy Speaker, Sir, it is now clear that it was outsiders who burned City Hall. That report indicates exactly that. Contrary to that, Invesco Insurance Company has also been trying to prove otherwise so that City Hall is not paid. Could we be assured by the Assistant Minister, that now that we know the people who actually burned City Hall and we know the reason why they did it, that she will now follow up to make sure that Invesco pays City Hall for damages? Could she ensure that City Hall is rebuilt by money from the insurer and not the Government?

Mrs. Tett: Mr. Deputy Speaker, Sir, I have the Invesco Insurance document here and it says that even malicious damage is covered. So, there is no doubt about it, everything is covered and they are going to pay.

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

Mr. Deputy Speaker: Order, Mr. Mwenje! You have been given a chance--- Look here, other Members also want to ask questions. It is not a debate! Mr. Mwanzia?

Mr. Mwanzia: Mr. Deputy Speaker, Sir, could the Assistant Minister tell us whether she is satisfied that City Hall is adequately covered? Could she confirm whether it was under-valued or under-insured?

Mr. Deputy Speaker: Mr. Mwanzia, I know you have a problem with your voice. The question he is asking is whether City Hall was adequately insured by the insurance company.

Mrs. Tett: Yes, Mr. Deputy Speaker, Sir, it was adequately insured for Kshs370 million.

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

Mr. Deputy Speaker: Order! No point of order. Mr. Bahari?

Mr. Bahari: Mr. Deputy Speaker, Sir, this is a very serious matter and it looks like the Government has not taken this matter with the seriousness it deserves. If a small firm like the one that has submitted the report is able to unearth the truth, what is lacking in the Government that it has to take all this long?

(Applause)

Mrs. Tett: Mr. Deputy Speaker, Sir, as I said, the Government has its own machinery of working and we are still waiting for the report which is at an advanced stage. So, could we be patient and wait for it?

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

Mr. Deputy Speaker: No, no. I have been watching and listening and I have not seen any breach of the Standing Orders. Sorry, Mr. Wamwere.

Mr. O.K. Mwangi: Mr. Deputy Speaker, Sir, the Assistant Minister has said that investigations have not been concluded by the Government, yet it is public knowledge that City Hall is being repaired. Under what circumstances is it being repaired? Is it being repaired by the insurer or by the Government? If it is by the Government, how and why?

Mrs. Tett: Mr. Deputy Speaker, Sir, we are not repairing City Hall. What we are doing is to stop rain water from entering into the building so as to stop more damages. We cannot start repairing without the insurer telling us to go ahead. So, it is just to stop more damages during this

rainy season. Otherwise, we would be foolish to let more damage happen to the City Hall.

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

Mr. Deputy Speaker: What is it, Mr. Wamwere?

Mr. Wamwere: Mr. Deputy Speaker, Sir, while hon. Kamanda was asking a question earlier, he mentioned that he himself plus the investigators that are in the report are getting threats. But he did not disclose to us who it is that is threatening him. Could I be in order to ask that he discloses to the House the people who are threatening him so that if anything happens to him, then the House will know who should be arrested?

Mr. Deputy Speaker: Now, Mr. Wamwere, you have asked a very good question, "Would I be in order---." The answer is that you are out of order, because the Assistant Minister said that those people should be reported to the police.

Mr. Kamanda: Mr. Deputy Speaker, Sir, could the Assistant Minister assure this House that the following people will be arrested by the Government, namely Mr. Chege Thiong'o Macharia, the prime suspect and Messrs. John Onyango Ondiek, Albert Kiminya, Pius Mutuko, Joseph Kyalo, Francis Wanjau, Peter Karanja, Andrew Nyang'au, Patrick Mburumeni and Daniel Kiaire, all City Council askaris?

Mrs. Tett: Mr. Deputy Speaker, Sir, first and foremost, I would like to say that the amount of insurance that I gave of Kshs370 million was for fire cover. But there are some other insurance covers for materials including furniture, etc and it all comes to Kshs11 billion. I will take up the matter with the police if Hon. Kamanda could give me the names of those people.

Mr. Deputy Speaker: They are in the document here. But Mrs. Tett, are you suggesting that City Hall is insured for Kshs11 billion? Could you clarify that?

Mrs. Tett: Mr. Deputy Speaker, Sir, I have the total sum insured here which is Kshs11,626,342,000. I have got it here in writing.

Mr. Deputy Speaker: Let us now move to Ordinary Questions. I am sorry, I went overboard. The first Question is by Mr. Munya.

ORAL ANSWERS TO QUESTIONS

Question No.083

WHEREABOUTS OF MR. IKERECHU

Mr. Deputy Speaker: Mr. Munya is absent and so the Question is dropped!

(Question dropped)

Next Question!

Question No.208

EXCLUSION OF NEP FROM POVERTY REDUCTION FUNDING

Mr. Abdirahman asked the Minister for Planning and National Development:-

- (a) why the North Eastern Province was left out in the regional distribution of approved proposals for funding under the Government's Poverty Reduction Strategy in the final document of November, 2002; and,
- (b) what steps the Ministry will take to ensure that the anomaly is corrected.

Mr. Deputy Speaker: The Minister for Planning and National Development is not there? Someone can take a brief for the Minister. We defer this Question until Tuesday, next week.

Mr. Kombo, could you take a brief for your colleague; the Minister for Planning and National Development? We are deferring Question No.208 to Tuesday, next week.

(Question deferred)

Very well! Mr. Abdirahman, bear with us.
Next Question by Prof. Olweny.

Question No.123
OPERATIONAL CAPACITY OF LBDA
RICE MILL FACILITIES

Prof. Olweny asked the Minister for Regional Development:-

- (a) how much money was spent to purchase and put up the rice mill and seed processing facilities owned by the Lake Basin Development Authority (LBDA) in Kisumu; (b) what the operational capacities of the two facilities are; and, (c) what action he has taken to ensure optimal utilization of the facilities.

The Minister for Regional Development (Mr. Kombo): Mr. Deputy Speaker, Sir, I beg to reply.

(a) The LBDA rice mill and seed processing plant were constructed with funds from the African Development Bank (ADB) amounting to Kshs270 million.

(b) The rice mill has a 24,000 tonne per annum capacity and consists of the following:- 3.5 tonnes hour rice milling plant, 2.5 tonnes hour cleaning and drying plant, 17,000 tonnes go-down storage facility and a 60x20 kilogramme per hour seed processing unit.

(c) In order to ensure the optimal utilisation of the facilities, the LBDA has prepared a proposal to revitalise the operation of the rice mill through a joint venture with local and international entrepreneurs. Discussions have been held with Dominion Farms Kenya Limited who have leased the Yala Swamp Farm along the same line. This arrangement will entail the investor providing funds and expertise for the operation of the mill while the Authority will provide milling infrastructure and part of the staff.

Thank you.

Prof. Olweny: Thank You, Mr. Deputy Speaker, Sir. The Kshs270 million which was used to put up these facilities is a lot of money yet the facilities are lying idle and they are highly computerised. I am asking the Minister to tell this House under what circumstances Kenya got the ADB funds? Was it a loan?

Mr. Kombo: Mr. Deputy Speaker, Sir, indeed, Kshs270 million is a lot of money for a project that has not been operational. I said that it was a loan. What happened is that at the time, the LBDA expected production of paddy rice but the project did not take off because of lack of credit facilities. While I agree with what I said that it is a large loan, it was under the old regime in circumstances we all know. Strange things used to happen!

Mr. Sungu: Mr. Deputy Speaker, Sir, the Minister must be aware that this project was conceived with the aim of encouraging dry land rice production in the area and of course tapping the potential of the Ahero Irrigation Scheme which was to be expanded. What plans does the Minister have to ensure that rice growing in the area is encouraged and that the dry land rice project is also put in operation? This will ensure that the factory can be utilised and the people of the area can have access to money.

Mr. Kombo: Mr. Deputy Speaker, Sir, the potential for growing paddy rice in this area is

tremendous. The Ministry is currently involved in talking to private investors. That is why we have been talking to Dominion Farms Kenya Limited and other investors whom we can, in joint partnership, encourage paddy rice farming in the area.

Mr. Deputy Speaker: Last question, Prof. Olweny!

(Mr. Angwenyi stood up in his place)

Order, Mr. Angwenyi! You have to be given a chance. If you miss it, you wait for another one. You cannot force the Chair!

Prof. Olweny: Mr. Deputy Speaker, Sir, the answer in part "C" suggests that the LBDA is negotiating with Dominion Farms Kenya Limited to operationalise the facility. Is the Minister aware that the negotiations between the LBDA and Dominion Farms Kenya Limited collapsed? The Dominion Farms Kenya Limited has gone ahead to acquire another mill from Brazil which will be established at Nyamonye.

Mr. Kombo: Mr. Deputy Speaker, in my answer I said Dominion Farms Kenya Limited and other local investors. If the discussions with Dominion Farms Kenya Limited do not go through, we will discuss with other local investors.

Mr. Deputy Speaker: Next Question by Mr. Omingo!

Question No.215

CONSTRUCTION OF SUGAR
FACTORY IN GUCHA

Mr. Omingo asked the Minister for Agriculture:-

- (a) whether he is aware that there is a lot of loss of cane for lack of processing by Sony Sugar Company due to inadequate capacity to handle the deliveries; and,
- (b) when he will start the construction of another factory at Nyangweta forest in Gucha to ease the pressure on Sony Sugar.

The Assistant Minister for Agriculture (Mr. J. Nyagah): Mr. Deputy Speaker, Sir, I beg to reply.

(a) The Sony Sugar Company has a processing capacity of 3,000 tonnes of cane per day which is adequate to mill all the sugar-cane produced in the zone of operation. It is, therefore, unlikely that there is loss of cane due to inadequate processing capacity.

(b) As a short-term measure, plans are under way to expand the processing capacity of the Sony Sugar factory to 5,000 tonnes per day by the year 2005. In the long run, it will be necessary to build another factory in the area to cater for the anticipated increase in sugar-cane production.

Mr. Omingo: Mr. Deputy Speaker, Sir, you have heard the Assistant Minister say that Sony Sugar Company has the capacity to process 3,000 tonnes of cane per day and that the Government is in the process of expanding its capacity. Could the Assistant Minister confirm to the House the necessity of increasing the capacity of Sony Sugar Company to mill sugar-cane from the zone if there is actually no loss?

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, as of today, the factory is running within schedule. Currently it handles approximately 720,000 tonnes a year. We are on schedule and nothing has indicated to us that we have a problem. In fact, for 12 days in the last one year, we have not operated for lack of sugar-cane. In any case, the capacity that we are putting in place will very adequately take care of Gucha District because his area lies within the zone that is called Zone C of the factory.

Mr. Midiwo: Mr. Deputy Speaker, Sir, I come from Sony Sugar zone and I do not think the

Assistant Minister has been properly informed. At the moment, a lot of sugar-cane has not been harvested, because the crashing capacity is low. What are we going to do with that sugar-cane between now and the year 2005?

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, as I have indicated, even if we put up a new factory in Gucha, it will not solve the problem raised by the hon. Member. We are speeding up the expansion process, so that farmers do not suffer. There are days when we have problems, but on average, we are okay. We need to speed up the process, so that the farmers do not suffer. I admit that there are weeks when we suffer.

Mr. Manoti: Mr. Deputy Speaker, Sir, quite a number of farmers in Gucha and the outlets of Sony Sugar Company cannot take their sugar-cane to the factory due to the fact that the roads are bad. Could the Government set aside some money for the improvement of roads in that area to enable the farmers transport their sugar-cane to the factory?

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, the Government has been looking into the matter. I would encourage hon. Members from that area to work closely with the District Roads Board to ensure that what the hon. Member has requested is done. We will also talk with the Ministry of Roads, Public Works and Housing to see if they can assist the area. We appreciate the fact that the people of Gucha are keen to produce more sugar-cane. The Constituency Development Fund would go a long way in improving the roads in that area.

Mr. Omingo: Mr. Deputy Speaker, Sir, the Assistant Minister has said that Sony Sugar Company has sufficient crashing capacity when he knows that it has no capacity. He also said that, in the long-term, they will consider putting up another sugar factory in Nyangweta area to decongest Sony Sugar Company. If sugar-cane is crashed within the area of production, the farmers will gain more. Could he consider reducing the timeframe, and have the proposed sugar factory put up within this year?

Mr. J. Nyagah: Mr. Deputy Speaker, Sir, I do not lie and I would not like to lie. As soon as the current expansion programme is completed, we will be very happy to look into ways of assisting sugar-cane farmers in Gucha. We will assist them once this particular scheme is in place.

Mr. Deputy Speaker: Next Question, Mr. Koros!

Question No.203

CLOSURE OF KESSES DISPENSARY

Mr. Koros asked the Minister for Health:-

- (a) whether she could explain why Kesses Dispensary in Uasin Gishu District was closed in May, 2003; and,
- (b) what urgent plans she has to re-open it.

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

(a) Kesses Health Centre was not closed. However, services at the facility were temporarily suspended between 19th July, 2001, and 28th August, 2002, after Mrs. Serah Bitok, who had donated the land for the centre, reclaimed it back after failure to secure an alternative land for her two acres as promised by the local community.

(b) The health centre has remained open since September, 2002, and service delivery continues up to date.

Mr. Koros: Mr. Deputy Speaker, Sir, I do not understand what the Assistant Minister means by saying that the dispensary is open. I come from that village and I know that the dispensary was closed in May, 2003, after the said lady, who had been compensated with another parcel of land, was chased away from that land by the NARC Government. Could the Assistant Minister tell

this House the truth?

Mr. Deputy Speaker: Mr. Assistant Minister, the hon. Questioner has said that the dispensary is closed and you are saying that it is open. Can we save time by knowing the correct position?

Mr. Konchella: Mr. Deputy Speaker, Sir, the dispensary is open. It has three nurses, a laboratory technician and a public health technician. The hon. Member said that the NARC Government chased away this lady from the land which she was given as compensation. The lady was cheated off her land by the local leaders, who included the area Member of Parliament and the Kesses Women Group. They asked her to surrender her land without establishing the authenticity of the alternative land.

Mr. Deputy Speaker: Order! Order! Whether the lady was cheated or not, that is not important. The issue is whether the dispensary is open. Please, address yourself to that question. Is the dispensary open as we speak?

Mr. Konchella: Mr. Deputy Speaker, Sir, it is open.

Mr. Kosgey: Mr. Deputy Speaker, Sir, I come from that area and I can confirm that the said dispensary is closed. Would I be in order to request that the Question be deferred, so that the Assistant Minister can visit that area and bring a truthful answer to this House?

Mr. Deputy Speaker: That is the only logical thing I can do. Mr. Assistant Minister, these hon. Members come from that area. Could you double check your facts? We defer the Question to Wednesday next week.

(Question deferred)

Mr. Sambu: On a point of information, Mr. Deputy Speaker, Sir. The said lady donated the land on which the dispensary was built, and the previous Government compensated her with another piece of land elsewhere. She was not cheated off her land.

Mr. Deputy Speaker: Order! Order! Mr. Sambu, I have deferred the Question. Wait until the Assistant Minister comes back with an answer. If you catch the Chair's eye, you will make your point.

Next Question, Mr. Kipchumba!

Question No.211

ABOLITION OF BASE LOAD OIL
PROCESSING REQUIREMENT

Mr. Deputy Speaker: Hon. Members, Mr. Kipchumba told me that he was unwell and requested that his Question be deferred.

Hon. Members: He was there!

Mr. Deputy Speaker: The hon. Member was here, but he had to leave. Mr. Assistant Minister, until when do we defer the Question?

The Assistant Minister for Energy (Mr. Kiunjuri): Mr. Deputy Speaker, Sir, I hope that Mr. Kipchumba is sincerely unwell. Hon. Members should ask Questions when they are ready to receive the answers, especially if they are involved in some of these Ministries.

Mr. Deputy Speaker: Mr. Assistant Minister, I have just deferred Questions for Ministers not being there to answer them. I have no reason to doubt Mr. Kipchumba for saying that he was unwell. So, let us defer the Question to Tuesday next week since you have the answer.

The Assistant Minister for Energy (Mr. Kiunjuri): That is okay, Mr. Deputy Speaker, Sir.

(Question deferred)

Mr. Deputy Speaker: Very well. Next Question, Mr. Mutiso?

Question No.210

CLASSIFICATION OF BUSINESSES

UNDER SINGLE PERMIT SCHEDULE

Mr. J.M. Mutiso asked the Minister for Local Government:-

- (a) what criteria the Ministry uses to classify small, medium and large businesses under the Single Business Permit Fee Schedule;
- (b) whether he is aware that Makueni County Council is charging small businesses Kshs4,000, instead of the normal permit fee of Kshs2,000; and,
- (c) whether he is further aware that the above council is demanding the said permit fees by force and those who cannot pay have their property confiscated.

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

(a) The Ministry uses indirect measures such as employees, size and location of business to determine how much a business should pay. Larger businesses pay more than smaller business. These indicators were identified to assist local authorities classify businesses as small, medium and large.

(b) Makueni County Council has gazetted its Single Business Schedules at Schedule Six, whereby small shops or retail service businesses are required to pay Kshs1,250. Medium shop or retail services business pay Kshs2,500. A large shop or retail service pays Kshs5,000. The council is expected to charge the right fee as per the Schedule.

(c) The Council is allowed to use its by-laws to enforce collection of the Single Business Permit where collections have proven difficult. Therefore, it is important for traders to abide by the law and meet their obligation to the Council.

Mr. Deputy Speaker, Sir, I have also brought some copies of fee schedules for the whole country for his perusal to see what we charge.

Mr. Deputy Speaker: You can lay them on the Table.

*(Mrs. Tett laid the documents
on the Table)*

Mr. J.M. Mutiso: Mr. Deputy Speaker, Sir, let me first of all, thank the Assistant Minister for---

(Loud consultations)

Mr. Deputy Speaker: Order, Members! Mr. J.M. Mutiso can not even ask his question! Please, consult quietly!

Mr. J.M. Mutiso: Mr. Deputy Speaker, let me first of all, thank the Assistant Minister for the answer she has given to this House. Makueni County Council has been notorious in misinterpreting or misapplying the gazetted rules. Between the years 2002 and 2003, Makueni County Council was charging small business traders Kshs4,000 under Schedule 9. What actions will the Assistant Minister take against the Clerk for misapplying the gazetted Government rules?

Mrs. Tett: Mr. Deputy Speaker, Sir, this is the first time I am learning about it. I will, definitely, take this issue to the Ministry.

Mr. Billow: Mr. Deputy Speaker, Sir, it is one of the pledges of the NARC Government that it will give concessions to small businesses, in particular; even tax waivers. However, it so happens that many local authorities do, in fact, charge the small businesses in the rural areas exorbitantly. Could the Assistant Minister consider taking action that would significantly reduce all the rates, taxes and other charges that the local authorities burden the small businessmen within the rural areas, so that they can contribute to the development of the economy?

Mrs. Tett: Mr. Deputy Speaker, Sir, we have already done that. If you look at the schedule that I have tabled here, the rates are very low.

Mr. J.M. Mutiso: Mr. Deputy Speaker, Sir, could the Assistant Minister undertake to meet and hear the grievances of Makueni traders who have been complaining and trying to meet her for a long time, but they have not been able to do so?

Mrs. Tett: Definitely, Mr. Deputy Speaker, Sir. I am very willing to do so.

Mr. Deputy Speaker: Very well! Mr. J.M. Mutiso, please, liaise with the Assistant Minister.

Next Question, by Mr. Masanya!

Question No.216

RURAL ELECTRIFICATION IN
MUGIRANGO/BORABU CONSTITUENCY

Mr. Masanya asked the Minister for Energy:-

- (a) whether he could table the rural electrification programme for Ekerenyio, Nyamusi and Borabu Divisions for the year 2003/2004; and,
- (b) how much money has been spent in the constituency on rural electrification projects since 1998 to date.

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

(a) Although planning for rural electrification is done by districts and not by constituencies, there is no project programmed for implementation in Nyamira District during the year 2003/2004. In this regard, it is important for the hon. Member to understand that, due to resources constraints, it is not possible to have projects programmed for implementation in all the districts in any one given year.

(b) A total of Kshs19.8 million has been spent in the constituency since 1998 to implement the scheme as shown in the copy of the answer.

I believe the hon. Member has a copy of the answer.

Mr. Masanya: Mr. Deputy Speaker, Sir, this is one of the largest constituencies in this country. Is the Assistant Minister satisfied that the rural electrification projects which have been carried out in the last seven years are adequate for this constituency? Our people who are desperate to have electricity in their houses have formed self-help groups, contributed money and opened accounts with the Kenya Power and Lighting Company (KPLC) in the last ten years. Could he consider these people who have formed self-help groups and opened accounts with the KPLC and supply them with electricity?

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, I am also not satisfied that the Government has done enough. However, we have undertaken several projects through the Rural Electrification Programme funded by the French Government. The following places will be connected to electricity; Mecheo Boarding School, Nyansiongo Water Pump, Omoyo Boarding School, Riomingo, Nyakenimo Coffee Factory and Gatere Boarding School. We shall be considering the constituency further once the Korean Government gives their donation. However, I want to assure hon. Members that all those centres that fall under the grid will be connected in due course.

Mr. Kagwe: Mr. Deputy Speaker, Sir, the issue of rural electrification comes up very often. Is it possible for the Assistant Minister to give hon. Members a plan, even if it is division-based, showing how each constituency is covered under the Rural Electrification Programme? Further, could he also supply us with the list of the groups that have already paid a 10 per cent deposit because they are all over the country? When will those projects be completed?

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, we address issues as they come. I want to assure hon. Members that we will provide them with the list of those who have already paid the 10 per cent deposit if they come to our offices. Most of this money was paid a long time ago. However, some of it, was never put into the intended use. Therefore, if we fail to undertake a project as intended, then we will refund the 10 per cent deposit. However, the best thing for hon. Members to do is to visit our offices and we will tell them what we are doing in their respective constituencies.

Mr. Masanya: Mr. Deputy Speaker, Sir, some of the stations the Assistant Minister mentioned have already been connected to electricity. This means that the Assistant Minister does not understand the current position. Could he consider supplying electricity to those other stations which do not have these services?

Mr. Kiunjuri: Mr. Deputy Speaker, Sir, it is true that there are some power lines already passing over some of those centres. However, I am talking about maximisation of power. I have heard the hon. Member's sentiments and we will consider his constituency when we receive funds from the Korean Government.

Mr. Speaker: Next Question, by Mr. Mganga!

Question No.102

TITLE DEED FOR VINDO
CO-OPERATIVE SOCIETY LAND

Mr. Mganga asked the Minister for Co-operative Development and Marketing:-

(a) when members of Vindo Multi-purpose Co-operative Society will be issued with title deeds for their land; and,

(b) whether he could order the auditing of the Society's accounts.

The Assistant Minister for Co-operative Development and Marketing (Mr. Kenneth):
Mr. Speaker, Sir, I beg to reply.

(a) The land has now been surveyed and is awaiting the approval of the Director of Survey. When the technical processes are complete, the title deeds shall be issued within three months from today; that is, latest by September, 2004.

(b) The books of accounts for the year 2003 are currently with the District Co-operatives Auditor for audit purposes.

Mr. Mganga: Mr. Deputy Speaker, Sir, I wish to thank the Assistant Minister for the last part of his reply, where he says, the auditing of the accounts is being done. I wish to thank him also for undertaking to issue title deeds, latest by September. However, the survey work on this land was actually completed in 1992. Surely, is he satisfied that it should take 12 years between the time a piece of land is surveyed and when the title deed is issued?

Mr. Kenneth: Mr. Deputy Speaker, Sir, as I have said, there is no doubt that the land has been surveyed. It is unfortunate that it has taken long to do that. But the hon. Member also knows that there was a problem of squatters, who for a long time, have been staying on this particular land and had petitioned the Directorate of Survey not to survey the land. However, this problem has now been settled. That is why I have undertaken that within three months, the title deeds will be out.

Mr. Karaba: Mr. Deputy Speaker, Sir, the management committee members of co-operative societies have embezzled a lot of money belonging to members, and yet they are not

apprehended. What steps is the Government taking to ensure that those people are apprehended and taken to court?

Mr. Kenneth: Mr. Deputy Speaker, Sir, to start with, we have now constituted the Public Ethics Commission for the co-operative movement. This Commission targets the members of management committees of co-operative societies who embezzle funds.

Mr. Deputy Speaker, Sir, following the establishment of this Commission in the Ministry, because it was only reconstituted last year, we should handle mismanagement cases more efficiently.

Mr. Deputy Speaker: Mr. Mganga, you do not have any further question? Are you satisfied? Ask the last question!

Mr. Mganga: Mr. Deputy Speaker, Sir, I am satisfied. Now that we have the Minister whom the Director of Settlement falls under, could the Assistant Minister kindly liaise with him and ensure that we get those title deeds within 90 days from now?

Mr. Kenneth: Mr. Deputy Speaker, Sir, the undertaking is based on consultation within the Government. As you can see, the Ministry of Lands and Settlement is represented here and the Assistant Ministers are nodding in approval.

Mr. Deputy Speaker: Very good. That is the end of Question Time. I have a request from Mr. Mwanicha who wants to seek a Ministerial Statement from the Minister of State, Office of the President in charge of internal security.

POINTS OF ORDER

RETIREMENT OF POLICE OFFICERS

Mr. Mwanicha: On a point of order, Mr. Deputy Speaker, Sir. I rise to seek a Ministerial Statement from the Minister of State, Office of the President in charge of internal security. While I appreciate the fact that there is need to improve security in this country, and do all that it takes to ensure that Kenyans go about their business peacefully, we have read from the Press, today, that 57 police chiefs have been retired. I would like the Minister to tell this House the criteria which was used to retire those police chiefs.

Mr. Deputy Speaker, Sir, secondly, I would like to know whether the Commissioner of Police has got powers to retire the police officers. To the best of my knowledge, those powers are vested with the Public Service Commission (PSC). I would like the Minister to tell us whether the Commissioner of Police is not usurping the powers of the PSC by retiring those police officers.

The Assistant Minister for Justice and Constitutional Affairs (Mr. Githae): Mr. Deputy Speaker, I undertake to pass that information to the Office of the President.

Mr. Khamasi: On a point of order, Mr. Deputy Speaker, Sir. You have heard Mr. Mwanicha quote newspaper reports. Does this House accept newspapers as an authority from which an hon. Member can quote?

Mr. Deputy Speaker: What I can say is that we do not rely on newspaper reports. However, I think what Mr. Mwanicha has said now is common knowledge. Whether he read it in the newspapers or heard it on the radio, it is a fact. Therefore, the Minister of State, Office of the President should make that Statement. Mr. Githae has undertaken to inform the Minister of State, Office of the President in charge of internal security.

Dr. Wekesa: On a point of order, Mr. Deputy Speaker, Sir. Three weeks ago, I requested a Ministerial Statement from the Minister for Agriculture about the burning of the Administrative Block of the Kenya Seed Company (KSC), Kitale. He gave us a preliminary report. Could he tell the House now whether he has got a proper report?

Mr. Deputy Speaker: I think the Minister read that report yesterday. So, you should consult the HANSARD. I remember the Minister for Agriculture issued a Ministerial Statement on

the burning of the KSC's offices in Kitale.

MINISTERIAL STATEMENT

DELAY IN PROCESSING CORPORATE BONDS

The Minister for Finance (Mr. Mwiraria): Mr. Deputy Speaker, Sir, about two weeks ago, Mr. Kipchumba requested a Ministerial Statement from the Minister for Finance, regarding the delay in allowing Barclays Bank to issue bonds for use as mortgages. I would like to issue that Statement.

The Government encourages the development of domestic debt markets to mobilise long-term resources and stimulate capital formation. Indeed, the Government is the most significant issuer of long-term debt instruments in Kenya today. This policy of the Government, however, must be tempered by national interest and the need to protect investors.

Kenya is a young emerging market and the Government has a responsibility to ensure that investors in unsecured debt instruments are not unduly exposed. You will recall that one company, Lonrho East Africa Ltd. which used to be a blue chip company had a long-term commercial paper which was a bond for practical purposes. That paper had been acquired by investors in this country. When the company collapsed, the holders of the commercial paper incurred heavy losses for which they could not be fully compensated.

In the recent past, the Government has received a number of proposals on the use of assets-backed security to mobilise long-term resources for infrastructure development. These are new and complex financial products involving securitising of underlying revenue streams through special purpose vehicles to guarantee repayment of bond principals and interest.

The Barclays Bank of Kenya mortgage bond is one such proposal. We are excited about this product, but we also realise that there is need to develop an adequate operational, legal and regulatory framework before introduction of a new and complex financial product in the marketplace. This is prudent and good for both the issuer and the investor. The Government is carrying out a comprehensive study to formulate an appropriate operational, legal and regulatory framework which will govern the issuance of long-term infrastructure development bonds by commercial banks and other blue chip companies. It is in this context that it was considered necessary to delay the processing of the Barclays Bank of Kenya bond application, pending the outcome of this study. Finalisation of the study will enable both the Central Bank of Kenya (CBK) and the Capital Markets Authority to process not only the Barclays Bank of Kenya bond application but also similar applications from other commercial banks and blue chip companies.

Mr. Sambu: Thank you, Mr. Deputy Speaker, Sir. I would like to seek clarification on what the Minister has said. When Lonrho East Africa went under, it was loaded with the commercial paper it had sold to people. I would like him to clarify why Lonrho East Africa was allowed to repatriate over Kshs2 billion which it received from the sale of 24,000 acres of land south of Eldoret. Why was that company allowed to repatriate that money, and yet Kenyans were holding their commercial paper?

The Minister for Finance (Mr. Mwiraria): Mr. Deputy Speaker, Sir, I believe that the question being asked relates to a little bit of history, which I am not fully informed about. Maybe, if I was given time, I could check whether the KANU Government allowed the repatriation of Kshs2 billion by Lonrho East Africa.

[Mr. Deputy Speaker left the Chair]

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

The Temporary Deputy Speaker (Mr. Khamasi): Last question, Mr. Sambu!

Mr. Sambu: I am grateful to the Minister. I concur that he was not in the Government. I will provide him with information that, that company sold 24,000 acres of land at various subsidised prices compared to the prices in the market, and repatriated the amount. We did not know that Kenyans were just holding blank papers. I commend the Minister and hope that, because he is in the Government, he has the authority to call upon the accounts of those Lonrho companies.

An. hon. Member: Investigate!

Mr. Sambu: Sorry, Mr. Temporary Deputy Speaker, Sir! The Minister has also power to investigate. A wrong thing was done. People were cheated out of their money and the Lonrho people are still here. You should have them arrested and prosecuted.

The Temporary Deputy Speaker (Mr. Khamasi): Mr. Minister, do you want to respond to that?

The Minister for Finance (Mr. Mwiraria): Mr. Temporary Deputy Speaker, Sir, the purpose of having a Government is to protect its people. I want to assure you that, we will look into that matter and make sure that whatever protection is required by Kenyans will be offered.

(Mr. Kagwe stood up in his place)

The Temporary Deputy Speaker (Mr. Khamasi): Mr. Kagwe, you seem to be having a pressing issue. I will give you a chance.

Mr. Kagwe: Thank you very much, Mr. Temporary Deputy Speaker, Sir. The reason why I wanted some clarification is because this is an extremely important issue. The issue of long-term bonds is what can save this country in terms of long-term borrowing, mortgages and so on. Therefore, the clarification that I wanted from the Minister is that, first of all, there is a growing feeling in the market that long term bonds by the Government are being threatened. We have been getting an under-subscription from the bonds that the Government has been issuing in the last couple of months. So, it appears that many organisations would like to shift their money to short-term lending to the Government rather than long-term. Could the Minister consider creating long-term bonds for Barclays and other blue chip companies? If, indeed, they feel that there is a big threat, could the Minister consider having international guarantees? That is because Barclays Bank is an international organisation. Could he get an international guarantee to allow them to issue that bond immediately, so that there is no loss incurred by the people of this country?

The Minister for Finance (Mr. Mwiraria): Mr. Temporary Deputy Speaker, Sir, one of the prevailing Kenyan laws requires that, at least, at the time the banks are established, 30 per cent be owned by Kenyans and 70 per cent by the foreigners. In response to the hon. Member's question, why does Barclays Bank not get 70 per cent of the long-term bond they want from overseas, and ask me for 30 per cent from Kenyans?

The Temporary Deputy Speaker (Mr. Khamasi): Now, do we have any further Ministerial Statements from Ministers? There is none! Let us move to the next Order.

BILL

Second Reading

THE CO-OPERATIVE SOCIETIES (AMENDMENT) BILL

(The Minister for Co-operative Development)

and Marketing on 4.5.2004)

*(Resumption of Debate interrupted
on 5.5.2004)*

The Temporary Deputy Speaker (Mr. Khamasi): Who was on the Floor? Mrs. Chelaite was on the Floor and she had a few minutes to contribute. She is absent! So, we assume that she has completed her contribution to Bill.

I will give this chance to Mr. O.K. Mwangi! Please, proceed!

Mr. O.K. Mwangi: Thank you, Mr. Temporary Deputy Speaker, Sir. I thank God for this moment! May I contribute to this Bill, which is an amendment to the Co-operative Act, which controls the lives of about 65 per cent of the population of this country. May I thank the Minister for having found the wisdom to introduce the amendment to the Co-operative Act. The amendment in 1997 almost destroyed the lives of many Kenyans. It was very unfortunate that, that amendment brought in an error where the Government removed its authority from the management of the co-operatives. That became a nightmare to this country. First and foremost, let me thank the Minister for removing the office of the Registrar, and instituting the office of the Commissioner to be the overall authority. We require a lot of authority in the management of the co-operatives and when it is not there, then we tend to plunge into chaos. That is what has happened.

You will note that there has been widespread breakdown of co-operative societies because of splits, particularly in agro-based co-operative societies. Agro-based co-operative societies have broken into shreds. They have reduced them into unmanageable and uneconomical units. That has affected the economy of this country a great deal. I thank the NARC Government because it has instituted a mechanism to revive co-operative societies to become strong economic units, so that they can provide services to the farmers. Co-operative societies split into small autonomous units. They were left with no checks and controls. They were run by management committees which treated them as individual companies. They went into a spree of reckless borrowing of money that the societies could not pay back. That has left the whole co-operative movement and, particularly, the primary co-operative societies, in debts. I urge the Ministry to speed up the repayment of those debts. The Government has promised to look into the indebtedness of the co-operative societies, so that they could be brought back to economic operations.

Mr. Temporary Deputy Speaker, Sir, co-operative societies no longer stock farm inputs. In the coffee industry, where most of the agro-based co-operative societies are, you will find that most of them are not working today. They do not offer any farm inputs. They cannot buy fertilizers! They cannot buy sprays! They cannot do anything. Therefore, they have abandoned the farmers in the coffee industry. That has resulted in a situation where we do not have any coffee to market at all. We have a big market, particularly in the United States of America, but we cannot supply coffee because we do not have it. The farmer cannot produce! I am afraid to say that, even though the Government is amending the Act and trying to bring in proper management techniques into the industry, there is no provision in this Act which provides farm inputs to farmers, so that they can produce more coffee to market. The Act is hinging a lot of its operations on marketing, instead of production. I am calling upon the Ministry to look into the production part, so that we can revive coffee and other crops.

(Mr. Ojode consulted loudly)

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Ojode and company!

Mr. O.K. Mwangi: In fact, I noticed that the Ministry has introduced what they are calling a Co-operative Development Fund in Clause 42, Section 90(A) in the amended Bill. It is all right to have a Co-operative Development Fund in the Co-operative Societies (Amendment) Bill but it is

unfortunate because this fund is not going to help the farmer to produce more. It is only providing for education, training, research and consultancy and there is no provision for what the farmer is going to do in terms of how the farmer is going to be given the impetus to wake up and produce more. If so, how are we going to research into something that is not being produced? In fact, most of the farmers are actually uprooting coffee and if we are not going to provide a mechanism where the farmer is going to be given the inputs, like seeds and even money, for the management of labour and picking of coffee, then we shall be talking about improved management of something that does not exist.

In fact, you will note and know that coffee production has gone down by about 70 per cent. We are receiving only 30 per cent now and farmers are still continuing to uproot the coffee that there is and planting other supplementary crops.

Mr. Temporary Deputy Speaker, Sir, when we come to marketing, I would like to remind the Ministry that the farmer has been yearning and crying for improved marketing strategies because we still rely on brokers of coffee, instead of finding ways and means of selling our coffee directly to the consumer. The farmers are crying that the marketing of coffee must be given adequate attention, so that they can market coffee direct to the consumer and, therefore, reap the benefits of their labour; otherwise, as the farmers stand today, they are like slaves. He just labours, transports coffee to the factory, takes it to the Kenya Planters Co-operative Union (KPCU) or to wherever the miller is and at the end of the day, he does not even receive the equivalent of the cost of production. So, could the Ministry look into this and particularly put in place, a mechanism that will look for markets for coffee instead of having brokers who are not bothered about what happens to the farmer. They are not worried if the farmer closed down, died or whatever happened to him. All they want is to reap the maximum profits which should be the reward to the farmer for his hard labour.

Mr. Temporary Deputy Speaker, Sir, I noticed that the previous Act had provided for a tribunal and, most interestingly, that tribunal does not seem to operate. Many court cases have been pending. Farmers cannot even continue with their operations where there are disputes because the tribunal was appointed and went to sleep. I notice now that the tribunal is still there but most of the problems have shifted to the High Court or to the Minister. I appeal to the Minister that some of these disputes are very small things but they are very detrimental when it comes to co-operative societies, because you find a member of a co-operative society taking his own co-operative society to court and then colluding with the advocates and magistrates. You remember the previous regime which practised corruption taking the property of co-operative societies and selling it over very small disputes which the Ministry could have settled and given the societies some operational space. So, I am calling upon the Ministry to look into this issue and find a way of dealing with those small disputes because, when you establish a tribunal which is not working, some members go to court and collude with the courts and they are given huge awards which some societies cannot pay, particularly those that split and, therefore, they close down.

Mr. Temporary Deputy Speaker, Sir, there is something else that has happened to the co-operative movement, particularly in the SACCOS where the members of the same SACCOS retire from their jobs and when they go home after investing in the SACCOS, they are required to go and get their benefits. However, they are only given those benefits off the interest of their savings, not taking into account that a lot of their contributions had gone into the investments of those skyscrapers you see around like the good Ufundi Co-operative House, Agriculture Plaza, Afya Centre and so on. When they go home and are paid those benefits, they do not reap the benefits accruing from those investments. So, I would request the Ministry to look into this issue very seriously and see what can be done so that those members of the societies who retire may continue to benefit. The fact that they have retired does not mean that they have stopped living and will die and, therefore, they should be considered, so that they can be given bonuses. However, what is happening now is that, as new members come, they continue enjoying what accrues from those

buildings and the former members who had invested in the construction and development of those investments do not enjoy any benefits. For that reason, I would like to request the Ministry to look into the issue of the former co-operative members so that they can be given their dues and annual benefits which are equivalent to their contributions for the construction of those buildings.

Mr. Temporary Deputy Speaker, Sir, I would also like to talk about those co-operative societies other than coffee, like dairy co-operatives where the Ministry has left the management committees to do whatever pleases them. The Ministry has not had anything to do with the establishment and the running of the dairy co-operative societies. You find that when a co-operative society opens a dairy somewhere and starts selling milk and then closes overnight, the Ministry does not follow it up. There is something else that has been omitted in this Bill and this is about societies which go into liquidation. When a liquidator is appointed, he takes the property of the society as though it is his. Immediately after the society is liquidated, the liquidator comes in and takes the property as though it is his, like what happened with my society - the Irati Co-operative Society and Mukurweini Co-operative Society, a giant society that had stood on its feet and was very stable economically.

When the liquidators came in after the split and took over, the farmers have never received anything from the liquidators. Instead, the farmers have been indebted more. They were actually required to pay much more because the liquidators went to the bank and took money for their own use. Now, they are demanding for that money from the members of co-operative societies. So, I request the Ministry of Co-operative Development and Marketing to look into these issues. Liquidators must also be audited and the farmers given their rightful shares because they had contributed a lot through their own sweat towards the acquisition of whatever property they had. We should not allow the liquidators to simply come in and take the money belonging to members without considering the owners of the property.

Mr. Temporary Deputy Speaker, Sir, I want to request the Ministry to look further into those societies which merged. The Ministry had issued a directive that the societies reunite in order to have an economically viable unit. When they unite, they should be audited thoroughly. Some of the co-operative societies that split had taken loans and money belonging to members. Now that they will be uniting, it is only proper that those who took the money be prosecuted. Some co-operative societies are in a quagmire during this rainy season because they cannot get fertilisers. Although the Ministry of Agriculture had promised farmers seed and fertiliser, I would like to ask the Ministry of Co-operative Development and Marketing, since it is also involved with farmers, to look into the provision of cheap fertiliser to our farmers. This will help them produce more agricultural products and thereby return the economy of our country where it used to be and even improve further.

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

The Assistant Minister for Transport and Communications (Mr. Ligale): Thank you Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to this Bill.

First and foremost, I would like to commend His Excellency the President for reviving the Ministry of Co-operative Development and Marketing. At some stage, it had merged with the Ministry of Agriculture thereby becoming a department in the same Ministry. Clearly, its importance was downgraded. I also would like to commend the President for appointing Mr. Ndwiga as the Minister for Co-operative Development and Marketing. I believe he is keen on reviving this sector. So, is the Assistant Minister, Mr. Kenneth. Both of them are keen to revive this sector and I know they have officers who are also committed and who want to ensure that this sector, which was once very important in the lives of Kenyans, gets revived and that the contribution it used to make to the economy of this country and employment of Kenyans, can be renewed.

Mr. Temporary Deputy Speaker, Sir, the genesis of the so-called 1997 Act which changed the whole thesis of the co-operative sector, perhaps, may not be known to some of our colleagues here. I know something about it. I know that in the late 1980s we were under a lot of pressure from

some of our developing partners to try and deregulate Government involvement in the co-operative sector. The argument was that there was too much Government in the sector by having the Commissioner of Co-operatives, inspectors and auditors. The intention was that all the Government needed to do was to register the co-operatives and thereafter leave them, by and large, to carry out their own activities. I happen to know this because, at some point when I was a Permanent Secretary in the Ministry of Co-operative Development, I resisted this requirement by our development partners; that we only have a registrar and get rid of the Commissioner. That, we also reduce the audit and inspections department into a co-operative sector. Unfortunately, we seem to have capitulated somewhere along the line and accepted those recommendations. We then enacted a law that tried to stop the Government from carrying out its functions. After all, it is not only the co-operative sector that we have seen go down. Unfortunately, in this country, in the recent past, a lot of public enterprises have suffered because of poor management or lack of it.

Certainly, if you deregulate and remove the Government from the operations in the co-operative sector, you are actually asking for disaster. I am not surprised that, as a result of this requirement and our capitulation to that requirement, we were able to come up with a system where many of our co-operatives were mismanaged and run down. They lost the lustre and glamour that they had. So, on the whole they lost the confidence that Kenyans had in them. I am glad that the Minister has been able to come up with this new Bill which will revive the Government's involvement in running the co-operative sector.

However, I think we are putting the cart before the horse. I know that because I have consulted with my colleague. I understand that before this Bill was drafted, internal consultations were held. Indeed, seminars were held to determine what should happen to the co-operative sector. The reason for saying this is that what we really should have formulated first is a policy paper on the future of the co-operative sector in this country. The policy paper ought to be developed and finally be tabled in this Parliament as a Sessional Paper. To be able to elucidate, not only the contribution of this important sector to our economy, but also to come up with a structure of what it is we want to legislate about. For instance, in the past we had these giant co-operative societies that were run down. We had the Kenya National Federation of Co-operatives which was the umbrella body and not only used to help in the training of officers, but also in the determination of the future of the co-operative sector. We needed to have known what its role was, before coming up with this Bill. We had the Kenya Co-operative Creameries (KCC) and the Kenya Farmers Association (KFA) which, in their heyday, made substantial contributions to the economy of this country. But for some reasons, perhaps because we did not like some of the leaders of some of those co-operatives, we ran them down, purely to make a point to a particular individual.

Mr. Temporary Deputy Speaker, Sir, we do remember the story of Kenya Farmers Association (KFA) where, for instance, because somebody did not like Mr. Chesire's face as the Chairman of that society, it was run down. It was converted to the Kenya Grain Growers Co-operative Union (KGGCU), which eventually did not make any contribution. In fact, in many ways, it---

The Assistant Minister for Labour and Human Resource Development (Mr. Oduyo): On a point of order, Mr. Temporary Deputy Speaker, Sir. With due respect to my fellow Assistant Minister, is it in order for him to criticize the KFA and KGGCU when he was the Permanent Secretary in the Ministry of Co-operative Development when all these things were happening? He should declare his interest and apologize to Kenyans before he proceeds.

The Assistant Minister for Transport and Communication (Mr. Ligale): Mr. Temporary Deputy Speaker, Sir, my colleague knows very well that I am very a clean person.

(Laughter)

He knows very well that I had nothing to do with the collapse of KFA and its replacement with

KGGCU. It is true that I was the Permanent Secretary of the Ministry, but not at the time when this disaster took place. He knows this very well; he is just being a bit mischievous.

(Laughter)

Mr. Temporary Deputy Speaker, Sir, I was trying to make the point that we needed a policy paper to give us directions on the role of those giant co-operatives which we used to have, and if there is a need for us to revive them. I know the Minister wants to revive the KFA and that he has also been trying to revive the Kenya Co-operative Creameries (KCC). I commend that Minister for that, because a farmers organization which had been taken over by individuals was returned to whom it belonged; the farmers. But we need to see a policy Paper spelling out the roles of KCC, KFA and the role of any other co-operative union plus those other national organizations. We need to have seen the structure and the roles of what used to be the district co-operative unions. You will remember the times when we had the Meru Co-operative Union, Embu Co-operative Union, Murang'a Co-operative Union, Bungoma Co-operative Union, Kisii Co-operative Union, among many others. These were entities that contributed substantially to the economy of this country. During their heydays, those district co-operative unions were important because they gave directions as to the future of the co-operatives in the various districts. Unfortunately, when we went ballistic with the splitting of districts into smaller units for the so-called "proper administration", it then ended up also affecting our co-operatives. The very viable district co-operative unions, some of which I have mentioned, were then split into smaller entities which are no longer useful to the farmers and to the economy of this country.

Mr. Temporary Deputy Speaker, Sir, we need policy direction from the Minister on whether he intends to merge those co-operatives which have been split in the recent past back to where they belonged and where we used to have them as viable district co-operative unions; and if need be, we need to merge various district co-operatives. I am not suggesting that districts be merged, but at least the former district unions such as those from Murang'a, Meru; Embu including Mbeere, and the original Kisii District, without Gucha and Nyamira, to show that if we want to go back to the original, viable district co-operative unions, we need to see that in a good policy document. We need to see a policy direction as to which way the Savings and Credit Co-operatives (SACCOs) are heading. We know that due to retrenchment, a number of SACCOs have been reduced. As a result of retrenchment, some of the SACCOs have become unviable. It is, perhaps, necessary for a number of Ministries and various Government agencies to come together and come up with a viable SACCO, instead of leaving every Ministry and every department to run its own SACCO, where there are very few employees and, therefore, with the overhead costs of administration, the SACCO becomes uneconomical. These are the directions that I had in mind when I said that we were really putting the cart before the horse. We should probably have had that policy document first.

Be that as it may, it does not substantially retract it from being a good Bill. I am suggesting to the Minister that he should go back, sit down with his officers and give us the benefit of that policy Paper. I think this sector is so important that we should not leave it at the passage of this Bill. We should go back and still come up with a policy direction on the future determination of this very important sector in the lives of Kenyans. This policy Paper should also give the direction in which we expect to develop this sector, taking into account the recent developments not only in the Provincial Administration which affected district co-operative unions; the role of the giant co-operatives and the SACCOs; and how we intend to ensure that they remain viable entities rather than the ones which have been split too much for them to be economic.

Mr. Temporary Deputy Speaker, Sir, having said that, I want to commend the Minister for re-inventing the role of the Government in the co-operatives and ensuring that we bring back the post of the Commissioner of Co-operatives who will be able to supervise, carry out audits, inspections, to give direction and guidance to our various co-operative societies because it is

important. At the level we have reached, we have not reached the sophisticated levels that the Scandinavians have attained, where they are able to leave the devices to the members on their own to carry out auditing and administration of the various societies.

I also want to request the Minister to try and assist, and I agree with Archbishop Ondiek, who has already left, when he made the point particularly with regard to the societies that deal with primary products like coffee and dairy products. We need to give our farmers hope for the future by adding value to the products they market. When coffee was being produced, it was the best-valued coffee in the market, and yet, it is not marketed as Kenyan coffee. It is exported, blended and what you end up buying in the international markets is coffee that is marketed with brand names that bear no relationship to the areas of production. We need to look at the possibility of processing this product. If you go to some of the sophisticated countries, the dairy industry, for example, the farmer is not just getting value for the milk delivered. He is getting value for the other products which children like such as cheese, milk-shakes among many others. Yet the person in this country who actually eventually gets the value for those finished by-products is the middleman and not the farmer. We want to encourage the farmers, through the co-operative sector and the KCC, to be the ones who enjoy that benefit. I am sure the Minister will ensure that the farmers get value for their labour.

Mr. Temporary Deputy Speaker, Sir, the issue of co-operative societies (SACCOs) has been very disturbing in the recent past. It is criminal for employers to deduct co-operative contributions from their employees and fail to remit them to the SACCOs. This has been very prevalent in the recent past. Employers, including the local authorities, have been deducting money from their employees as contributions to their SACCOs, but they do not remit the money. In some cases, they keep the money for about six months, or one year. I have worked in both the Local Government and the co-operative sector, and I know that the worst offenders are parastatals and local authorities. They deduct employees' money ostensibly as contributions to the SACCOs, but they do not remit it. As a result, the SACCOs are unable to advance loans to their members. Apart from my contribution in this sector as a Permanent Secretary, I have been the Chairman of one of the giant SACCOs in this country; Harambee Savings and Credit Co-operative Society (SACCO). I can say without hesitation that during my time, there is no time members failed to get their loans processed. We had money in the SACCO and we processed loans every month. We recovered these loans without any problem.

In the recent past, we have been very disturbed to hear that very viable institutions, like the Harambee SACCO and others, are not in a position to advance loans to their members. They go for months without being able to advance loans to their members. Emergency loans are not processed on a regular basis. These are areas which the Minister should look into and ensure that SACCOs serve their members. They are there to serve members. If there are any reasons why these societies are not able to serve their members, the Minister should get the root cause of those reasons and ensure that the problem is solved, so that members can benefit.

Mr. Temporary Deputy Speaker, Sir, as I finish, I want to emphasise the issue of training. Without experienced officers to man the SACCOs and ensure that they are managed properly, we can pass this Bill, but the societies will not be run properly. We need trained manpower within this sector. The Co-operative College is doing a commendable job, but we need to do more. Training is one element, but experience is quite another. We need to encourage those who have the experience to remain in this sector. It is important to the economy of this country that the SACCOs are run properly by men who are committed. Commitment is also another very important area. You can have experienced people, but if they are not committed, they may not give the proper service.

With those few remarks, I beg to support.

Mr. Karaba: Thank you very much, Mr. Temporary Deputy Speaker, Sir. This is a very important Bill we are discussing here. At the outset, I support the Bill.

The co-operative movement in Kenya has played a very great role economically. It is true to note that some of us are products of the co-operative movement in Kenya. We come from areas

where coffee, tea, rice, maize and other crops are grown. In those areas, we used to have the welfare fund set aside to help the people who could not afford to pay school fees. That is not happening today. School fees used to be paid in advance by the co-operative societies or they committed themselves to pay even after the students had reported back to school. Today, if you visit some of these areas, particularly Kerugoya/Kutus, you will find very many students who cannot afford school fees because this facility is missing.

I will, therefore, ask the Minister for Co-operative Development and Marketing to include, in this Bill, a welfare fund to cater for students who cannot afford school fees, or people who cannot afford to go ahead with the failure of a crop. This is happening in Sudan. It is also true that farmers in those areas are living below the poverty line. They cannot even afford to cloth themselves. The production cost of most of these crops has gone up. The farm inputs have also gone up such that the produce, be it coffee, tea or maize, will earn very little profit. As the Minister effects reforms in the Ministry, he should come up with a strategy to lower the cost of inputs, so that the farmer can also make some profit. The Ministry should also consider subsidising the farmers in case of crop failure. This has happened in the cotton belt of the United States of America. It is also happening in the Gezira Irrigation Scheme in Sudan where cotton is grown. I do not see the reason why it should not be introduced here. The other day, we passed a Bill here on subsidisation of coffee produce. This should be the in-thing for the Ministry of Co-operative Development and Marketing in Kenya.

Mr. Temporary Deputy Speaker, Sir, with regard to the cess money, it has been used to maintain roads in areas where it is collected. It has improved the state of the rural access roads. In areas where tea is grown, the roads are properly maintained. They have been murramed and maintained by the Kenya Tea Development Agency (KTDA). The same thing should happen in areas where rice, coffee and other crops are grown. It is also important to note that the most of the cash crops which used to be marketed through the co-operative societies have now gone down. We have seen a very serious decline in these communities. This has also led to a very serious decline in the economy. The reforms which have been introduced by the Ministry of Co-operative Development and Marketing should give the farmers new hope.

Mr. Temporary Deputy Speaker, Sir, the management of the SACCOs has been very poor. People have embezzled and even looted societies' money at the expense of the farmers. The Ministry should arrest these people immediately. If it was possible, these people should have been arrested as we debate this Bill. They are already aware that we are debating this Bill here and they will try to amend some sections of the Co-operative Act. They have organised themselves in various cohorts and come up with some---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Karaba. I get the impression that you are reading a speech. That is not allowed by the rules of this House. You better steer clear of it.

Mr. Karaba: Thank you, for that advise. I said that we need to take note of the composition of the management committees of co-operative societies. The members of the committees' should be educated, so that they can understand this Bill. There is a lot of corruption within the co-operative societies, and mainly in those in Kirinyaga District. We have seen great losses being recorded in the co-operative societies.

The co-operative societies have assets, which are managed by the committee members. Committee members buy assets such as land. When it comes to sub-dividing the land, committee members do it unfairly, and even keep the money they earn from selling it. We should continue to have reforms in these societies. The people working for the co-operatives are still mismanaging funds, although they now know that their time is running out. I would like to ask the Minister to step in and ensure that assets owned by farmers are not lost.

I recommend that we encourage the formation of many other co-operative societies through the Ministry of Co-operative Development and Marketing. We have crops such as French beans and bananas. Those growing these crops should be encouraged to form co-operative societies. We

also have people operating in the transport sector, who should also be encouraged to form co-operative societies.

Lastly, I will comment on what the Minister has done so far. We are happy that we have seen the revitalisation of the KPCU and the KFA. We hope that more co-operative societies will be formed, especially by those working in cotton ginneries. Once formed, we hope that they will consider employing the youth, because we always talk of creation of 500,000 jobs for Kenyans.

The Assistant Minister for Local Government (Ms. Tett): Mr. Temporary Deputy Speaker, Sir, I would like to start by saying that the co-operative movement in Kenya was a mechanism devised a long ago to uplift the living standards of our people. Somewhere along the way, the movement "died" because of many reasons that I will talk about.

I hope and pray that this Bill will be passed and will help uplift the lives of our people. That is what the co-operative societies are meant to do. Why did the co-operative societies fail? They were hampered by poor management and corruption. Although their committees members were elected, many of them did not have any skills and used money to be elected to positions that they did not know how to handle. Owing to that, the management teams used to collude with staff members and loot a lot of money from the co-operative societies. They did not care about Kenyans who were members of their societies. All they wanted was to get money and fill their own stomachs. This did not apply to any particular SACCO. This applied to coffee societies, cotton societies, and many other societies. All of them went under because of mismanagement and corruption.

There was no money left for members. Apart from corruption and mismanagement, committees used money to buy big buildings for renting out. It would take them very many years to get their money back. The farmers, who were members of the SACCOs, would not get money when they needed it because it was tied to either a building or land. That was not good for the co-operative societies. It took long for money put in buildings or land to be recouped.

Farmers wanted to borrow loans, but there was no money because it was mismanaged and misappropriated. When they sold their produce, be it milk or coffee, they used to wait for years before they got their money because of this mismanagement. Bad management is what we are looking at. This Bill has addressed the issue of mismanagement. We should ensure that mismanagement is stopped immediately. With this Bill, I feel that co-operative societies will be restored to what they used to be.

The co-operative movement should now concentrate its energy on pooling together its resources with a view to starting up industries in the country. When they flourish and start getting money they should be able to start industries, which will create a lot of jobs for our people. This has been done in many parts of the world, including Japan which is a leading industrial country. The Bill introduces accountability, transparency and committees which will be able to estimate the income, expenditure, capital and all what has been lacking in the co-operative movement in the past.

Books will be available for inspection by the supervisory committees and they should be audited, according to this Bill. They should also conform to the international accounting standards as stipulated in this Bill. Not only will we have properly audited accounts, but we should also conform to international standards. When this Bill is passed into law it will eradicate all sorts of problems which have been associated with the co-operative movement. The co-operative movement will be run professionally, farmers will be able to get more bargaining power for their produce and better returns. They will also obtain inputs at a lower cost because they will be doing very well. They will also get cheaper credit without security. In the past, they have never got any loans without collateral. If this is done, we will uplift the standards of our people.

Workers will also be able to get cheaper credit facilities from their SACCOs. There should be very severe penalties for organisations which refuse to remit contributions to SACCOs. As an hon. Member said here, many of us, even in Local Government, do not remit workers' contributions. This is a very bad situation, where we deduct money from workers' salaries and do not remit it to the relevant bodies.

Clause 42 provides for funds for training staff and education of members. This is human resource which is very important. If the managements and the workers of huge organisations are not trained, these bodies will fall apart. That is what has happened in the past when there was no training of managements and committee members were just handpicked.

Before I conclude, I would request the Minister to also look at gender. When I look at this Bill from the beginning to the end I see that there is no provision for gender balance. You will see that men are the ones who dominate management of SACCOs. Women workers form 50 per cent of the membership of SACCOs, but this Bill does not provide for affirmative action. I do believe that the Minister will look at all these issues, especially gender equity, and make sure that we have 50 per cent women representation in SACCO managements and the proposed C4ommission.

We also know that women are not thieves. Even if you look at the Goldenberg scandal, there is no woman who was been accused. Women are very committed to whatever they do. Without women in SACCOs we will be just wasting our time. Women remain watchful where there is corruption. We blow the whistle and say that we will not engage in corruption. We have the country's interests at heart. I am urging that we include women participation in this Bill.

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

Mr. Oparanya: Thank you, Mr. Temporary Deputy Speaker, Sir. I stand here to support the Co-operative Societies (Amendment) Bill 2004, because of various reasons. The co-operative movement is a very important vehicle for economic development. As the Minister mentioned, when he was moving this Bill, 65 per cent of the population in this country derive their livelihood directly or indirectly from the co-operative movement. Thirty-one per cent of the national savings are in the co-operative movement. It is important to note that if we want this country to develop, the co-operative movement is a very important vehicle.

The co-operative movement has helped a lot in the past before corruption crept in. It has helped to alleviate poverty, in that small-scale farmers have come together to carry out common activities in order to generate income for their own development.

Mr. Temporary Deputy Speaker, Sir, in the past, the co-operative movement helped in the marketing of farmers' produce. The Kenya Co-operative Creameries (KCC) is an excellent example of one such co-operative society. I want to thank the Minister for Co-operative Development and Marketing for reviving KCC.

The co-operative movement has helped a lot in the mobilisation of savings which have helped individual members to develop. In fact, I have been one of the beneficiaries of the co-operative movement through savings. I used my co-operative savings to buy my first house in this City.

Mr. Temporary Deputy Speaker, Sir, the co-operative movement started off in this country way back in 1908 with the Lumbwa Farmers Co-operative Union (LFCU). Actually, it was meant for the distribution of inputs to farmers who were members. Way back in 1931, the Kenya Farmers Association (KFA) came up. These co-operatives were actually started by our colonial masters. They thrived a lot and contributed to the economy. However, when Kenya attained Independence, our people started running them down. Mr. Ligale emphasised the fact that our development partners want us to change the way we manage these co-operatives. Since the Minister for Co-operative Development and Marketing has now come up with this Bill, I hope these co-operative societies will thrive.

Mr. Temporary Deputy Speaker, Sir, loans from co-operative societies have helped members to defray some of the urgent expenses like school fees, funeral expenses and hospital bills. However, despite all these benefits, this movement has not benefitted some areas in this country. It has helped the coffee, tea and pyrethrum industries a lot, but it has not helped the sugar industry. The sugar industry is very important to farmers in my constituency. However, the co-operative movement in that sector has been killed. Instead, outgrower companies have been introduced. These companies manage the sugar industry on behalf of the sugar-cane farmers. They have exploited

them. In fact, the farmers were cheated into forming these companies---

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Oparanya! You are using unparliamentary language. We do not use a word like "cheating" here. So, withdraw it so that it can be expunged from the text. Then, you can proceed.

Mr. Oparanya: Mr. Temporary Deputy Speaker, Sir, I am ready to bring evidence that these companies are cheating farmers.

The Temporary Deputy Speaker (Mr. Khamasi): Order, Mr. Oparanya! You do not challenge the Chair! You are using unparliamentary language. Hon. Members do not exchange words with the Chair, but they listen. Could you, please, withdraw the word "cheating" and proceed?

Mr. Oparanya: Mr. Temporary Deputy Speaker, Sir, I withdraw.

The Temporary Deputy Speaker (Mr. Khamasi): All right! Continue!

Mr. Oparanya: Mr. Temporary Deputy Speaker, Sir, I would like to request the Minister for Co-operative Development and Marketing to introduce co-operative societies in the sugar industry so that they can support our farmers. The companies that are currently managing the affairs of the sugar industry, on behalf of the farmers, are not doing so properly. The sugar industry makes a lot of money. Farmers are deducted this money through the Sugar Development Levy (SDL). In fact, in a year, the SDL is able to collect about Kshs1.5 billion. That money is supposed to support the farmers and the millers. You find that because the farmer do not have a vehicle to operate within, that money is now being given to dealers and the Kenya Sugar Board. But the farmers, whom that money is being deducted from, is not allowed access because there is no co-operative movement. If there was a co-operative movement, the farmers could easily have access to that money, so that they can buy their farm inputs.

Mr. Temporary Deputy Speaker, Sir, within the sugar industry, the farmers are given inputs by the millers or the outgrower companies. It takes about three years for the sugar-cane to mature. The farmers are deducted that money after three years, plus interest! The farmer knows very well that he is being deducted money by the Sugar Development Levy, which could be used to loan money to farmers at a concessionary interest rate, to develop them.

I mentioned that the Kenya Co-operative Creameries (KCC) has been revived. Within my area, we have a co-operative called Marenyo, which is dealing in dairy products. That is a co-operative that is coming up, but it is weak. It has no access to credit. I can see the Assistant Minister for Co-operative Development and Marketing is looking at me. I want to emphasize that we need support from the Ministry, so that those small up-coming co-operatives are supported. It should not be supported at the primary level only. It should also be supported at the secondary level. Those farmers collect their milk, and since the KCC is concentrated in the Rift Valley and Central Province and has no branches in Western Province, we suffer a lot. They hawk the milk around, instead of processing it, to add value and selling it to other people. I would like to request that the issue of milk hawking should be discouraged.

Mr. Temporary Deputy Speaker, Sir, I would also like to emphasize that some of those companies, especially the parastatals, have frustrated the co-operative movement a lot. Those parastatals and other companies have, as other hon. Members have said, deducted money from the members and have not been able to remit that money to the co-operatives. I have heard a lot of complaints, especially by those people who are employed by Kenya Railways Corporation (KRC). They complain every day that their money has been deducted, but they are not able to get loans! Even when they retire, they are not able to access their capital because the KRC did not submit their deductions.

It is good that this Bill has come up with a provision that those companies that do not remit the deductions will face a penalty. The Commissioner has been given seven days in which to take action against those companies that do not remit deductions. I feel that seven days is short. I hope that during the Committee Stage, they should be given more time, let us say, 21 days or 30 days to

remit the deductions.

The Government needs to strengthen the co-operative movement. The management is quite weak. It is important that the management staff of co-operative societies have easy access to the Co-operative College, so that they acquire appropriate skills for the management of co-operative societies. Most of these co-operative societies, when they are registered, are not supported. They need to be supported in the technical aspect and in training and education, so that they are able to stand on their own. One of the values of the co-operative movement is self-reliance. The co-operative societies should be self-reliant. The Government should only provide an enabling environment for the co-operative societies to thrive.

Mr. Temporary Deputy Speaker, Sir, we, as politicians, should keep out of the co-operative movement because politics also has spoilt some of the thriving co-operative movements. As hon. Ligale said, the Kenya Farmers Associations (KFA) and the Kenya Co-operative Creameries (KCC) used to do very well. But because the leadership were not in good books with the political system that was there, they were left to collapse. So, it is important that we create an environment that has no political interference in the co-operative movement.

As we move on, the business environment is now changing. So, co-operative societies as a business are now facing a lot of competition within the business environment. The co-operative movement should be helped so that co-operative societies are able to access new technology without which these co-operative societies are not going to survive. They have to compete all over the world and it is not Kenya only. With globalisation and liberalisation coming in, it is important that co-operative societies come in with new ideas and innovations in order to survive.

Mr. Temporary Deputy Speaker, Sir, coming to the Bill, if you look at Clause 25, it says:- "Every co-operative society shall keep proper books of accounts which shall be prepared in accordance with international accounting standards to reflect the true and fair state of the co-operative movement."

Books of accounts are never prepared according to international accounting standards; it is the account which is a product of books of accounts. So, I hope such small issues will be corrected.

The Commissioner for Co-operative Development has been given a lot of powers. If he exercises all the powers that he has been given in this Bill, there will be too much Government within the co-operative movement. The Commissioner has been given power to register, monitor, audit, dissolve, convene special meetings, suspend committee members from their duties and appoint another one, appoint receivers--- I think that is too much power for the Commissioner for Co-operative Development. I think the Commissioner should only be left with the power to register the co-operative societies and thereafter, to only monitor through the branch network of the Ministry of Co-operative Development and Marketing, in the case of inspection, the way the Central Bank of Kenya inspects banks. Otherwise, other duties should be left to the members themselves to carry out.

With those few remarks, I support the Bill.

Mr. Rotino: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to add to what my colleagues have contributed to this very important Bill.

At the outset, I want to say that I support this Bill, which is long overdue. I say this because all the Members who have spoken on this Bill have said that the co-operative movement is the backbone of any development. It is the gear that makes any development move.

I want to support the sentiments that when the co-operative movement was started, it had good objectives, the main one being to try to alleviate poverty within the rural communities. Ever since then, co-operative societies have grown with that intention of trying to alleviate poverty in our society. It has that one serious and important objective.

There is a Swahili saying that *kidole kimoja hakivunji chawa*. You have to bring two together to be able to build up something. One brain cannot bring things together. Even the Bible says that when two people come together and pray, God is between them. That unity is the ultimate

aim of the co-operative movement.

Mr. Temporary Deputy Speaker, Sir, this Bill has been brought to this House because there is a problem. The initial objective of the co-operative movement has been derailed. That is why this Bill has been brought to this House to rectify some of those problems that the co-operative movement has had over the years. This Bill is long overdue because we were not looking at what problems co-operative societies have had.

We are now talking about eradicating poverty. All the Sessional Papers that have been brought to this House, for the period I have been here, have been with an aim of trying to eradicate poverty. Yet, we have been sitting in this House seeing our society dwindling, seeing our people dying and the country becoming poorer and poorer everyday. Yet, we know that co-operative societies were meant to fight poverty. As politicians, we go to rallies and speak and yet, we do not address this issue.

I want to thank the Minister for Co-operative Development and Marketing, very sincerely. I also want to thank the President for appointing Mr. Ndwiga to that Ministry because he is the right Minister. In that Ministry, there are two important people; the Minister and the Commissioner for Co-operative Development. These are the offices the Bill is trying to address because the failure of the co-operative movement is pegged on these two offices. It depends on how the Minister implements the law that we shall pass here. It also depends on how the Minister delegates power to the Commissioner for Co-operative Development. Otherwise, there are other offices in the co-operative movement that also play a key role. But the people who are supposed to implement the laws and rules that govern co-operative societies are the Minister and the Commissioner for Co-operative Development. This Bill is trying to give these two centres of power authority to implement the rules and regulations to govern the co-operative societies.

Mr. Temporary Deputy Speaker, Sir, Members have mentioned several issues pertaining to the co-operative movement. In every district and probably in every constituency, we have co-operative societies. For example, in West Pokot District where I come from, the first co-operative society that was started there was called Pokot Farmers Co-operative Society. This co-operative society took almost all the projects, organisations and activities. These activities included farming, rearing of dairy cattle, production of hides and skin and growing of coffee and tea. That co-operative society brought all the Pokots together and they formed a co-operative society. It was a big organisation, but it has gone under. It split and the officers who were there by then instead of trying to see how they would strengthen the co-operative society, left it to go under. They left it to be split without giving proper reasons.

We should be very serious! The Ministry and the Commissioner for Co-operative Societies should be able to look at reasons why such organisations split. We must learn because we have seen co-operative societies growing, then we kill them and create others. Like the way we were doing; we were killing the Kenya Farmers Association (KFA) and creating the Kenya Grain Growers Co-operative Union (KGGCU). We were killing the Kenya Co-operative Creameries (KCC) and creating another one, yet we do not find out why the other co-operative society died. We should be able to learn from the mistakes that cause the co-operative societies to go under. Then from those mistakes, we should try and strengthen those other co-operative societies. This way, we can build on those weaknesses and strengthen the other society. Otherwise, if you go to West Pokot, the Pokot Farmers Co-operative Society died and other small co-operative societies mushroomed. However, the same problems which killed the first society are the same ones we are seeing in the other mushrooming societies.

This Bill should be able to address those problems and try to set a system that is going to help farmers, because this is our strength. Countries like the United States of America (USA) which have had co-operative societies from the 18th Century, have done great work. The co-operative societies have grown over the years in different forms. However, they have learnt their weaknesses and built them up to become their strength.

If I look at management and I focus my mind on Pokot Framers Co-operative Society that was killed, I ask myself what was the reason. The motive and the intentions were so good, but what killed it? What can other societies learn from what killed that co-operative society?

Mr. Temporary Deputy Speaker, Sir, one of the reasons is management, and everybody has said it. It is evident that management is a crucial thing. The first thing that this Bill must address very clearly is how the management teams or committees are appointed. Is it open? Is it democratised? Is it free and fair? The modalities of electing those people are very crucial.

Secondly, who oversees the election? For example, the biggest co-operative society in my constituency was called Muruny Farmers Co-operative Society. It was dealing with wool, Merino sheep, milk, pyrethrum that I grow in my constituency, potatoes and almost all the horticultural products. It was encompassing so many things. However, that society has split now and there are four co-operative societies which have emerged from this. Those societies split not because of good reasons; I advised them not to split, but to strengthen them until we had enough money. Most societies split because of management problems. The co-operative officers who are posted to the field by the Ministry do not address these issues. Instead of educating the societies' management, they participate in the wrangles that lead to their splitting. Educating the management of co-operative societies is very important. That is why I support the provision that nobody who does not know how to read and write should be part of the management of a co-operative society. That is a good provision. Once one is elected to a management committee of a society, one can be elected the chairman of that society. Even in my constituency, there are SACCO officials who are not educated. Because of the influence they have over other people, they can be elected chairmen of those societies. If a society being managed by an illiterate person, things can go haywire.

Mr. Temporary Deputy Speaker, Sir, all the problems experienced by the SACCOs are due to pressure by co-operative officers and their failure to educate the members of those societies. They normally create confusion for their own benefit. They do not play their roles. Many of the co-operative officers are bribed. For example, in my constituency, a co-operative society collapsed because the co-operative officer in the district then caused all the confusion. He did not advise the management properly. Instead, he sided with a rival group. Normally, there are two factions. One faction always supports the split of a society, while the other one opposes it. The co-operative officer sided with one of the groups, and that is where the problem began.

I would like the Commissioner of Co-operatives to realise that this is a very big problem. He should address the issue of educating the management teams of co-operative societies. The Bill provides that if a co-operative society fails to appoint a management committee, the Commissioner of Co-operatives shall intervene with a view to assisting the membership of that society to appoint a committee. However, you may ask yourself: Why do such problems come up? Members of any society would have agreed to come together. They have by-laws. So, why would they not agree on the appointment of the management committee? The problem emanates from the co-operative officers. The co-operative officers should be persons who are adequately trained and not just be graduates who have come from college. They should be properly trained in the management of co-operative societies.

Mr. Temporary Deputy Speaker, Sir, another problem affecting the SACCOs is political interference. One of my colleagues has talked about it. There is no SACCO in this country which has not been affected by political interference. We should try to rid co-operative societies of politics. If you look into the history of the co-operative societies that have collapsed, you will realise that there was an element of political interference. Interfering with those societies will not help our people. We should keep politics out of the SACCOs, so that we strengthen them and train the management teams.

Mismanagement of funds is a key cause of split or collapse of the SACCOs. It is good that the Bill addresses this issue. It provides that the Commissioner of Co-operatives should be given some teeth to be able to punish people who mismanage co-operative society funds. I speak about

this with a lot of confidence. There is a co-operative society in my constituency whose officials misappropriated a lot of money, causing the society to split. However, up to now, no action has been taken against them. The officer who was in charge of the co-operative movement in the district was involved in the scandal. He colluded with the officials of that society to "eat" members' savings. This Bill must give the Commissioner of Co-operatives sufficient powers to enable him punish such people. He should be able to intervene whenever a society has a problem concerning funds. Misappropriation of funds kills the morale of the members of a society. It also kills the morale of the members of other co-operative societies that may be doing well.

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

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

Mr. Temporary Deputy Speaker, Sir, one of the reasons why the management committees "eat" money belonging to the co-operative societies is because they are paid very little allowances.

Mr. Poghismo: On a point of order, Mr. Temporary Deputy Speaker, Sir. You have probably heard the hon. Member on the Floor using language like "eating of money". Are you satisfied that, that is a parliamentary language?

The Temporary Deputy Speaker (Mr. Ethuro): That is not parliamentary language.

Mr. Rotino: Mr. Temporary Deputy Speaker, Sir, Mr. Poghismo was once a teacher. So, maybe, he is trying to teach me English!

*(Several hon. Members stood
up in their places)*

The Temporary Deputy Speaker (Mr. Ethuro): Order! Order! Hon. Members, Mr. Rotino is responding to a point of order. So, you are out of order. Let him respond first.

Mr. Rotino: Mr. Temporary Deputy Speaker, Sir, the hon. Member is just trying to pull my legs. "Eating" is an English word. So, it is parliamentary language, unless I was using abusive language.

(Mr. Poghismo stood up in his place)

Mr. Temporary Deputy Speaker, Sir, could the hon. Member allow me to contribute to this debate? The Bill before us is very important, apart from talking about language. At least, he understands what I am saying. He is my neighbour.

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. We need to correct the impression being created here. Mr. Poghismo, who sits on the Chair, is wrong. The word "eating" is parliamentary, but the word "stealing" is unparliamentary. Mr. Rotino did not use the word "stealing". He used the word "eating", which is parliamentary. We use that word quite often in this House.

Mr. Rotino: Thank you very much, Mr. Mwenje.

Mr. Temporary Deputy Speaker, Sir, before I was interrupted, I was explaining why management committees of co-operative societies misappropriate funds. They do so, because they are not paid enough allowances. The Ministry should come out clearly on how much these people

should be paid in allowances. If you give somebody the responsibility of managing millions of shillings and you do not pay him enough, you should expect him to misappropriate the funds.

Secondly, the employees of the SACCOs are underpaid. Therefore, the Commissioner of Co-operatives should come up with a minimum wage for the management committees of the SACCOs. They should be paid depending on the size of the society, so that they are not influenced to misappropriate the funds of the societies. The Bill should be clear on the modalities of remunerating committee members, so that we have a uniform criteria. Otherwise, the chances of these funds being misappropriated will always be very high.

Mr. Temporary Deputy Speaker, Sir, I would now like to talk about gender representation in management committees of the SACCOs. We all know that women are good managers. The economy in the rural areas is controlled by women. However, they are not involved in the management of the SACCOs. Apart from being good managers, women are trustworthy. They must, therefore, be involved in the running of the SACCOs. The Commissioner of Co-operative Societies must come out here clearly and ensure that, for example, if there are ten members in a society, half of them are women. We should also have women treasurers in co-operative societies because they are good custodians of money. For example, if you give your wife some money, she will take good care of it. I have no doubt that they are good managers. Therefore, we must involve them in the management of these societies.

Mr. Temporary Deputy Speaker, Sir, I also want to talk about extension services. I urge the Ministry to make sure that there are extension officers attached to co-operative societies in rural areas to educate our people on the importance of these societies. There is need to start co-operative societies in the rural areas if we want to alleviate poverty among our people. We can only do this by creating an arm in the Ministry that will educate our people on how to start co-operative societies in the rural areas.

Mr. Temporary Deputy Speaker, Sir, I also want to talk about the functions of the Co-operative Bank of Kenya. Its functions do not seem to be very clear. I think when this bank was started, it was supposed to be an apex body of co-operative societies. It was supposed to serve co-operative societies. It was also started to help the co-operative societies and their members to access loans. These societies were supposed to guarantee individual members access loans from the Co-operative Bank. In my constituency, for example, most people do not have title deeds. How do we ensure that the poor people who own land, but they do not have title deeds and are members of co-operative societies access loans? They cannot access loans from any other commercial bank. The Co-operative Bank was meant to serve co-operative societies. For example, if Murun Co-operative Society in my constituency has one member who wants to buy land or start a business, the co-operative society becomes the guarantor of that member because he has shares in it. I thought that was the intention. But the Co-operative Bank has gone haywire! It is competing with other commercial banks. I tend to think this Bill should address this issue.

Even the Minister and the Commissioner of Co-operative Societies must have a hand in the control of the Co-operative Bank of Kenya, so that our co-operative societies can grow. We must enable our co-operative societies access loans from the Co-operative Bank, so that they can loan farmers, especially those farmers who do not have title deeds. We must give the Minister powers to even dictate to the Co-operative Bank of Kenya to open branches in remote areas of this country. For example, there is no Co-operative Bank branch in West Pokot District. The Kenya Commercial Bank is the only bank in the district. I urge the Co-operative Bank, which is the bank for a small man, to open branches in areas where other commercial banks cannot reach.

Most of teachers' SACCOS are operating like banks. We should encourage this because commercial banks are withdrawing their services in the rural areas. Therefore, we need somebody else to fill that gap they are creating. Who can fill that gap? The co-operative societies must be empowered to operate like small banks. If I apply for a loan, today, at the Bunge SACCO, I get the money the same day or the following day. This SACCO processes the loan within one day. But

when you apply for a loan in the commercial banks, it takes one or two weeks to process.

I am saying that we need other lenders to fill the gap because commercial banks have withdrawn from the rural areas. Who can fill that gap? The SACCOs can fill the gap. The farmers' co-operative societies should be given authority to operate like mini-banks, so that farmers can borrow and deposit money with them. In Sigor Constituency, which I represent, there is no commercial bank. This is the case, and yet there are some people who do various businesses in that constituency. I thank God that we do not have many robbers there who can go and rob those people. But, of course, robbers are going there because of unemployment. Where is the money that businessmen collect at the end of the day banked, because there is no bank in that constituency? There is not even a mobile bank in Sigor Constituency. So, the SACCOs, like the Teachers Savings and Credit Co-operative Society in West Pokot District, should be allowed to operate what we call "front desks" or small banks, so that they can help the rural folk. That should be captured in the Bill because it will help our people.

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

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

Mr. Temporary Deputy Speaker, Sir, I would like to talk about the Ethics Commission. It is good that the Minister said yesterday that the Ethics Commission is in operation. Let it be seen to be operational because we want to solve our problems. In another three or six months, amendments will be moved on this Bill. We will criticise this Bill at Committee Stage, so that these provisions are included in it. We want to ensure that our co-operative societies are strengthened, and we do not move an amendment to this Bill after three or four months, saying it is faulty. Let us identify the faults in the Bill now, so that we rectify them.

Mr. Temporary Deputy Speaker, Sir, I would like to appeal to the Commissioner of Co-operatives to visit the three constituencies of West Pokot District.

Mr. Ethuro: And Turkana!

Mr. Rotino: Mr. Temporary Deputy Speaker, Sir, he should also visit Turkana District. The biggest co-operative society which was in that district was called "Turkana Fisheries", but it collapsed because it was mismanaged by a few people. Politicians interfered with that co-operative society, and yet it was the lifeline of Turkana. I would like the Commissioner of Co-operatives to visit those areas. Let him not concentrate in Central Province or in areas with good roads. Let him come to West Pokot District and encourage the people to establish co-operative societies. If the Minister comes there with all his officers, he will know that we have the potential of growing. The hides and skins co-operative society in West Pokot District collapsed. Why? Because of mismanagement. We "killed" that society and started another one, which we want to "kill" and start another one. We are just going round "killing" co-operative societies which have been established. The Minister and the Permanent Secretary should come to West Pokot and tell the Pokot the importance of co-operative societies. They should come and educate the Pokot on co-operative societies. This is because we have sang this song for long but if the Minister comes with his officials, he will be told the problems which have led to the collapse of that co-operative society in that district. I am saying this because that co-operative society was our lifeline.

Mr. Temporary Deputy Speaker, Sir, all those controls and regulations must govern the co-operative societies. We will succeed if this august House gives the Minister and the Commissioner of Co-operatives a lot of power or teeth to bite and revive the co-operative societies, which are on the verge of collapse. Otherwise, I would like to congratulate the Minister. He is doing extremely well and we support him. Let him continue with the new Commissioner of Co-operatives. But the

Minister should also appoint the Pokots to work in the Ministry. This is because there is no Pokot in the Ministry of Co-operative Development. There are no Pokots even at the Co-operative Training College. Could the Pokots be in the streamline because when we leave Kapenguria, we say that we are going to Kenya? Could we, at least, be involved?

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

Mr. M. Kariuki: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity. Let me also thank the Minister for Co-operative Development. He has been ranked as one of the most effective Ministers after the revival of the Kenya Co-operative Creameries (KCC), which is one of the co-operative societies. I do hope that his next task would be the revival of the Kenya Farmers Association (KFA) which has been a major co-operative society in the farming areas. Unfortunately, it collapsed many years back. The expectation of our farmers is that, sooner than later, the KFA would be on its feet, and the farming fraternity would resume business.

The co-operative movement is based on the theory of democracy. The major distinction between co-operative societies and companies as corporate entities is basically that the co-operative movement centres on the individual. The use of the word "membership" in the Co-operative Societies Act is quite notable, while the Companies Act talks about shares. There is a fine line and distinction because one is centred on the individual participation, while the other one is centred on capital contribution. So, when we talk about co-operative movement, we cannot run away from the democratic theory of managing the affairs of a co-operative society. I think this is captured by the proposed Section 13, which proposes to amend Sub-section 27 of the principal Act. Section 13 (27)(1) of this amendment Bill clearly underscores the point. That is on page 95. It says:-

"The supreme authority of a co-operative society shall be vested in the general meeting at which members shall have the right to attend, participate and vote on all matters."

I think that captures the spirit of democracy which is supposed to guide the management of the co-operative movement.

Having said that, this amendment is not a panacea to the problems the co-operative societies face. The Minister has sought to entrench Government "interference" in the management of co-operatives. Section 3, which creates the office of the Commissioner, in my view, is unfortunate. He is still a public servant at a time we are facing serious managerial problems in the co-operative movement.

Given the kind of changes which have taken place in co-operative societies in the last 40 years, the initial concept of a co-operative society has changed quite a lot. In 1963, and immediately after Independence, many small-scale farmers we have today in this country, teamed up to form groups to purchase land, mainly from the White Highlands. Most of them could not tell the difference between forming a co-operative society and forming a company. So, we have land-buying companies, for example, in Nakuru. We also have land-buying co-operatives. The membership was not able to distinguish between the two concepts.

Mr. Temporary Deputy Speaker, Sir, 40 years down the road, we now have SACCOs which were not in the original concept of co-operative movement. We also have marketing co-operatives. If I was in the Minister's shoes, the first thing I would have thought about in designing the amendments is to have four parts. The first part of the amendments would generally deal with the co-operative societies. For example, those ones which are *ad hoc*; people team up to buy land and once the land is subdivided, the co-operative society is dissolved. He could put that as the first part of the amendments. The second part would relate to the marketing co-operatives. Those are people who formed co-operatives to buy farms and continued to produce, for example, cash crops, and have common marketing strategies. Those can be preserved as the second part of the Act, so that they are co-operative societies which deal with marketing. The third part would have to be the SACCOs which are mainly financial institutions, and perhaps, much bigger than the ordinary banks which we have in this country. Those SACCOs require special management skills in how finances

are got and disbursed to the members. I would have put the fourth part of the Act to deal with disputes, and this is where we create a tribunal. The Minister seems to be mixed up in the way he has drafted these particular amendments. I think the main aim was to empower himself to manage the co-operative societies. I think that is unfortunate because those particular amendments created too much governance. I think you should have started with the creation of the office of the Commissioner. We have always had commissioners of co-operatives. What have they achieved for us? Actually, they have been mismanaging the affairs of the co-operatives. Now, we have vested the Commissioner with such powers that the whole idea of democratic management of co-operatives is being taken away with the other hand.

Mr. Temporary Deputy Speaker, if you look at the Commissioner, as it has been properly observed here, instead of enjoying some kind of independence, he is still under the manipulation of the Ministry. He is a public servant who can be fired anytime by the Minister. We need an office, in view of the enormous resources vested in the co-operative movement, of a Commissioner who enjoys, in some way, some security of tenure and independence. But if that person will be at the behest of the Minister; that the appointment is by the Minister and he can be so fired, I think it is unfortunate. We need a manager to manage our co-operative movement, in view of what we have now. We have finances, farming and marketing. We need a person with enormous skills of management. I think the best way to pick that particular person is to source for that skill from across the board. We should be able to create an office that is detached from the manipulation of the Ministry, independent and vested with the proper skills.

I am happy to define a Commissioner of Co-operatives. He or she should be picked on merit, perhaps vetted by this particular House on the merit that he can manage the resources that our people have put in the co-operative societies. I propose that we should have a second look at Section 3 of this particular amendment, and look at the kind of unlimited powers that we have vested in that office. Section 46 provides that the Commissioner of Co-operatives can do anything with the co-operative movement. If you look at the powers that are vested in that office, the Commissioner can appoint an auditor for the co-operative movement, if they fail to do so. He can even appoint a lawyer for them! He can decide to dissolve or de-register a co-operative society. That is a person exercising enormous powers without any checks. There must be a way of checking the powers exercised by an individual in that particular area. It is very unfortunate because I also see too much of Government coming in, in the management of the co-operative societies.

Mr. Temporary Deputy Speaker, Sir, at a time that every sector is opening up to private investment and management, we should be having less Government involvement in the co-operative societies. I appreciate that we have gone through very trying moments in the management of our co-operatives. At the very initial stages, we had our fathers who pulled their resources together, without even the barest minimum of skills in managing an organisation. I think we should transform the Co-operative College into an institution that actually trains managers. We should make it mandatory, in this particular amendment, that all co-operative societies must employ duly qualified managers, approved by the Co-operative College. If you put lay people together to manage resources stretching into billions of shillings, and they do not have the barest minimum of skills in financial and business management, then you are putting the public resources at risk. The best way of ensuring that those resources are protected is to ensure that all co-operative societies engage skilled managers. That is where the office of the Commissioner of Co-operatives can come in to vet the individuals who will be recruited by the co-operative societies to manage them.

When you put sections in this amendment to say: "Audits would have to be done by this time; books have to be kept", how do you expect lay people to keep accounts, unless they have a skilled manager? I think the basic shortcoming in the co-operative movement has been lack of people with managerial skills. It is one thing to be elected to lead a co-operative society, but quite another thing to have the necessary skills to manage that particular co-operative society. So, the leadership should be detached from the management in one sense, that they oversee the activities of

the manager, who would be reporting to the Board as to how the work of the co-operative society is moving forward.

However, just putting a Commissioner with powers to interfere left, right and centre, dissolve and de-register, I think that is very unfortunate. We should be moving to a situation of liberalisation, where we are tapping the best skills and not vesting powers in an individual.

Mr. Temporary Deputy Speaker, Sir, I would like to comment on the establishment of the tribunal. In the initial Co-operative Societies Act, Section 80, which was properly amended by the existing 1997 Act, we used to have provisions for arbitration and the arbitrators were mainly picked from the co-operative officers to arbitrate over disputes and the members were not supposed to file any cases in court. That created a clog and there was a serious crisis in the co-operative movement because the co-operative officers were not discharging their roles in terms of creating arbitration panels and in resolving the disputes. So, it was a welcome step to have created a tribunal in the 1997 amendment, but I think the tribunal still leaves a lot to be desired.

First, Section 36 in this amendment now creates another problem. If we are going to have a chairman who is a lawyer, a qualified advocate appointed to chair this tribunal, and you vest powers to appoint him through a Minister of Government and you donate powers to remove him through a Minister, then the whole independence of that particular professional is compromised. What we need is a situation where the Judicial Service Commission picks the chairman of this particular tribunal and he must be a qualified lawyer with the necessary experience, and let him enjoy necessary independence that the Constitution anticipates of any judicial officer who has to resolve conflicts. However, when you give it to a Minister to decide who is going to be chairman, one expects that if this Minister has powers to dismiss, he will obviously manipulate that particular chairman. We want a tribunal that is independent and will administer justice. So, in that regard, I do recommend that the powers of the Minister under Section 36 now as proposed be removed and the matter be left to the Judicial Service Commission to appoint an appropriate officer to man this particular tribunal.

Mr. Temporary Deputy Speaker, Sir, the tribunal is based in Nairobi and you know that there are co-operative societies all over, and to have to come to Nairobi to file a dispute for a co-operative society in Lamu or somewhere in Busia, that is quite expensive for the members. I would propose that the tribunal becomes like a circuit court. If you do not have enough personnel to have branches outside, then this tribunal moves. It will be based in Nairobi but like the Court of Appeal of Kenya, for example, it will be able to sit in Nakuru and hear disputes; move to Kisumu and hear disputes, go to Malindi and Mombasa, rather than the members trying to reach out to come to Nairobi to be heard by this tribunal. It would be less expensive. So, I do recommend that this tribunal be made a circuit tribunal which moves round the country, meets the members and resolves their disputes at their places of work.

Mr. Temporary Deputy Speaker, Sir, the proposed amendment brings in something that is quite positive and that is, in terms of ensuring that the members who might be oppressed by some directors will now have recourse to some form of power of requisition. We know that our co-operative societies movement, once the committee is elected, particularly when they are involved in acts of impropriety, they hardly convene an annual general meeting. That becomes a problem for members because they have to depend on the district co-operative officer who might have to grant them a meeting, or probably deny them. Now, this amendment that brings in the right of the general membership to requisition for a meeting if they feel that they need to have a meeting, is a very important provision. This is in Section 13(6)(b) which gives the society the powers where members can requisition for an annual general meeting and discuss the problems they have in the society. However, there is something that is not going down well under Section 13(6)(b), in that, we are leaving the rules to be stated by the Minister. The right of requisition, if we were to take an analogous case in the Companies Act, is that any person who commands 10 per cent of the shares should be able to requisition, or the general membership which amounts to 10 per cent of the total

number of shares. So, I think that needs to be put here. We should not leave it to the Minister to decide what number of members have to requisition for a general meeting. Ten per cent of the shareholding is good enough and we can borrow from the Companies Act and say: "As long as the membership commands not less than 10 per cent of the total shares, they should be able to requisition a general meeting to discuss their problems". That would be one way of empowering our people to ensure there is proper governance in the co-operative movement.

Mr. Temporary Deputy Speaker, Sir, Section 13 (7) also brings in the question of notices. I do not know why the notices are getting less days. Fifteen days to summon a meeting of a co-operative, I think is too short. I would propose that we again go by the provisions of the Companies Act, which stipulates 21 days, which is reasonable time. Maybe, it takes about one week to dispatch the notices and probably the membership can prepare themselves in two weeks, to be able to participate in the debate that would arise in the general meeting.

Mr. Temporary Deputy Speaker, Sir, the provision relating to "that, no officer or no member of the committee can assign himself salaries or allowances without a resolution of the general meeting", I think is a very sound provision. The people who have abused office in the leadership of the co-operative movement have stolen millions and millions of shillings by assigning themselves allowances which have not been approved by the general membership. So, I think this is another safeguard, and I think that is a welcome provision in terms of ensuring greater accountability by the leaders of the co-operatives, and also ensuring that the members can put the leadership to task.

Mr. Temporary Deputy Speaker, Sir, I am quite disturbed by the fact that the Commissioner can dissolve a co-operative society merely because the committee is not performing. If you are giving the general membership the power of requisition, they should be able to be a watchdog on the committee because they can convene a meeting. All they need is to be facilitated, but if you give these excessive and draconian powers to the Commissioner to dissolve co-operatives, deregister them and all that, I think that is not in very good taste. I do propose that, perhaps, in the third reading, some of these powers should be taken away so that we are able to ensure that even the Commissioner himself does not have such powers that he can abuse.

Mr. Temporary Deputy Speaker, Sir, I would like to also observe that - and I am going back to the issue of KFA - KFA collapsed because of political interference. It was the largest and best managed co-operative society. It was really the backbone of the farming fraternity in the Rift Valley and the entire country, but when the political leadership started changing its names and interfering with the appointment of officers, the donor community pulled out, the looters came in and they put everything down. I think one of the major challenges the Minister has today in terms of regaining the confidence of farmers is to ensure that KFA gets on its feet, and one way of going about it is, first, to re-negotiate the loans that they owe so many banks, like the National Bank of Kenya and the Barclays Bank of Kenya. I am sure that, like National Bank, the Government having been a major shareholder, they should be able to negotiate so that only the principal amount is repaid and the interest can be waived, so that we can now get this particular organisation on board.

Mr. Temporary Deputy Speaker, Sir, I am not quite happy about the calibre of people who are picked by the Minister to revive KFA. The people of Nakuru have managed this organisation for many years, and when it came to picking the interim committee, they were conspicuously absent, and I think there is a sense in saying that we are still being sidelined by this particular Ministry. I think once a parastatal or a public organisation is located in a particular place, the stakeholders should be able to have a say. One of the shortcomings in this revival is that it is not enjoying the goodwill of the people because we have aliens who are trying to revive the organisation. I wish to ask the Minister for Co-operative Development and Marketing to reconsider the composition of the interim committee of the Kenya Farmers Association (KFA), so that the local people in Nakuru can feel that KFA is their baby. That way, the farmers will begin to deliver their goods and seek services from the association. That will assist so much in the revival of KFA.

Mr. Temporary Deputy Speaker, Sir, the people who worked for KFA for many years have

never received their dues amounting to Kshs1 billion. They have taken the matter to court, and we are aware that the organisation does not have the necessary resources. I want to urge the Minister that when he gets funds to inject into this particular organisation, the first beneficiaries should be the former employees of the organisation. It is grossly inhuman that we are laying off our people from work. As a result, their children are kicked out of school. Some of the former employees die before they get their dues. It is very unfortunate, but the same thing has happened in the public service. People who were retrenched in 1999 are still waiting for their dues and not much action has been taken. Those who were retrenched from the Kenya Railways Corporation in 1996 are also still waiting for their dues. I am appealing to the Minister to give first priority to the repayment of salaries of former KFA employees. I know it is not quite easy for the Government to get involved now in the revival of KFA because the exercise will be very expensive to the taxpayer. Furthermore, there are now many competitors who are dealing in farm produce. There are many people who are able to offer services to farmers and if KFA is to be on its feet again, it must be in a position to adopt new techniques and technology to make it more competitive. It must have the goodwill of the farmer, and once it is revived, the farming community, I am sure, will embrace it in the same way they have embraced the revival of KCC.

Mr. Temporary Deputy Speaker, Sir, I would like to talk about SACCOS. The management of SACCOS is too complex. Majority of them are huge organisations. For example, the Teachers Savings and Credit Co-operative Society probably has greater reserves than most of the local banks. It becomes even more complex to manage such a huge organisation. Fortunately, the teachers have seen the need to engage professional managers and that is why they have fared so well. It is clear that the future of our people lies basically on the savings they make in the SACCOS. Even for hon. Members of Parliament, we survive on our SACCO whenever an emergency crops up. So, this is a phenomenon that every Kenyan appreciates.

However, since it involves enormous resources from Kenyans themselves, and I had proposed this in my earlier contribution, it is important that the management of SACCOS be put under a separate part of the Co-operative Societies Act because the management provisions would definitely be very drastically different from the management of the ordinary co-operative societies. And because of their vital importance to the growth and development of our economy, it is important that we give special attention to the SACCOS in this Amendment Bill.

The Assistant Minister for Co-operative Development and Marketing (Mr. Kenneth): On a point of information, Mr. Temporary Deputy Speaker, Sir, I would like to inform the hon. Member that shortly, we will be bringing in the Savings and Credit Co-operatives Act which will probably cover the concerns that he has. We want to treat SACCOS separately. So, he is right in what he is saying.

Mr. M. Kariuki: Thank you for that information. If you look at Clause 44 of this Amendment Bill, it says that regulations will be made by the Minister relating to the management of SACCOS. Surely, if the Government anticipates a situation where a full-fledged Bill will be brought to this House, then, we should make provisions for the Minister to manage SACCOS under regulations. These are very vital institutions and we need actual provisions in the Act to guide the management of the SACCOS. I welcome, however, that particular information from the Assistant Minister, that we will be able to have SACCOS properly managed under a separate Act.

Mr. Temporary Deputy Speaker, Sir, the issue of liquidators is a matter of grave concern. A lot of assets have been looted by liquidators who are not accountable and generally appointed by co-operative officers.

The Temporary Deputy Speaker (Mr. Poghiso): Mr. Karuiki, I am cautioning you on the use of unparliamentary language.

Mr. M. Kariuki: Mr. Temporary Deputy Speaker, Sir, I hope one day we will have a dictionary on what is parliamentary and what is not. Language grows and the language of this House is bound to grow with time.

The Temporary Deputy Speaker (Mr. Poghio): Order, Mr. Kariuki! Looting does not indicate any growth at all. Our language will not grow by mere use of the word "looting". You could use another word because we care about the language you use.

Mr. M. Kariuki: Thank you, Mr. Temporary Deputy Speaker, Sir. I wish to withdraw that particular use of the language.

The liquidators are persons who have disposed of assets of co-operative societies, particularly those societies which were in financial problems. Just like we have recommended elsewhere, that the receivers and managers under the Companies Act be given detailed provision on the criteria and qualifications, it is important that we provide qualifications for liquidators. Who are they? What kind of a person will qualify to be a liquidator? What will be the work of a liquidator? How does he become accountable when he disposes of the assets of a co-operative society? I think it is important for us to answer all these questions because we shall be giving our people proper safeguards.

Mr. Temporary Deputy Speaker, Sir, on that note, I beg to support this Bill, subject to the recommendations that I have made. Thank you.

(Applause)

The Assistant Minister for Education, Science and Technology (Dr. Mwiria): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute. I will be very quick.

First, even as we form co-operatives, we should be careful about the extent to which we localize them. I think the membership should be wider than we have seen in certain communities; it should be national and even regional where possible. It is also important to get more of the youth and women and other marginalized groups involved in the co-operatives. As is the case now, it is the farmers and business people who dominate them. Co-operatives should also not be registered unless they have been proved that they are viable and that they are not duplicating the existing movements.

In terms of management, it is not just enough to say that we have qualified managers running organizations. But, maybe, it may help if we have outsiders; for example, an outside company which has no vested interests, recruiting potential employees, who should also not be too much localized because local people tend to see these societies as their own and tend to misappropriate them because they are local entities.

Regarding the committee, it should also be clear that we need to elect a treasurer and that there should be some gender balance and representation of a variety of interests. In terms of qualifications, I think that there should be minimum requirements for the educational qualifications of the key officers of these organizations. Representations should also apply to other organs, including the tribunal.

Regarding the appointment of the tribunal, I think we are giving the Minister too much power. This kind of power should be vested in other organizations, as well as other professional bodies, to ensure that the Minister, like we have said in regard to other Bills, is not the key person with regard to making key decisions. The role of the Government should just be that of an overseer to ensure that there is democratic management. Members of Parliament should, to the extent possible, be out of the key management positions. The Government should provide the infrastructure necessary to support the activities of these organizations, and where possible, carry out mass education of the local communities, to enable them to benefit most from what goes on in the co-operatives. The co-operative societies themselves should provide leadership, both political and otherwise; they should provide community service, and should also support potential entrepreneurs from within the local communities.

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

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Poghisio): Order, Members! It is now time to interrupt the business of the House. This House, therefore, stands adjourned until Tuesday, 11th May, at 2.30 p.m. The House rose at 6.30 p.m.