

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 15th August, 2001

The House met at 9.00 a.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

POINT OF ORDER

POOR VENTILATION SYSTEM

Mr. Obwocha: On a point of order, Mr. Deputy Speaker, Sir. I rise on a point of order about the conditions of this House. I would like to draw the attention of the Chair to the poor ventilation of this House. It should be revised. This is because this House is always cool. Why can we not put in place a new ventilation system that will make this House a bit warm?

Mr. Deputy Speaker: Order! Mr. Obwocha, you know very well that we have not even started the Business of the House today. Therefore, wait until after Question Time to raise that issue. This is not the right time to do so!

ORAL ANSWERS TO QUESTIONS

Question No.347

WITHDRAWAL OF MONEY BY
KANDARA FARMERS SOCIETY

Eng. Toro asked the Minister for Agriculture:

- (a) under what circumstances the Management Committee of Kandara Coffee Farmers Co-operative Society Limited withdrew Kshs1,281,237.60 from Kandara House Account between January and August, 2000 without the authority of the members; and,
- (b) whether he could urgently send an audit team to investigate this anomaly.

The Assistant Minister for Agriculture and Rural Development (Mr. Sumbeiywo): Mr. Deputy Speaker, Sir, I beg to reply.

(a) The Management Committee of Kandara Coffee Farmers Co-operative Society Limited withdrew Kshs1,092,217 from Kandara House Account between January and August, 2000, but not Kshs1,281,237.60, to run its affairs till payments from their coffee proceeds were received on 3rd August, 2000. The management transferred Kshs1,059,565 back into the Kandara House Account.

This was a normal transaction which was supported by the management committee's decision since Kandara House is being treated as an activity of the coffee society.

(b) Since the funds withdrawn from Kandara House Account were spent for a right cause, I do not deem it necessary to send an audit team to investigate the transaction.

Eng. Toro: Mr. Deputy Speaker, Sir, one of the problems bedeviling the coffee sector in this country is misappropriation of funds by management committees. I do not think the Assistant Minister is serious when he says that he is satisfied with the transaction and he cannot send an audit team. Kandara House holds a separate account from the account of the co-operative society. When the new management was elected, it withdrew this money. Previous management teams did not withdraw this money without the resolution of the members. Could the Assistant Minister tell us which activities necessitated the management committee to withdraw this amount of money without the consent of members?

Mr. Sumbeiywo: Mr. Deputy Speaker, Sir, this money was meant to run the activities of the co-operative society on a day to day basis.

Mr. Muchiri: Mr. Deputy Speaker, Sir, the issue here is that the management withdrew money without the

consent of the members. If so, did they not breach the trust placed in them by the members?

Mr. Sumbeiywo: Mr. Deputy Speaker, Sir, it is not true because the money was withdrawn with the approval of the members of the co-operative society. This co-operative society has a membership of 8,915.

Eng. Toro: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Assistant Minister to mislead the House on this very important issue? In his answer he said it is the management committee which withdrew money from the Kandara House Account. That is the correct position. Now he is saying that it is the membership which approved withdrawal of the money. This is not the case. Is he in order to mislead the House that the membership of 8,915 approved the withdrawal of this money?

Mr. Sumbeiywo: Mr. Deputy Speaker, Sir, it is common knowledge that once a committee has been put in place to run any institution or a co-operative society such as this one, it has the mandate to withdraw money. Otherwise, how will they run and manage the affairs of a co-operative society without funds?

Mr. Deputy Speaker: Mr. Assistant Minister, I think you will do us a lot of good if you told us the committee met and passed a special resolution to withdraw the funds. What do the rules require the management to do?

Mr. Sumbeiywo: Mr. Deputy Speaker, Sir, the rules of the co-operative movement throughout the country provide that once a management committee has been put in place, it has the mandate to run the affairs of that co-operative society. One of those rules is to withdraw certain amounts of money to carry out the affairs of such a society.

Eng. Toro: Mr. Deputy Speaker, Sir, it is very unfortunate that the problems in the co-operative sector are aggravated by the Ministry. This is because once we raise issues in this House, the Ministry does not investigate. The Ministry just sends a question to the very people who have misappropriated money. They take the answer given to them by the management which is out to cover up itself, as the truth. We can only obtain the truth of this matter when the Assistant Minister will send an audit team to find out the actual position on the ground. He should not listen to the answer given by the management committee. He says that this money was refunded. However, we know that the society did not have money to run its activities. Where did they get this money to refund to the Kandara House Account, which is a separate account from the society's account?

Mr. Sumbeiywo: Mr. Deputy Speaker, Sir, I am prepared to send a team from the Ministry headquarters to carry out an audit of the said accounts. If the hon. Member is not satisfied, I am prepared to send a team to carry out an audit of this co-operative society. They were able to pay back that money when they got the proceeds from the sale of coffee. That is why they refunded the money which they had already withdrawn.

Eng. Toro: On a point of order, Mr. Deputy Speaker, Sir. This is why the Assistant Minister should send an audit team there. The proceeds---

Mr. Deputy Speaker: Order, Eng. Toro! That is not a point of order!

Eng. Toro: Is he in order to mislead the House by saying that the money was refunded to the Kandara House Account through the sale of coffee? That is not the truth because they borrowed money from somewhere else to refund. Is he in order to mislead the House?

Mr. Deputy Speaker: Order, Eng. Toro! You are the one who is out of order. You are simply making a speech.

Next Question, Mr. Sungu!

Question No.379

FUNDS ALLOCATION TO KISUMU
RURAL ELECTRIFICATION PROJECTS

Mr. Sungu asked the Minister for Energy:-

- (a) whether he is aware that Kshs11 million was allocated for rural electrification projects within Kisumu District for the financial year 2000/2001; and,
- (b) how much of this money has been utilised and on which projects.

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

(a) Yes, I am aware.

(b) None of the prioritised new rural electrification projects were implemented in Kisumu District. In the 2000/2001 financial year, therefore, no funds were utilised on them. As I had earlier stated in this august House, a substantial amount of rural electrification funds went towards operational maintenance expenses and accordingly, the estimated budget has not been realised. However, in the last five years, the Government has spent Kshs27.3 million in implementing rural electrification projects in Kisumu District as follows:-

Project	Date of Completion	Amount
Mpange/Kaloke beaches	October 2000	Kshs13.6 million
Huma Girls	August 2000	Kshs2.1 million
Barkonwa Mission Complex	November 1999	Kshs7.2 million
Chika Applicants		
Phase 1	February 1998	Kshs4.4 million

Mr. Sungu: Mr. Deputy Speaker, Sir, it is sad to note that Kshs11 million was allocated to Kisumu District. The Assistant Minister should tell this House how much was actually given to the district; noting that we have got outstanding electrification projects which have been prioritised by the DDCs, including Nyahera Coffee Factory and other areas of the constituencies in Kisumu District? Could he tell us how much money was actually given to the District Treasury and how much was returned, and for what reasons? Could we also know the officers who were responsible for this situation?

Mr. Sasura: Mr. Deputy Speaker, Sir, out of the Kshs11 million, none of the new projects have been implemented because we rely on budgetary allocations based on anticipated funds. Most of the time, these funds are not realised. So, principally, we do not have funds for the year 2000/2001 for Kisumu District except for the last five years, we had several projects completed. But as for that financial year, we did not get any money.

Mr. Deputy Speaker: But Mr. Assistant Minister, you had said you are aware that Kshs11 million was allocated to Kisumu District. What the hon. Member wants to know is how that money was spent and on what projects?

Mr. Sasura: Mr. Deputy Speaker, Sir, we allocate money which is anticipated. But we do not have that money yet.

Mr. Deputy Speaker: But what has been allocated has been provided in the Budget!

Mr. Sasura: Mr. Deputy Speaker, Sir, we depend on the 5 per cent Rural Electrification Levy which goes directly to the operational maintenance of the previous projects. So, we do not have this money as yet.

Mr. Ayoki: Mr. Deputy Speaker, Sir, the Assistant Minister has stated that some money was earmarked for rural electrification in Kisumu District, and that this money was not realised. Could he tell us what plans he has to complete those projects which were originally earmarked for completion?

Mr. Sasura: Mr. Deputy Speaker, Sir, it is true that the Ministry had plans of completing these projects. But in many of these cases, we depend on funds from external sources, for instance, grants from France, the European Union and Spain. For example, Onyalunga Primary School and its environs shall benefit from a Spanish credit fund of Kshs2.5 million.

Eng. Toro: Mr. Deputy Speaker, Sir, wherever rural electrification is being carried out, it usually goes to a specific point and by-passes all the important trading centres and schools. The purpose of electrification is for the Kenya Power and Lighting Company (KPLC) to realise economic returns. Could the Assistant Minister tell us why they always by-pass essential shopping centres where they could earn revenue and go to specific points, instead of enhancing revenue returns for the KPLC?

Mr. Sasura: Mr. Deputy Speaker, Sir, when KPLC distributes power, we can go to a certain point of application. It is not that, along the way, they are going to supply power to every consumer. Some of these consumers have not applied but some of the points that we go to are projects that have been applied for on commercial basis or through the DDCs. We do not supply power in every point where the power line passes through.

Mr. Sungu: Mr. Deputy Speaker, Sir, I am really concerned that Kisumu District did not get any funds and yet there was a budgetary allocation. I would like to ask the Assistant Minister to now undertake that any funds allocated in the Budget will be given to the district so that they can be used in completing projects like the Nyahera Coffee Factory and the secondary schools in our areas which were previously prioritised in the DDCs. Will he now give this House an undertaking that this will be done?

Mr. Sasura: Mr. Deputy Speaker, Sir, I undertake that these projects will be completed immediately these funds will be realised.

Question No.255

POLLUTION OF ATHI RIVER

Mr. Katuku asked the Minister for Environment:-

- whether he is aware that the water in Athi River, which cuts through Mwala, Constituency, has turned green due to pollution;
- whether he is further aware that there have been frequent outbreaks of cholera and other water-

borne diseases resulting in many deaths, particularly around Mbiuni, Mwala, Wamunyu and Kibauni locations; and,
(c) who is responsible for the said pollution and what immediate action he is taking to arrest the situation.

Mr. Deputy Speaker: Anybody here from Ministry of Environment and Natural Resources? We will come back to the Question later.

Next Question, Dr. Kulundu!

Question No.102

EMPLOYMENT OF UNTRAINED DRUG INSPECTORS

Dr. Kulundu asked the Minister for Medical Services why the Ministry employs drug inspectors who are neither trained pharmacists nor pharmaceutical technologists.

Mr. Deputy Speaker: The Minister for Medical Services! He is not here? We will come back to the Question later.

Next Question, Mr. Muya!

Question No.566

REHABILITATION OF MAKUTANO-THIKA-NAIROBI ROAD

Mr. Muya asked the Minister for Roads and Public Works which contractor last rehabilitated the 45-kilometre Makutano-Sagana Road and Thika-Nairobi dual carriageway, and when the works were certified as completed.

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

Rehabilitation of the Sagana-Makutano Road was awarded to HZ Company and the works were certified as complete in March, 1998.

Mr. Muya: Mr. Deputy Speaker, Sir, HZ Company is the same company which was awarded the contract for Nyeri roads in 1998 and left them in a terrible state and undone, causing a lot of suffering and dust-borne diseases. I cannot understand the Assistant Minister when he says that the Makutano-Sagana Road was certified as complete three-and-half years ago; yet the road is not complete. I thought the Assistant Minister was aware of that. When we went to Nyeri to tour those roads, he should have noticed that around the Kakuzi area, five to seven kilometres from Makutano along Murang'a Road, the road leading to Nyeri is lower and the one on the left side is higher as you come to Nairobi. A similar situation persists near Kambiti Shopping Centre. Could that road be said to be complete?

Eng. Rotich: Mr. Deputy Speaker, Sir, I agree that there were problems in the implementation of that project. But in March, 1998, indications were that it was certified as complete by the HZ Company. But there were problems in doing that project.

Mr. Imanyara: Mr. Deputy Speaker, Sir, I travel on that road practically every week on my way to Meru, and I can confirm what the Member has said. There are two levels or surfaces. There is clearly one surface just after Kakuzi where you hit the road and feel like you have hit a bump because one surface has not been done. Is it in order for the Assistant Minister to say that there were problems, and not identify those problems and confirm to this House that the HZ Company will be required to complete the work for which they were paid?

Eng. Rotich: Mr. Deputy Speaker, Sir, the HZ Company was not paid for work which was not done. The contract was terminated after we got into problems. We certified the work that had been done as completed and the rest of the work was terminated.

Mr. P.K. Mwangi: Mr. Deputy Speaker, Sir, I have just travelled on that road from home. Last week on Tuesday, I personally was about to be killed by a vehicle ferrying goods for Bidco Company because of the same problem! It veered off the road and caused an accident. Could the Assistant Minister tell this House how the Ministry gave the certificate of completion of the work when the job was not well done? How much was used in that rehabilitation?

Eng. Rotich: Mr. Deputy Speaker, Sir, I am not saying that the job was done properly. It was certified as complete by one of our engineers who has since been suspended. So, I agree that the job was not done to our satisfaction.

Mr. Michuki: Mr. Deputy Speaker, Sir, the road in question was part of a much bigger contract, which included Makutano, Murang'a and Sagana roads by the same contractor. Although the contractor was paid, he did

nothing for Makutano-Murang'a-Sagana Road. What plans does the Ministry have to rehabilitate that road, which is now forcing us to use the road which he has just commented on; to go through Sagana and come back to Murang'a, because the Makutano-Murang'a-Sagana Road is impassable?

Eng. Rotich: Mr. Deputy Speaker, Sir, I have admitted that the job was done badly. We hope that during this financial year, we will repair that road. There is a study going on now and, hopefully, before December, we shall know the actual cost of rehabilitating that road. But it is true that the job was not done well.

Mr. Deputy Speaker: Let me hear from Mr. Mwalulu! Is this the first time you are standing in the House?

The Member for Taveta (Mr. Mwalulu): Yes, Mr. Deputy Speaker, Sir!

Mr. Deputy Speaker: Tell the Members your names!

The Member for Taveta (Mr. Mwalulu): Mr. Deputy Speaker, Sir, my names are Jackson Mwalulu, the Member of Parliament for Taveta.

Mr. Deputy Speaker: Very good! Proceed!

(Applause)

The Member for Taveta (Mr. Mwalulu): Mr. Deputy Speaker, Sir, the question of roads is very serious, and roads are important to the economy of this country. We have had many cases of roads which are tarmacked on paper, but when you go to the ground, they are not tarmacked. Could the Assistant Minister explain the criteria they normally use to certify that roads are tarmacked not only on paper, but on the ground?

(Applause)

Eng. Rotich: Mr. Deputy Speaker, Sir, the conditions for certifying roads, which are well done or not well done, are very clear. The problem is that it is the individuals who do those jobs. We have had problems in the past, where people have certified jobs which have not been done properly. It is the human part of the person that is to blame and not the specifications and standards that we have!

Mr. Deputy Speaker: Order! But in the meantime, tell him what criteria you use to certify completed roads!

Eng. Rotich: Mr. Deputy Speaker, Sir, I do not have the list here; I would have read it to him. But we have our own standards and specifications for constructing roads.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, the problem of shoddy jobs on our roads in this country is very prevalent. The HZ Company, in particular, has been involved in shoddy jobs and shady deals! Could the Assistant Minister consider blacklisting that company from being given any Government job on roads?

Eng. Rotich: Mr. Deputy Speaker, Sir, I wish to confirm that we stopped giving road contracts to HZ Company!

Mr. Keriri: Mr. Deputy Speaker, Sir, I have a lot of respect for the Assistant Minister! He is honest, has told us the truth and that is very good. I think there are very few of them who do that!

Mr. Deputy Speaker, Sir, the Sagana-Makutano-Thika-Nairobi Road has been on the programme of resealing and re-carpeting for more than 15 years! First, a contract was awarded in 1984 and nothing happened! There was another contract in 1991 and nothing happened. In 1994, that particular contractor was awarded the contract. He did a very shoddy job and the Assistant Minister has recognised and agreed to that. Now, for all those years, we have been driving on a road made up of layers. In one section, you are on a high step and in another section, you are on a lower step! There are very many accidents occurring on that road. Why has the Government, for all those years, not gone back to complete what was not completed by the contractor?

Eng. Rotich: Mr. Deputy Speaker, Sir, you will appreciate that, once you give somebody a contract, there are certain implications when you terminate the contract when there is a dispute. It takes a very long time to resolve the dispute. That has been the problem on that road. But, as of now, we have sorted out the problems and we hope that we shall do the necessary. I cannot specifically say when, but we hope it will be in the course of this year. We are now finalising the inspection and study on the road. So, I will not be able to tell you exactly when we are going to start. Hopefully, we will start before December.

Eng. Toro: Mr. Deputy Speaker, Sir, when a contract has been awarded and the tender documents signed, there are conditions for determination of the contract if the contractor fails to perform his obligation. When a contract has been determined, there is the amount of money that is left and is awarded to another contractor! Could the Assistant Minister tell us how much money the contract was worth, how much the contractor was paid and what was the balance? If there was a balance, why was another contractor not contracted to finish the job?

Eng. Rotich: Mr. Deputy Speaker, Sir, I do not have the exact figures, but I can give you the total amount for the contract of the road which was Kshs227,002,501. The problem with contracts is that even if you determine it, the contractor goes to court. These things tend to go on for a long time. It takes a very long time for the courts to give us

the go-ahead to get the next contractor. It is very difficult. I do not have the figures that were paid, but the total amount for the contract was Kshs227 million.

Mr. Deputy Speaker: Mr. Assistant Minister, when you terminate a contract because of non-performance by the contractor, among other things, he retains his equipment. You can then get another contractor to complete the contract using the money that is left over. I happen to know this.

Eng. Rotich: I agree that you were once there because I was with you in the Ministry. The problem with the law is that there is so much delay. You will find that somebody goes for arbitration and this creates more problems. We retained their machinery, but we are unable to bring another contractor before we complete the litigation process.

Mr. Muya: Mr. Deputy Speaker, Sir, we are talking about a killer road and I thought the Government would have been sympathetic. Last year there was an accident around Kakuzi area whereby a matatu skidded and rolled off the road and landed on top of another matatu which was passing by. This resulted in the death of many people. How many people will die before the Government takes any action? We are talking about a little amount of money which the Ministry can provide using its own personnel. Could you confirm to us that this road will be repaired before the end of this year?

Eng. Rotich: Mr. Deputy Speaker, Sir, I am sorry about the accident. I think another accident occurred yesterday, on the same road, and two people were killed. I am sorry about that. We hope to do this job before the end of December during this financial year.

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

Mr. Angwenyi: Mr. Deputy Speaker, Sir, the Minister came here---

Mr. Deputy Speaker: Excuse me! You are in the House this morning, particularly to ask that Question and not to talk to a Minister or whoever! I will now proceed to the next Question!

Question No.326

LAND REGISTRATION IN COAST PROVINCE.

Mr. Kombe asked the Minister for Lands and Settlement what plans he has to facilitate land registration in Coast Province.

The Assistant Minister for Lands and Settlement (Mr. Sudi): Mr. Deputy Speaker, Sir, I would like to request the Chair that this Question be deferred to next week.

Mr. Deputy Speaker: Mr. Assistant Minister, this Question is merely asking you to explain what plans the Government has. You should tell us whether such plans are there or not.

The Assistant Minister for Lands and Settlement (Mr. Sudi): Mr. Deputy Speaker, Sir, I am not satisfied with the answer I received. I would like this Question to be deferred until the time we come back from recess.

Mr. Kombe: Mr. Deputy Speaker, Sir, I do not know what you have to say about this, but this is the fourth time this Question is being deferred.

Mr. Deputy Speaker: Mr. Assistant Minister, I think you are not being fair to the hon. Member for Magarini. Plans in your Ministry to carry out land registration must be initiated by the Minister himself. What is the difficulty here? We cannot defer an hon. Member's Question four times for want of a reply from a Ministry. That is not fair.

The Assistant Minister for Lands and Settlement (Mr. Sudi): That is right, Mr. Deputy Speaker, Sir. I am requesting that this Question be deferred for the last time and then when we come back I will give a proper answer.

Dr. Kulundu: On a point of order, Mr. Deputy Speaker, Sir. Could the Assistant Minister tell us which correct information he is looking for, before he answers Mr. Kombe's Question? He seems to know what the correct information is.

The Assistant Minister for Lands and Settlement (Mr. Sudi): That is right Mr. Deputy Speaker, Sir. This answer was not framed in the manner that the Ministry wanted, in order for me to reply on the Floor of the House. I would like to ask for more time to answer the Question.

Mr. Deputy Speaker: If the Assistant Minister has no answer, there is nothing we can do about it. Let me say this: The answer to that Question must be framed by you and not anybody else. If you framed it badly, you are the one who must be blamed. So, this Question will be deferred for the last time.

(Question deferred)

Question No.474

LAND ACQUISITION FOR SABA
SABA RAILWAY STATION

Mr. P.K. Mwangi asked the Minister for Lands and Settlement:-

- (a) whether he could explain how Kenya Railways acquired title No.LOC.17 Saba Saba/1357, measuring 18.6 acres reserved for construction of Saba Saba Railway Station; and,
- (b) when the Government will compensate the people whose land was taken away for the project.

The Assistant Minister for Lands and Settlement (Mr. Sudi): Mr. Deputy Speaker, Sir, the Minister was supposed to answer that Question, but he has not come. Perhaps we can wait for him.

Mr. Deputy Speaker: We will come back to the Question later on.

Mr. Katuku's Question for the second time!

Question No.255

POLLUTION OF ATHI RIVER

Mr. Katuku asked the Minister for Environment:-

- (a) whether he is aware that the water in Athi River, which cuts across Mwala Constituency has turned green due to pollution,
- (b) whether he is further aware that there have been frequent outbreaks of cholera and other water-borne diseases resulting in many deaths, particularly around Mbiuni, Mwala, Wamunyu and Kibauni locations; and,
- (c) who is responsible for the said pollution and what immediate action he is taking to arrest the situation.

Mr. Deputy Speaker: Is there anyone here from the Ministry of Environment and Natural Resources?

Mr. Katuku: Mr. Deputy Speaker, Sir, this Question was deferred last week and the matter in question is serious. People who live along this river are dying because of pollution. You must have noted that Nairobi River is very polluted and people are dying. I do not know how we can go about this, since we are going on recess very soon.

Mr. Deputy Speaker: I just have to defer it and let it be one of the first Questions when we return.

Dr. Kulundu's Question for the second time!

Question No.102

EMPLOYMENT OF UNTRAINED DRUG INSPECTORS

Dr. Kulundu asked the Minister for Medical Services why the Ministry employs drug inspectors who are neither trained pharmacists nor pharmaceutical technologists.

The Assistant Minister for Health (Dr. Wako): Mr. Deputy Speaker, Sir, let me first of all apologise for coming late.

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

(a) The Ministry employs disciplines other than pharmacists or pharmaceutical technologists as drug inspectors so as to enable the inspectorate to carry out investigations and prosecute those contravening various health related laws.

Dr. Kulundu: Mr. Deputy Speaker, Sir, first of all, I do not even have a written reply. So, I did not quite get what he said in his opening sentence. Could he repeat what he said?

Dr. Wako: Mr. Deputy Speaker, Sir, the Ministry employs disciplines other than pharmacists or pharmaceutical technologists as drug inspectors so as to enable the inspectorate to carry out investigations and prosecute those contravening various health related laws.

Dr. Kulundu: Mr. Deputy Speaker, Sir, the question of the quality of the drugs consumed by Kenyans is a very fundamental one. It is important that this Ministry employs trained people who can ensure that the drugs available in the Kenyan market are registered, first of all, and that they are safe for use by Kenyans. Could the Assistant Minister justify why the Ministry employs police officers to check on the quality of drugs instead of trained pharmacists or pharmaceutical technologists because they also have prosecution powers?

Dr. Wako: Mr. Deputy Speaker, Sir, the justification for employing people who are not pharmacists or pharmaceutical technologists is in the recruitment scheme which gives the Kenya Certificate of Secondary Education, Mean grade D+ or equivalent, or Diploma in Pharmacy from Kenya Medical Training College, Diploma in Law, first the non-commissioned officers, those from the Kenya Police Force or clean certificate of discharge from the Kenya Police Force. But what we have done as a Ministry is that we have now employed pharmacists and pharmaceutical technologists who are already trained at the CID headquarters, but the Ministry wants to expand the inspectorate to

cover all disciplines. We are training 19 officers at the Kenya Medical Training School who consist of doctors, clinical officers, public health officers, nurses, pharmacists and pharmaceutical technologists, so that we can expand the inspectorate.

Mr. Muchiri: Mr. Deputy Speaker, Sir, the Assistant Minister is misleading this House. I was a prosecutor for ten years, and I have never seen a case investigated by the Ministry and brought to the court. Could he tell this House how many cases are pending in court that have been investigated and are being prosecuted by his officers and from the Ministry?

Dr. Wako: Mr. Deputy Speaker, Sir, it is not true that the Ministry has not taken people to court. Every other day, our inspectorate officers are in court prosecuting people. I cannot say right now how many cases we have prosecuted, but we can get the figures if the hon. Member requires.

Mr. Khamasi: Mr. Deputy Speaker, Sir, it is apparent that the Assistant Minister is telling us that the people who are in the inspectorate are not trained. In the current establishment, could he tell us who are trained specialists in this field and who are not trained? How many of them are police officers and how many of them are trained pharmacists and pharmaceutical technologists?

Dr. Wako: Mr. Deputy Speaker, Sir, as I have said before, we have seven officers; two former immigration officers, two labour inspectors, Dairy Board Inspectors I, former police officer two, two pharmacists and two pharmaceutical technologists.

Dr. Kulundu: Mr. Deputy Speaker, Sir, in fact, those numbers that the Assistant Minister has given do not tally with the Printed Estimates of the Ministry as they appear on pages 522 and 523. This Ministry has a vacant post for a senior inspector of drugs. It has drugs inspectors grade II who earns Kshs10,788 and grade III. They have three of them who are in Grade III who earn Kshs10,767. In the provinces, they have three, making a total of ten. Where have you got those fictitious figures from?

(Laughter)

Dr. Wako: Mr. Deputy Speaker, Sir, I have just said that we have nine people and he is saying that they are ten. I do not know why he is talking of contradiction because I said that there are seven officers, two of them who are immigration officers, two of them labour officers and two of them police officers. There is also one dairy board inspector, two pharmaceutical technologists and two pharmacists are going to be attached to that department.

Mr. Deputy Speaker: Order, Dr. Wako! Nine cannot be equal to ten or 11!

Dr. Wako: Mr. Deputy Speaker, Sir, I am saying that the seven officers are already in the field, and four officers, the two pharmaceutical technologists and the two pharmacists are to be added to the department, making it 11.

Dr. Kulundu: Mr. Deputy Speaker, Sir, in fact, the Chief Drugs Inspector is a trained police officer. In the Drugs Inspectorate Team, Dr. Wako knows that there is no trained pharmacist or pharmaceutical technologist given the remuneration level that I have just cited in my previous question. Could he tell us the names of the pharmacists that the Ministry has now recruited in the inspectorate team?

Dr. Wako: Mr. Deputy Speaker, Sir, I do not know whether Dr. Kulundu is getting me right. I have agreed with him that it is true that all the seven who are in the field are either police officers, labour officers, or dairy board officers or from the Immigration Department, but we have trained four pharmacists and two pharmaceutical technologists who are to join the department. I do not have the names right now, but I can avail them to the House.

Question No.568

LEASING OF GUSII COUNCIL GRADER

Mr. Angwenyi asked the Minister for Local Government:-

- (a) whether he is aware that the Gusii County Council grader was leased to a private person for two years and that it was returned to the Council in unserviceable condition;
- (b) what steps he is taking to ensure that the proceeds for the use of the grader by the private person for two years are surrendered to the Council; and,
- (c) whether he could order that the grader be repaired immediately so that it can be used in various road projects in the country?

Mr. Deputy Speaker: Is there no one from the Ministry of Local Government?

Hon. Members: Kamocho!

Mr. Deputy Speaker: They are not here! The Member for Kitutu Chache, I am afraid we have to defer that Question.

Mr. Angwenyi: Mr. Deputy Speaker, Sir, to when? To next year?

Mr. Deputy Speaker: Well, if you have got an earlier date, I will be quite happy to defer it to that date!

Mr. Angwenyi: Mr. Deputy Speaker, Sir, could I have it tomorrow?

Mr. Deputy Speaker: Yes.

Mr. Angwenyi: Thank you, Mr. Deputy Speaker, Sir.

(Question deferred)

Question No.474

LAND ACQUISITION FOR SABA
SABA RAILWAY STATION

Mr. P.K. Mwangi asked the Minister for Lands and Settlement:-

(a) whether he could explain how Kenya Railways acquired title No.LOC.17 Saba Saba/1357, measuring 18.6 acres reserved for construction of Saba Saba Railway Station; and,

(b) when the Government will compensate the people whose land was taken away for the project.

Mr. Deputy Speaker: Is there no one here from the Ministry of Lands and Settlement? Well, they are not there. That Question is also deferred!

Mr. P.K. Mwangi: Mr. Deputy Speaker, Sir, will it be possible to put it on the Order Paper for this afternoon because the said people are suffering?

Mr. Deputy Speaker: It is not possible because the Order Paper for this afternoon is already out!

Mr. P.K. Mwangi: Then, it should be on tomorrow's Order Paper.

Mr. Deputy Speaker: It is okay.

(Question deferred)

QUESTIONS BY PRIVATE NOTICE

BANDIT ATTACKS IN WAJIR

(Mr. Keynan) to ask the Minister of State, Office of the President the following Question by Private Notice:-

(a) Is the Minister aware that on 1st May, 2001, there was a banditry attack on the people of Arbajahan in Wajir District in which 800 camels were stolen by bandits from Marsabit District and that less than 110 camels have, so far, been recovered?

(b) What action has he taken against the perpetrators of this attack on defenceless people, and when will the stolen animals be returned to the affected families?

(c) What steps is he taking to curb this menace and thereby give the assurance to the area residents that this will not recur in future?

Mr. Deputy Speaker: Is Mr. Keynan not here? The Question is dropped.

(Question dropped)

DISBURSEMENT OF KYANGULI SCHOOL DISASTER FUND

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

(a) How much money has been collected on the Kyanguli High School Disaster Fund and how has it been used?

(b) When will the parents who lost their sons be compensated and how much will they be paid?

The Minister of State, Office of the President (Maj. Madoka): Mr. Deputy Speaker, Sir, you will recall that I did answer this Question yesterday and I laid on the Table the expenditure. I think the hon. Member wanted to look at the expenditure and maybe later he can ask his questions.

Mr. Kikuyu: Mr. Deputy Speaker, Sir, after looking through the expenditure, it is clear that this was a disaster. The Minister said yesterday that they gave Kshs57,000 as a token for compensation to the parents of the bereaved children. But many more others who were in that dormitory did not die. They lost their properties. What token of compensation is the disaster fund planning to give to those who survived and are up to now sick or in hospital

and not just those who died?

Maj. Madoka: Mr. Deputy Speaker, Sir, from the collected funds, we have only a balance of Kshs169,183. I think if that is taken to the committee, they will be able to look into it, but a token sum was paid to the parents whose children's belongings were burnt. It was a total of Kshs154,000.

Mr. Kikuyu: Mr. Deputy Speaker, Sir, considering that this is not the last time in Kenya we may have a situation like that, what is the Ministry doing to make sure that at least all Government institutions, whether schools, or technical institutions, or railways are insured so that in the end, we do not come and say that they were not insured? We enrol our children in public schools run by the Government which we think is responsible. The Government should have insured those institutions. Why should the Government tell us that those institutions were not insured?

Maj. Madoka: Mr. Deputy Speaker, Sir, I think that is a question best put to the Ministry of Education, Science and Technology.

Mr. Kikuyu: Mr. Deputy Speaker, Sir, although the Minister says that this question should go to the Ministry of Education, Science and Technology, it is the Office of the President which has taken up the functions and responsibilities of every department in every Ministry in Kenya. If you go to the Ministry of Health, you will find they have control of the AIDS funds. When you go to the Ministry of Education, Science and Technology, you will find they have the disaster funds. They have plucked all the monies from all the Ministries and have left them as bare as skeletons. How does the Office of the President expect this Ministry of Education, Science and Technology to insure the institutions while they have taken all the money?

Maj. Madoka: Mr. Deputy Speaker, Sir, I do not think that question is worth answering because we have always explained why the departments in the Office of the President are there.

Dr. Kulundu: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the Minister to evade answering that very legitimate question when we know that the Disaster Management Fund is under the Office of the President?

Mr. Deputy Speaker: Yes, but surely the question that the Member asked was whether the Government will now insure all schools and that is rightly a question for the Ministry of Education, Science and Technology. That is the Minister's point of view.

Dr. Kulundu: On a point of order, Mr. Deputy Speaker, Sir. Disaster management entails an element of insurance. So, if they take on disaster management they should also be ready to take on that element of insuring the same.

Mr. Deputy Speaker: Order! Insurance does not always have to relate to disasters. Surely, that is the point. It should insure for all eventualities and that, in my view, humble as it is, is a responsibility of the Ministry of Education, Science and Technology. Mr. Angwenyi!

Mr. Angwenyi: Mr. Deputy Speaker, Sir, my point of order has been raised by hon. Dr. Kulundu.

Mr. Deputy Speaker: Thank you very much. Next Question, Dr. Ochuodho!

IRREGULARITIES IN COTU ELECTIONS

(Dr. Ochuodho) to ask the Attorney-General:-

(a) Is the Attorney-General aware that due to glaring irregularities by the Registrar of Trade Unions, some eligible delegates and candidates for COTU national elections, scheduled for September, may be locked out?

(b) Is he further aware that the purported elections by the Transport and Allied Workers Union, held on Sunday 3rd June, 2001, were certified by the Registrar despite an objection filed on 4th June, 2001?

(c) Why did the Registrar ignore a cautionary letter from the Chief Industrial Relations Officer, Ministry of Labour, dated 18th May, 2001 highlighting irregularities in the elections?

Mr. Deputy Speaker: Dr. Ochuodho is not here. The Question is dropped.

(Question dropped)

Next Order!

POINTS OF ORDER UNDERSTAFFING POSITION OF TEACHERS IN KAKAMEGA DISTRICT

The Assistant Minister for Education, Science and Technology (Mr. Karauri): Mr. Deputy Speaker, Sir, I promised on Thursday last week that I will table the understaffing position of teachers in Kakamega District both secondary and primary which I beg to table.

(Mr. Karauri laid the document on the Table)

STATE OF REPORTS LAID ON THE
TABLE OF THE HOUSE

Mr. Anyona: Mr. Deputy Speaker, Sir, a few weeks ago a matter regarding reports laid on the Table of the House was raised here and you did make a ruling that the Office of the President ought to make a Statement as to the state of these reports before a comprehensive ruling was made by the Chair. I have kept raising this issue every week and no answer is forthcoming. I really do not know how we should handle this kind of thing because it is a very serious matter.

The Minister of State, Office of the President (Maj. Madoka): Sorry, Mr. Deputy Speaker, Sir. I was not listening to that one. Could he ask it again?

Mr. Anyona: Mr. Deputy Speaker, Sir, it does really mean that the Government does not take these things seriously. All reports laid here by parastatals violated the law because they were time barred. The question the Chair raised was: Is there an explanation from the Office of the President for this delay before the chair makes a ruling? Yes, I appreciate it was hon. Samoei who undertook to make a Statement, but I suppose you take responsibility.

The Minister of State, Office of the President (Maj. Madoka): Thank you, Mr. Deputy Speaker, Sir. In fact, it is not even hon. Samoei who is in charge of Cabinet affairs but hon. Sunkuli. So, I will take it up with him.

STATUS OF MOTION ON DEATH OF
HON. ANTONY WAMBUA NDILINGE

Dr. Kituyi: Mr. Deputy Speaker, Sir, I seek some guidance from the Chair on a matter that has been rather upsetting to some of us here. In the course of the first half of last week, there was consultation between Members of this House from both sides who felt the need to establish a Parliamentary Select Committee to investigate the death of hon. A.W. Ndilinge. I was requested to prepare the Motion which I duly did and it was signed and sponsored by my party. At a subsequent meeting, hon. Mwai Kibaki and a few of us went and saw our substantive Speaker about the Motion on Thursday morning. He made certain suggestions about which we consulted and it was agreed that we consider presenting the Motion as it originally was. I personally took back the Motion to Mr. Speaker and we had an undertaking that this matter will come to the House Business Committee yesterday evening.

Mr. Deputy Speaker, Sir, the substantive Speaker did tell the House Business Committee yesterday that he had not received the Motion. Now, the Chair or the Speaker is very important to us in this House. If we do not believe that the Speaker is telling the House Business Committee the truth, what do we do?

(Applause)

Mr. Deputy Speaker: Order! Hon. Members, this particular Chair does not sit in the House Business Committee and so he is not aware of what transpired there. However, let me say that from what I understand is that there was a request for a Motion to set up a Select Committee to inquire into the very unfortunate death of a colleague of ours, the late Tony Ndilinge. Now, there is some confusion or doubt as to the movement of the documents which hon. Dr. Kituyi has referred to. However, strictly speaking, when you have a Motion you wish to introduce in the House, the person you take it to is the Clerk. I understand that the Clerk had by yesterday not received that proposed Motion. However, let me say this because I do not want us to go into a long argument about matters with which I am not 100 per cent familiar: I have noted your complaint and I will transmit it to the substantive Speaker, who will, in due time, give you a suitable reply.

Eng. Toro: Mr. Deputy Speaker, Sir, on the same issue, here is the question of the integrity of the Speaker. Now, the Speaker is the boss of the Clerk and if he had received the Motion the Clerk cannot---

Mr. Deputy Speaker: Order! There is no other point of order on that issue because I have made a definitive ruling.

Next Order!

MOTIONS

INTRODUCTION OF SESSIONAL PAPER TO
WRITE OFF LOANS TO SUGAR COMPANIES

Dr. Omamo: Mr. Deputy Speaker, Sir, I beg to move the following Motion:-

THAT, in view of the traumatic financial difficulties being faced by Muhoroni, Miwani and Sony among other sugar companies, noting that sugar-cane is the major source of income for the farmers in Nyanza/Western Kenya sugar belt, and realising that the current heavy loan portfolio held by the three companies makes it impossible for the companies, their cane outgrowers and all other stakeholders to reap any benefit; this House urges the Government to introduce a Sessional Paper to write off the outstanding Government loans so as to facilitate the revival and growth of sugar industry in the Lake Region.

Mr. Temporary Deputy Speaker, Sir, this Motion has come at a time when the Sugar Bill has been published. I hope that the Bill will come to the House for debate in due course. What is important in this Motion is for us to realise what has actually gone wrong in the sugar industry. When a runner collapses because the distance is long, the collapse is said to be due to fatigue. When a machine cannot operate because it has been running without being serviced, we say that the machine has stopped working because of metal fatigue.

It is because of metal fatigue that we have trouble with many of our sugar factories. Because of metal fatigue, Ramisi Sugar Factory is almost a museum piece. It is nowhere to be seen except its scrap metal. Because of metal fatigue, Muhoroni and Miwani Sugar Factories are under receivership. Because of metal fatigue, among other problems, the sugar industry is now facing a lot of trouble. I would like to enumerate some of these problems.

Farmers in almost all sugar-cane growing zones have realised low yields. This makes the Kenyan farmer a high cost sugar-cane producer. Eventually, this makes locally-produced sugar expensive. The high price of Kenyan sugar emanates from the high cost of producing sugar-cane. Currently, there is shortage of milling cane in all sugar-cane growing areas countrywide. Even Mumias Sugar Factory has had to occasionally mill immature cane due to shortage of mature cane. Sugar-cane supply to factories and factory crushing capacity have not been running in tandem. You will find that when sugar-cane supply is sufficient, factories do not function properly, and vice-versa.

Mr. Temporary Deputy Speaker, Sir, in the Nandi Escarpment/Nyando sugar belt, only Chemilil Sugar Company is now operational. This makes life very difficult for people in the Nandi Escarpment/Nyando sugar belt. Chemilil Sugar Factory is the only remaining lifeline. This puts to risk a whole population. In fact, over one million cane growers, cutters, transporters, their families and dealers in the sugar industry are being forced to live below the poverty line. That is not very healthy.

Apart from that problem, there is a very heavy debt hanging over sugar-cane farmers. Small and large-scale sugar-cane farmers as well as sugar factories are in debts. I do not know who is not in debts in the sugar industry. In fact, everybody, right from the cane cultivator to the miller, is in debts. I know of all one lot of persons who, although they are in debt, they do not talk about it. So, the people do not know about their predicaments. These are Members of Parliament from sugar producing areas. The level of indebtedness in the sugar belt is pretty serious. The situation has built up over the years, and there are reasons for its growth.

Mr. Temporary Deputy Speaker, Sir, you can remember that, several years ago, the FAO came up with a formula for resuscitating the agricultural sector in every African country. The organisation came up with what was finally known as the "four Is of the FAO". The organisation persuaded African Governments to ensure that the four "Is" moved in tandem. This country's sugar industry collapsed because the four "Is" of the FAO were not taken seriously and were not moving in tandem.

The first "I" of the FAO's four "Is", which has not been in tandem with the other "Is" was the inputs. Inputs have not been supplied at the right time and at fair prices. That has affected the sugar industry. The second "I" was the infrastructure to support the sugar industry; this has not been right. The sugar roads are almost impassable. The third "I" was the institutions to support the sugar industry. The co-operative societies, factories and companies in the sugar industry have not worked right. So, the third "I" to support the sugar industry is not right. The fourth "I" was the incentives. This "I" is constituted by the price at which sugar-cane is sold and the profits made by farmers from the sale of sugar-cane. Profits have been dwindling. In fact, sometimes farmers do not make profit. When they make profit, the delayed payment of the same does not act as an incentive to them. They have had no incentive.

Mr. Temporary Deputy Speaker, Sir, you can remember the conference that was held in Abidjan, to which Kenya also sent a delegation. The purpose of that conference was to examine the FAO's four "Is". The Kenyan delegation introduced a fifth "I". The conference agreed that after Governments have looked and checked the balance of the FAO's four "Is", they should also nurture the fifth "I", which was referred to by the Kenyan delegation as the "initiative", which was lacking; the FAO accepted the fifth "I". There had been lack of initiative for the sugar industry.

Two or three years, later, there was another conference in West Africa to discuss the promotion of the sugar

industry. The African Development Bank (ADB), having noted the five "Is", decided to add the sixth I, which was "investment". Investing is a must. As we speak today, lack of injection of capital has made Muhoroni and Miwani Sugar Factories to be put under receivership and Ramisi Sugar Factory to be in the intensive care unit.

Mr. Deputy Speaker, Sir, looking at the situation right now, I find that things have changed. I feel that the six "Is" are not enough. I would like to persuade you to accept a seventh condition known as the political goodwill (PGW). Political goodwill is absolutely necessary. Without political goodwill, the sugar industry will go to the dogs. In fact, in my opinion, Ramisi Sugar Factory has already gone to the dogs. Miwani and Muhoroni Sugar Factories are on their way to the dogs. If we are not careful, Nzoia Sugar Factory will also go to the dogs because of the heavy loan burden which has been brought about by various reasons which I have listed above.

The only hope we now have is that as far as Miwani, Muhoroni, Nzoia and Sony sugar factories are concerned, it is possible to stop them from going to the dogs. It is possible to bail them out. That is why in this Motion we have requested the Government to write off the loans. This is not being done for the first time, but has been done before. The Government knows that loans have been written off before. This House knows that many things have been done before. Even as early as yesterday, many great things were done in this House. This House can do it by approving a Sessional Paper if it is brought here because this has been done before.

Mr. Deputy Speaker, Sir, the loans burden has been so heavy that by the end of 1999, Miwani Sugar Factory had accumulated Kshs1.8 billion, Muhoroni Kshs4.4 billion, Nzoia Kshs9.8 billion and Sony Kshs1 billion. I do not want to blame anybody or point a finger at anybody because somebody said that if you point a finger at somebody, the other fingers will be pointing at yourself. If you blame some people, they will also blame you. I do not want to blame the Government because it would in turn blame the farmers, and I am one of them. I want us to look ahead and treat by-gones as by-gones and see how we can save the sugar industry in this country. We must do that because unless we do so by being brave and handling this matter seriously, then sugar from the COMESA region will flood this country and the sugar industry will just collapse. In fact, so many industries have collapsed that way, but I would hate to see the sugar industry collapsing.

About ten years ago, our late friend, Mr. Philip Ndegwa, came up with a report, which suggested to the Government areas which would have helped to create labour in the rural areas. The late Ndegwa in that report pointed out very clearly that we should take care of three major crops. If we did that, many people would have been employed in the rural areas. The three crops that were pointed out [Dr. Omamo] in that report included tea, coffee and sugar. The report stated that we should never neglect tea, coffee and sugar-cane.

[Mr. Deputy Speaker left the Chair]

[Mr. Speaker took the Chair]

This is one area where the Government can do something to bail out the sugar industry.

I would like to say that on the whole, the Motion is very straightforward. No one hates sugar. We in the sugar industry belt are very fortunate; we handle sugar everyday. But we men do this without becoming sugar-daddies. We want the industry to be saved and the Minister should take an appropriate action.

With these relatively few remarks, I would like to request my friend, Mr. Khamasi of Shinyalu Constituency, to second this Motion.

With those few remarks, I beg to move.

COMMUNICATION FROM THE CHAIR

ASSAULT ON THE INTEGRITY OF MR. SPEAKER

Mr. Speaker: Order, hon. Members! I think before even I allow this issue to come to the Floor of the House, I wish to make some communication from here.

As I was sitting in my Chamber, the matter of the integrity of the Chair was raised here. I think this House cannot continue any further unless that issue has been heard by this House.

It has been alleged by Dr. Kituyi that he personally gave me a certain Motion on Friday, relating to a proposed Select Committee on the death of the late Mr. Ndilinge. Hon. Members must always be honourable in whatever they say. The truth of the matter is as follows:-

On Wednesday, last week, certain hon. Members, including hon. Kituyi, saw me about the proposed Motion. They were to bring that Motion in the usual manner, but did not come back to me. Last night, that issue came up in the House Business Committee and I informed the Committee that up to that moment, I had not received that Motion. That was the truth. When we adjourned the sitting, Mrs. Ngilu, somehow fetched Dr. Kituyi from somewhere and found me

at the car park. It was then, that Dr. Kituyi told me that on Friday last week, he gave that Motion to a person he said was my Secretary. That was after the sitting of the House Business Committee, and therefore, the offices were closed. That same evening, I called my Secretary from the house, because I wanted to know the truth; whether as a matter of fact, that Motion had been taken to my office. And the information I got from my Secretary last night, was that she had not received the Motion herself. I asked her to check with the office messenger whether she had received that Motion. Very early this morning, at 7.00 a.m. I called my Secretary and she told me that she contacted the office messenger who informed her that, indeed, on Friday, she received certain papers from Dr. Kituyi.

I came this morning to check on what these papers were. First of all, the House must know that this office messenger was newly employed in Parliament. I came very early this morning. In fact, I was the first to arrive here this morning, and I, indeed, was given those papers. I ascertained that, as a matter of fact, it was the Motion that was referred to. So the truth of the matter is - I am glad to see Dr. Kituyi standing there - that first, Dr. Kituyi, at no time on Friday, did he see me. As a matter of fact, on Friday, I was more than 400 kilometres out of Nairobi in a place called Maralal, and that is the truth. Dr. Kituyi never saw me on Thursday, Friday, Monday and Tuesday. So, for Dr. Kituyi to assault the integrity of the Speaker by standing in the House and stating that he gave the papers personally to Mr. Speaker, I think, something is wrong with this House. I demand, as a person whose integrity has been assaulted, and as Mr. Speaker, on behalf of the House, that this hon. Member retracts his untruths.

Dr. Kituyi: On a point of order, Mr. Speaker, Sir. I am glad that you are here so that I can repeat what, I said in your presence, and set the record straight as I know it. On Thursday morning, at about 11.00 a.m., I came to your office with Mr. Kibaki and Mr. Munyao. I had a Motion signed and sponsored by FORD(K).

Mr. Speaker: What is in dispute is, did you give it to me?

Dr. Kituyi: Mr. Speaker, Sir, you gave a background, so you should also allow me to give mine!

In your office, you said you had no objection to this Motion being filed, but you told me, maybe, it would be alright if we also included the matter of Mr. Shidiye and Mr. Leshore. You then suggested that, maybe, it would be right for you to consult them before including their names. I left your office with Mr. Kibaki and went to Mr. Shidiye's office. He was not in his office. I looked for him and found him in the front car park. I mentioned to him what we had discussed with you and he said that because Mr. Leshore is in London, he would like to have a chance to call him and see what his views are. I agreed with him. Later, on Thursday in the afternoon, at about 3.00 p.m., told me that he had consulted Mr. Leshore, and they would both request that they rather not be included in that Motion. I went back through your office that Thursday afternoon at 3.00 p.m., I know your Secretary and the office messengers around your office. I asked your Secretary if you were in for me to see you and she told me that you had left for Dol Dol.

Now, because I was presenting a Motion which was to be given with an explanation that I have not changed because of what he had consulted with you, I wrote a caveat to the Motion that I had not amended the Motion, because as you suggested, I had consulted the other parties and they would rather not be included in the Motion. I personally left the Motion with your Secretary. I could not give any document of Parliament to an office messenger. Now, you are saying that I gave some papers to an office messenger. And also, the Deputy Speaker of this House was informed by you that I had given the Motion to a messenger. My understanding is that you knew about the Motion being given before the House Business Committee meeting yesterday.

Mr. Speaker: Order, Dr. Kituyi! Do not put words into my mouth! That is the relevant date. You assaulted the integrity of the Chair! What I heard you say is that you gave the Motion to Mr. Speaker. What I have told the House, and he has confirmed, is that, at no time did this hon. Member ever see me. That is the truth of the matter. Dr. Kituyi, I would like to ask you in front of this House assembled: Did you ever hand over this Motion to Mr. Speaker, personally?

Dr. Kituyi: Mr. Speaker, Sir, I would like to repeat what I have just said. I brought the Motion to you. It is true on record, and you cannot deny that I saw you with Mr. Kibaki.

Mr. Speaker: Order! That is not in dispute!

Dr. Kituyi: Mr. Speaker, Sir, I am saying that the second time I came to your office, I was told that you had left Parliament and gone to Dol Dol. That is what I was told by your Secretary, and I gave her the Motion. So, when you start talking about the messenger---

Mr. Speaker: Order! Order! If you were a man of integrity, honestly, you should have told this House that you handed the Motion to my Secretary or messenger. But you stated on the Floor of the House that you gave it to me personally, and that led to an hon. Member - I do not remember whether the voice was that of Mr. Kamanda or Mr. Waithaka Mwangi - saying that if the integrity of the Speaker is in question, then where is this House heading to? This House must know that this hon. Member stated earlier - the HANSARD can bear me out - that he gave the Motion to the Speaker. In fact, the exact words used were "to the substantive Speaker", not his Secretary. Now, he states here that he never saw me. Does he not really owe this House an apology?

Dr. Kituyi: Mr. Speaker, Sir, you also have to explain why you call your Secretary a messenger, and you claim I did not see you on Thursday!

Mr. Speaker: Order! You do not manage my office! I know who is a messenger and who is a Secretary. Before I apologise, that indeed, it was my secretary that you gave the Motion and I have her word, and she is sitting in the office now, listening, and she knows what you are saying is untrue, first of all leave that apart. It is the question of your statement; that you gave the Motion to the Chair. Did you give me the Motion? That is a statement of fact. Under Standing Order No.69, it is not just an ordinary hon. Member you are assaulting, but the whole symbol of this Assembly, by stating that the Chair is a liar. Can you imagine? I have never lied to this House in the ten years I have been Speaker here. If I have ever told untruths, I apologise and withdraw. I am always the first to do the right thing. I always do the right thing when called upon to do. I withdraw the word, because it is unparliamentary.

Now, Dr. Kituyi, you told the House untruths, is it not right that you say the right thing?

Dr. Kituyi: Mr. Speaker, Sir, I have never been constipated on eating my words. If I said, that the second time I came to your office I gave the Motion personally to you, I wish to withdraw and apologise. But I am holding the position, that it is not correct, as you said when I was at the bar, that you never saw me on Thursday. I am also insisting that your word is your honour; did you not see this Motion before the House Business Committee yesterday?

Mr. Speaker: Order! Order! Hon. Members, I always say the truth to this House. I have never said untruths in this House! I never lie to this House and I can confirm it upon my honour and the honour of this House. I can confirm that, between the time I saw Mr. Kibaki and Dr. Kituyi, with the intended Motion, they went back together and took it with them. The first time I saw it again was this morning. That is the truth! Before Dr. Kituyi came in, I did inform this House about the circumstances and the efforts I made after I was informed by Dr. Kituyi, in the presence of Mrs. Ngilu.

This is for his benefit. Yesterday, he informed me that he did give the Motion to my Secretary. I made all efforts possible, including ringing my Secretary at night, a very unusual thing to find out the truth of that matter. What my Secretary told me is that she did not receive the Motion. I asked her to find out from the office messenger whether, as a matter of fact, she did receive the Motion. I got confirmation this morning that she had received the Motion and she had not given it to me. I demanded for it and I got it. That is the absolute truth and this House may wish to take my word for it.

I think I have always stood to my word. I think that should end the matter.

Mr. Katuku: On a point of order, Mr. Speaker, Sir. I do not want to get into the business which you have just ruled on. But, I would want to be advised on the position, since this Motion has been signed by over 100 Members of this House. We want to discuss this Motion before we adjourn for recess. Are we going to do that or that is not possible?

Mr. Speaker: Order! Order! The position is as follows: As I have said, the Motion came to my possession this morning and not before this morning. Even if I was to approve it this morning, how do you discuss it? I do not allocate time for the House business. It is allocated by the House Business Committee. But, I am glad Dr. Kituyi has apologised and has actually stated that he did not give it to me, but gave it to the office messenger and I have accepted his apology. But, I wish to ask hon. Members to be always truthful to this House and this country and we will all do a good job. I am giving a general advice.

On my part, I have always tried, as much as it is humanly possible, to do the same and I will continue to do it. So, can we now proceed! I think the matter has been sorted out.

The Assistant Minister, Office of the President (Mr. Samoei): On a point of order, Mr. Speaker, Sir. Indeed, when I walked into this Chamber and because of the respect we have for Mr. Speaker, because of the manner in which the Chair has handled the business of this House--- Indeed, because the Speaker is an honourable man and because Dr. Kituyi has done the honourable thing to withdraw and apologise for what he said---

Mr. Speaker, Sir, I did hear you say that you did not see Dr. Kituyi on Thursday. It now looks like you actually saw him at one stage. I want to request you, with due respect, maybe, to recollect it if it slipped out of your memory---

Mr. Speaker: Yes, indeed, the only time I saw Dr. Kituyi, Mr. Kibaki and, I think three others - I think, Mr. Wanyiri Kihoro was there as well. I do not remember who else was there. But I only saw them once. I think earlier on, I mistook it to be Wednesday. I think it could have been Thursday.

An hon. Member: But you are the one who said it was Wednesday!

Mr. Speaker: Order! I am a human being! I do not keep a computer diary! If the statement came out that it was Wednesday, so long as they saw me once, which was on Thursday, no, to that extent, I think I also slipped in my memory. I have no intention of telling untruths to this House. Hon. Members, that is the truth. Let us keep that honour. I want to continue that way and I want everybody to continue the same way.

Dr. Ochuodho: On a point of order, Mr. Speaker, Sir. Considering the magnanimity of the Chair, and the seriousness of the matter before this House, and considering that it is the Speaker who has the real power, but not the Attorney-General, could we request that the Chair prevails upon the House Business Committee to call a special meeting? The Chair may consider passing a similar word of accommodation to the Secretary, who may have been

wronged in this matter. Could the Chair consider also doing the same to her?

Mr. Speaker: Order! Order! First of all, keep the matter of my Secretary out of this issue! It is true, and I repeat, it is true that Dr. Kituyi never gave it to my Secretary!

Dr. Kituyi: But I left it with some officers in your office!

Mr. Speaker: Order! That day, for example, that Thursday--- You should not know the nitty-gritty of the matter. But if you should want to know, that very Thursday, and the records are there, my Secretary was busy at the Immigration Department Office getting a passport to travel abroad! The person you gave the Motion to is a lady office messenger, not a man. That is the truth of the matter. But that is neither here nor there!

Dr. Kituyi: But that is what we were saying!

Mr. Speaker: Order! Order, Dr. Kituyi! Go and sort it out with my Secretary, therefore!

Now, proceed with the next Order!

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

Mr. Speaker: Out of order! Overruled!

Dr. Ochuodho: What about my request, Mr. Speaker, Sir?

Mr. Speaker: Order! Order! I am not the Chairman of any Committee, except the ones given to me.

Dr. Ochuodho: But you have the powers, Mr. Speaker, Sir!

Mr. Speaker: I have no powers except those which you have given me! Among those powers you gave me, that does not include allocation of debating time!

Proceed, Mr. Khamasi!

Mr. Khamasi: Mr. Speaker, Sir, I am seeking guidance from the Chair. In view of the fact that---

(Dr. Kituyi consulted with the Chair and resumed his seat without bowing to the Chair)

Mr. Khamasi: Dr. Kituyi, please!

Mr. Speaker: Order! Could Dr. Kituyi respect the Chair for a change?

(Dr. Kituyi stood up and sat down at his place)

Order! Dr. Kituyi, you must respect the Chair! I honestly think that you are going overboard!

Mr. Khamasi: Mr. Speaker, Sir, now that you have released a lot of pressure, could you consider giving this Motion the necessary time which you have taken to address the House, so that we can also restructure ourselves and contribute effectively to this Motion?

Mr. Speaker: Yes, indeed, I will always do it! Very well, the time taken by that matter, which is 20 minutes, will be added.

(Resumption of Debate on the Motion to write off Loans to Sugar Companies)

Mr. Khamasi: Mr. Speaker, Sir, I rise to second this Motion which was ably moved by Dr. Odongo Omamo. In doing so, I would like to say a few things on it.

Mr. Speaker, Sir, we are talking about an industry which is likely to collapse due to very many factors. First of all, we need to look at the genesis of the financial woes which these companies; Muhoroni, Miwani, Sony and Nzoia are going through. I think the major problem that arose, and which caused these problems, was poor legal framework, which was in place or that is not in place now. There was no law in place to regulate the sugar industry in this country. The Kenya Sugar Authority (KSA), as a regulatory body, was ineffective and actually caused some of the problems the industry now experiences. The industry was left open to abuse by many profiteers who came into the market to benefit. The jaggery operators, the importers of fertilizers and other inputs are the main cause of the many problems that this particular industry faces.

Mr. Speaker, Sir, there is lack of proper privatisation policy in the sugar industry. There is no transparency one can talk about in this particular industry. For example, how were Miwani Sugar Company's substantial shares sold to one Mr. Ketan Somaia without due regard to the farmers and other stakeholders? In fact, nobody knows how this was done. There was no transparency in the whole exercise. A man who conned his way up--- We are told, even as we talk here now, that he is provided with tight security whenever he comes to this country. He holds his board meetings for this particular company in Dubai. It is now common knowledge that this man is now being declared bankrupt. It was the Government's responsibility to make sure that this did not happen. The sale should have been done through

open tender; it should have been transparent, to make sure that all the stakeholders who depend on this particular company had a say in what went on.

Still on privatisation, proposals to off-load Government shares in sugar companies like Mumias and Chemelil should be discussed in detail by the stakeholders. In fact, this has got to be done transparently. The yardstick which is being used to say that 30 per cent of the shares should go to the farmers should be explained. The farmers produce sugar-cane which the factories depend on. Over the years, these farmers have not been considered whenever any reasonable decisions have been made. Unless we have sugar-cane, these factories cannot function. It is important that sugar-cane farmers are treated the same way tea farmers are treated. Over the years, the sugar-cane farmers have paid for this factory in the same way the tea farmers paid for their tea factories. The sugar-cane farmers should not be treated differently.

The current position in cane farming zones is that farmers in Muhoroni, Mumias, Sony and Nzoia Sugar Companies are financially strapped as we talk here now. These farmers are unable to provide basic needs for their families. They are unable to buy food, meet the medical care, send their children to school because of lack of school fees, and continue with farming, as we talk here now. There is no money for land preparation, to buy farm inputs and labour. So, as we talk here now, the farmers in these areas are going through very hard times. This is so because the sugar companies cannot pay them money for the sugar-cane they have delivered due to the heavy debts that they have.

I would like to point out that debts have accrued over the years because of the incompetent managers that are appointed by the Government in some of those factories. For example, there has been very poor appointment of the management staff to Nzoia Sugar Company. It was as if this was an area where political failures were being appeased by being appointed to management positions only to find out later on that they could not perform. It is, therefore, in this spirit that we urge the Government to start the process of writing-off these debts, to revive these collapsing companies.

In my opinion, writing off these debts may not be the last solution to the problem. The Government should not stop there. It is just like fire-fighting. We need to know the causes of the problem. Therefore, there will be need to strengthen the legal framework within the industry, to make sure that what has gone on is not repeated. We do know that the Minister, whom we request to write off these loans, comes from the farming zones. We know that he is a farmer and farmer-friendly. It is in the interest of this industry, if the Government is [Mr. Khamasi] serious, that we want these loans written off to enable our farmers benefit from sugar-cane farming.

Mr. Speaker, Sir, if you look at the indebtedness of these sugar factories, Miwani Sugar Company has a loan of Kshs1.8 billion; Muhoroni Sugar Company's loan is in excess of Kshs4.4 billion, while Nzoia Sugar Company has got a record figure of Kshs9.8 billion outstanding loan, with farmers being owed in excess of Kshs600 million. If the Government is serious about reviving the sugar industry in this country, it is high time they looked at this matter very critically. They should think about the poor farmer because he is the one who pays taxes to this Government. They should also ensure that the debts which the sugar companies have are written off, and ensure that sugar-cane farming, which is the only source of income in some parts of Western Kenya, is revived so that the farmers can benefit.

Mr. Speaker, Sir, with those few remarks, I beg to second the Motion.

(A mobile phone rang in the Chamber)

Mr. Speaker: Is that a mobile phone? Where is it?

An hon. Member: It is somewhere!

Mr. Speaker: Who is it? Well, since we cannot locate it, we will let it be. But, please, keep it off. Order! Order, Members!

(Question proposed)

The Minister for Energy (Mr. Raila): Asante sana, Bw. Spika, kwa kunipatia nafasi ya kuchangia Hoja hii. Ukulima wa miwa na biashara ya sukari ni muhimu zaidi kwa wakulima na kwa uchumi wetu kwa jumla. Vile Dr. Omamo alisema alipokuwa akichangia Hoja hii ni kweli kwamba uongozi mbaya wa ukuzaji wa miwa umeleta ufukara kwa wakulima wengi. Pia ametaja sababu nne ambazo zimeathiri ukuzaji wa miwa. Kwanza, amezunguma juu ya vifaa ambavyo vinatumika katika ukuzaji wa miwa kama mbegu na tingatinga. Huu ni ukweli kwa sababu tingatinga kubwa za kulima zinagharimu Kshs200,000 kule Ulaya. Serikali yetu haitozi tingatinga hizi ushuru zikingia humu nchini. Tingatinga ambalo linagharimu Kshs200,000 Ulaya likifika hapa kwetu linauzwa Kshs2 milioni kwa sababu ya ulafi wa wafanyabiashara ambao wanataka faida kubwa zaidi. Ushuru huu unasukumiwa wakulima na kwa njia hii, unawaathiri na kuwafukarisha.

[Mr. Speaker left the Chair]

[Mr. Deputy Speaker resumed the Chair]

Bw. Naibu Spika, sababu nyingine ambayo Dr. Omamo ametaja ni hali mbaya ya barabara. Barabara katika maeneo yanayokuza miwa ni mbaya sana na gharama ya usafirishaji wa miwa kutoka mashambani hadi viwandani inakuwa juu. Gharama hiyo pia inasukumiwa wakulima. Tatu, amezungumza juu ya mashirika ya kutoa mikopo kwa wakulima na mashirika ya kuuza sukari. Kulingana na Dr. Omamo, mashirika haya yamefifia. Nne, ni kutokuwa na mwongozo mzuri. Wakati umewadia kwa sisi kama Serikali kutafuta mbinu zingine za kuwasaidia wakulima katika kufufua kilimo cha miwa na vile vile kutengeneza sukari kwa bei nafuu, ambayo inaweza kushindana na sukari kutoka maeneo mengine ya COMESA.

Bw. Naibu Spika, ni kweli kwamba viwanda hivi vingi vina madeni makubwa. Dr. Omamo amesema kwamba Muhoroni ina deni la Kshs4.4 bilioni; Miwani - Kshs1.8 bilioni, na Nzoia vivyo hivyo. Lakini ukweli ni kwamba mikopo hiyo haikutumiwa kwa njia nzuri kusaidia viwanda hivyo. Hii ndio sababu viwanda hivi vimezidi kuwa na shida kila mara. Kwa mfano, Muhoroni, kuanzia mwaka wa 1998 mpaka leo, vitabu vyao vinaonyesha kuwa wamepewa mkopo wa Kshs500 milioni. Miezi mitatu iliyopita nilizuru kiwanda cha Muhoroni. Mimi ni mhandisi na ninajua kwamba Kshs500 milioni ni pesa nyingi sana na ukipita mahali zimetumiwa, utajua! Nimezuru kiwanda cha Muhoroni lakini sikuona vile pesa hizo zilitumiwa kurekebisha kiwanda hicho. Ukweli ni kwamba uongozi wa Kenya Sugar Authority (KSA) umeoza na kuna haja ya kuvunjilia mbali uongozi huo na kuwachagua viongozi wapya. Ukienda Chavakali, utaona jumba kubwa la orofa kumi ambalo limejengwa na Mkurugenzi wa KSA. Jumba lote limewekwa vioo na ni la kibinafsi. Ametoa wapi pesa hizo zote? Pia amejenga Makao Makuu ya KSA hapa Nairobi ilhali miwa inakuzwa tu upande wa magharibi mwa Kenya.

Dr. Kulundu: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the hon. Minister to insinuate that the source of the money that Mr. Francis Chahonyo used to put up his various buildings came as a result of corruption? Could he substantiate that claim?

An hon. Member: He has not said that!

The Minister for Energy (Mr. Raila): Bw. Naibu Spika, nimesema kwamba Bw. Chahonyo anajenga jengo kubwa zaidi pale Chavakali. Pia ninajua kuwa hali ya biashara kule Chavakali haiwezi kulipa mkopo kiasi cha ule ambao unatumika kujenga jumba hilo. Sijasema kwamba pesa hizo zimeibwa kutoka kwa KSA.

Bw. Naibu Spika, nimesema kwamba uongozi mbaya ndio umeleta shida kwa viwanda hivi. Ukienda Nzoia, utakuta deni kubwa na wakulima wamefukarishwa, na pesa hizo hazikutumiwa kurekebisha kiwanda cha Nzoia. Jambo hilo linafanya sukari kutoka viwanda hivyo kuwa ya bei ya juu zaidi. Sisi, kama nchi, ni lazima tutafute mbinu za kuwasaidia wakulima wetu, kama vile Sudan ilifanya. Kwa nini sukari ambayo inatengenezwa Kenana inakuwa ya bei nafuu kushinda ya hapa kwetu? Ni kwa sababu wao wana mashamba makubwa ya kukuza miwa kwa njia nafuu. Bei ya kulima, kupanda na kupalilia ni nafuu. Ukulima wetu wa mashamba madogo madogo haufai. Vile vile mashamba yao yanaweza kunyunyiziwa maji ili waweze kupata mapato zaidi ya tani 100 kwa ekari moja. Ni aibu kuwa, hapa nchini, tukipata mazao ya tani 50 kwa ekari tunadhani ni mazao mazuri. Kwa hivyo, kilimo cha miwa na utengenezaji wa sukari ni lazima vichunguzwe kwa makini sana. Kama vile mhe. Omamo alivyosema, ni lazima Serikali yetu iwe katika mstari wa mbele kuhusu mambo haya ya sukari.

Kinyume na maadai ya mhe. Omamo kuwa kiwanda cha Ramisi cha sukari kiko hali mahututi, ningependa kujulisha Bunge hili kuwa kiwanda hicho "kilikufa" zamani. Kiwanda hicho kilifungwa zamani na wakulima wa miwa katika sehemu hiyo hawana njia nyingine ya kupata pesa. Wakulima hao wana shida nyingi sana. Hatutaki kuona viwanda kama vile Nzoia, Mumias, Muhoroni, Chemilil na Sony vikifungwa kama kiwanda cha Ramisi. Hii ni kwa sababu viwanda hivi vimeajiri watu wengi sana. Hata hivyo, ukizuru kiwanda cha Muhoroni utapata kuwa wafanyakazi wengi hawajalipwa mishahara yao kwa muda wa mwaka mmoja. Hatuwezi kusema kwa hakika kama viwanda hivyo havitazoroteka. Viwanda hivi vinaweza kusimamiwa na wananchi wetu wenyewe kwa sababu ubinafsishaji si sawa na ugenishaji. Liberalisation is not synonymous with foreignisation. Tunataka viwanda hivi viendeleo kutengeneza sukari, lakini viwe mikononi mwa wananchi wetu.

Bw. Naibu Spika, kwa hayo machache, ninaunga mkono.

Mr. Wamunyinyi: Mr. Deputy Speaker, Sir, I beg to move that this Motion be amended as follows:-

(i) By deleting the words "and", and "among others" in the first line, and inserting in place thereof the words "and Nzoia";

(ii) By deleting the word "three" in the third line and inserting in place thereof the word "four"; and,

(iii) By deleting the words "in the Lake Region" in the last line.

Therefore, the amended Motion will read as follows:-

THAT, in view of the traumatic financial difficulties being faced by Muhoroni, Miwani, Sony and Nzoia sugar companies, noting that sugar-cane is the major source of income for the farmers in Nyanza/Western Kenya sugar belt; and realising that the current heavy loan portfolio held by the

four companies makes it impossible for the companies, their cane growers and all other stakeholders to reap any benefit; this House urges the Government to introduce a Sessional Paper to write off the outstanding Government loans so as to facilitate the revival and growth of the sugar industry.

Mr. Deputy Speaker, Sir, Nzoia Sugar Company is in my constituency. Therefore, I represent cane farmers in this House. The loan amount which has been stated here as owed by Nzoia is the amount that was outstanding as at the end of 1999. At the moment, Nzoia Sugar Company is indebted to the tune of Kshs14 billion. This is an accumulation of various loans which were misappropriated by some individuals because they were never spent on the intended purpose. As Dr. Omamo said, if we have to revive the sugar industry, then there must be strong political goodwill. Money intended to revamp the sugar industry must be spent properly. We must make sure that it does not go to individuals' pockets.

Mr. Deputy Speaker, Sir, with those few remarks, I beg to move and ask Dr. Kulundu to second my amendment.

Dr. Kulundu: Mr. Deputy Speaker, Sir, I stand to second the amendment to this Motion as proposed by Mr. Wamunyinyi. It is not just the sugar companies mentioned in the original Motion which are heavily indebted. As Mr. Wamunyinyi has rightly said, Nzoia Sugar Company is one of the most heavily indebted sugar companies in this country. It has a debt of about Kshs13.9 billion.

Mr. Deputy Speaker, Sir, it is important, as we debate this Motion, to bear in mind the four "Is" that Dr. Omamo talked about. The reasons why these sugar companies are heavily indebted are far beyond farmers. In most cases, the reasons why these sugar factories were indebted are because of either poor management or direct looting by those people charged with the responsibility of running them.

Dr. Omamo highlighted the first "I"; that is, the input in the sugar industry. Inputs include fertiliser. I urge this Government to look into ways and means of manufacturing fertilisers locally so that we can reduce their cost. Farmers are being ripped off because they tend to rely on imported fertilisers, and that pushes up the cost of production.

The second "I" which Dr. Omamo highlighted was infrastructure. Infrastructure in terms of road network in the entire region of Western Kenya is something that requires urgent Government attention. The road network in the sugar-growing areas is in tatters. It contributes to spilling of cane. Once cane spills all over, obviously, the amount that reaches factories is far less than what those factories expect to get from farmers. So, that is a major contributor to the low cane delivery to factories. Therefore, we are calling upon the Government to look very seriously into ways of improving the road network in the sugar-growing areas in this country.

Mr. Deputy Speaker, Sir, in my constituency, for example, the *El Nino* rains damaged Road C41. However, it has been repaired wonderfully on the Bungoma side by the World Bank, but on the Kakamega side, it is virtually impassable. We cannot transport our cane on this road because of the damage caused by *El Nino* rains.

There is the question of the Third "I" which Dr. Omamo talked about. This is incentives. Sugar-cane farmers are abandoning cane farming because of lack of incentives. The price of cane is abysmal. There is no incentive for farmers to grow cane. There is need for the Government to regularly review cane prices so as to give farmers the necessary incentives to grow cane. When we talk about incentive, there is a precedent that was set by this Government. Three weeks ago we were treated to some humour here when the Government forcefully injected close to Kshs1.2 billion into KCC in order to save it from collapsing. Apparently, the directors of the KCC did not even need that money. We want the Government to treat cane farmers similarly. We would be grateful if the Government could inject some money into sugar-cane farming. Nzoia Sugar Company needs this money badly. As hon. Wamunyinyi pointed out, sugar-cane farmers have not been paid about Kshs700 million by Nzoia Sugar Company. I am talking about Nzoia Sugar Company because part of my constituency supplies cane to it. So, I am a major stakeholder and I am asking the Government to come to the aid of sugar-cane farmers in the Nzoia Scheme.

Mr. Deputy Speaker, Sir, the "Fourth I" which I would advise Dr. Omamo to add to his various "Is" is the question of the importation of sugar. The sugar sector is collapsing because of the massive importation of sugar by the politically-correct individuals in this country. As we talk now, various factories - especially Mumias Sugar Company - cannot sell their sugar. There is too much imported sugar in the country and, therefore, it is just a matter of time before a viable factory like this one goes the Miwani or the Muhoroni way. I would like to take this opportunity to ask the Government - which is ably represented here by the eminent Ministers of Finance and Agriculture - to ensure that this massive importation of sugar is put to a sensible end.

Mr. Deputy Speaker, Sir, it is important, as we talk about the privatisation of Mumias Sugar Company and other sugar companies, that we take into consideration the interest of the farmers. The Government holds shares in various sugar companies. The Government on its own does not have any money. The shares that it holds in the various companies emanate from taxpayers' money. It would not be unrealistic for us to ask the Government to cede its shares to sugar-cane farmers in the various companies.

With those remarks, I beg to second the amendment moved by hon. Wamunyinyi.

*(Question of the first part of the amendment, that
the words to be left out be left out, proposed)*

Mr. Too: Thank you very much Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion.

First of all, I would like to ask the Minister for Finance to turn the debt of these sugar companies into equity. When Miwani Sugar Company was handed over to Mr. Somaia, he did not do anything and he did not put in any money! So, the only thing which could assist Miwani Sugar Factory is to turn its estates into a settlement scheme so that we can encourage the outgrower companies to manage it.

(Applause)

The other issue which I would like to mention is that most of the sugar companies have had a lot of nucleus estates. I think it is high time that all these are privatised and given to outgrower companies. The factories should be privatised, but the nucleus estates should be owned by wananchi.

Mr. Deputy Speaker, Sir, there is no way Treasury is going to get its money. There are major problems facing the agricultural sector in this country and it is time the Minister for Finance and the Minister for Agriculture came up with an agricultural policy in this country. They should also consider writing off AFC loans because some of these loans are non-performing. At the end of the day, those who have been negotiating--- This is something which I would like to mention here. People have been talking about the functioning of the Kenya Sugar Authority (KSA). Negotiations are held in the Treasury and the only thing which the KSA has been doing was to pass on some of the money which they have been collecting from the Sugar Development Fund (SDF). Otherwise, these negotiations are done in Treasury with full knowledge of the Permanent Secretary, Treasury, and the Permanent Secretary, Ministry of Agriculture together with their respective Ministers. So, whenever things go wrong, they should not blame the KSA. The KSA co-ordinates and executes sugar policy in the country.

Mr. Deputy Speaker, Sir, if we write off some of these debts, it is going to assist. The Sugar industry in Sudan, for instance, is independent of Government control. I hope, when we bring here the Sugar Bill which I initiated when I was the Chairman of the KSA, it will be passed so that our sugar factories can maintain their own independence. It is a fact that importation of sugar is not done by the KSA. It is done through Treasury. The Treasury has been giving those who are manufacturing sweets the opportunity to import sugar and that is why the market is flooded. At the end of the day, our factories cannot sell their own sugar. So, we appeal to the Minister for Finance to consider liaising with the Minister for Agriculture and use the data from the KSA to establish how much sugar is required in the country, rather than flooding the sugar market with cheap sugar. When this happens, the Government loses revenue because such importers of sugar do not pay any taxes. Secondly, the farmers are also losing money. So, there should be good co-ordination between the Ministry of Finance and the Ministry of Agriculture on the issue of sugar importation. It is time we protected our sugar farmers.

Mr. Deputy Speaker, Sir, on the question of Ramisi, Nzoia and Miwani sugar factories, they went into bankruptcy since they started. Those who negotiated for the loans did not put them into proper use. They started bringing obsolete machines which could not produce sufficient sugar. So, it is high time those machines were counter-checked by those who are concerned. It is pointless to say that the farmers have never been paid. The farmers are innocent in all those things. It is the officials who negotiated for those loans. For example, the Nzoia Sugar Factory's present management said that it would source for Kshs600 million to pay the farmers. But up to today, there is no money. That was something which was agreed to by Government officials. They knew about that issue but, at the end of the day, they did not counter-check those things. So, today, anybody, even a conman, can come and talk to the Government and say: "This is what we want."

That is the way Mr. Ketan Somaia was given ownership of Miwani Sugar Factory free of charge! Those who signed for that were the Permanent Secretaries (PSs) in Treasury and the Ministry of Agriculture! At that time, it was Mr. Koinange and Mr. Mbindyo who signed those things! There is no single cent that Mr. Somaia paid. Even when the outgrowers took their sugar-cane to the factory for milling, the distributors took the money. That is how the huge amount of money has built up. That is why the farmers are suffering. So, if we were to be serious in urging the Government to write off those debts, it is also high time the Government involved the stakeholders. The only way to solve all the problems is to turn the nuclear estates in the four areas into outgrowers. Let the outgrowers manage the estates. Let the Kenya Sugar Authority through the SGF, finance it and the Government should only add equity in the factories. That is all!

Mr. Deputy Speaker, Sir, I want to finish by saying that it is high time the Government considered writing off the debts of the Agricultural Finance Corporation (AFC), Kenya Co-operative Creameries (KCC) and sugar factories

which are not performing.

With those few remarks, I beg to support.

Mr. Deputy Speaker: Order, hon. Members! It seems to me that the Motion as amended is not vastly different from the substantive Motion. I think for the sake of good order, I would like to put the Question, so that we can debate the substantive Motion before us.

*(Question of the first part of the amendment,
that the words to be left out be left out,
put and agreed to)*

*(Question of the second part of the amendment,
that the words to be inserted in place
thereof be inserted, proposed)*

*(Question of the second part of the amendment,
that the words to be inserted in place
thereof be inserted, put and agreed to)*

(Question of the Motion as amended proposed)

Mr. Ndicho: Mr. Deputy Speaker, Sir, when you listen to people talking about the woes that sugar-cane farmers have gone through, and especially when it comes from somebody like, Mr. Mark Too, the immediate Chairman of the KSA, you feel so painful that it seems as if there was a deliberate move to run down such an important industry. I sympathise with the farmers in Western Kenya belt who grow sugar-cane. They are going through what coffee and tea farmers in Central Kenya went through as well. You can see that it is a vicious cycle which was designed and implemented by some people in this Government, for the purpose of selfishness and to reap where they never sowed.

Mr. Deputy Speaker, Sir, as Dr. Kulundu said, the start of all that was by sheer importation of sugar worth billions of shillings into this country by people who were given blank cheques by the Government, without paying duty to this country. That is why right now, both the Government and the sugar-cane farmers are broke and everybody is crying. The Government is the father of the sugar-cane farmers. Now, the children, who are the sugar-cane farmers are crying! The "father" was even here yesterday crying! When the father and the children are crying, you only ask for God's intervention! So, the Government ought not to have waited for a Motion like the one before us to be brought, asking the same Government to write off the loans, because it is the cause of all the problems.

Mr. Deputy Speaker, Sir, the Government ought to wake up and revive all the industries that have ground to a halt! In Central Kenya, when the late President Kenyatta died in 1978, Kenya was producing over 200,000 tonnes of coffee in a year. But 20 years down the line, we are not producing even 50,000 tonnes. You can go through every agricultural industry in this country and find the same. We are now crying about the sugar industry. If you ask the people dealing with fish farming, you will hear the same cries. If you go to the Coast and hear about the groundnuts and cashewnuts, the Coast Members of Parliament will come with a long list of the problems that they have gone through. We stand up here to support such an important Motion, so that the Government may listen. If, indeed, this Government wants to have some money, it is high time it knew that our country is blessed by God and that, if we do not steal from Government coffers; if it does not run down such industries as the sugar industry, it does not need to go kneeling and begging before the International Monetary Fund (IMF), World Bank and other donor agencies. We have enough money in our soil here to grow food and such crops like sugar-cane for both local consumption and export within the East African region.

Mr. Deputy Speaker, Sir, but because of incompetence in the governance and management of our Government, that is the result after 20 years! We are so hurt and it is so painful to hear that there is no one single region in this country which is not making noise about the running down of the various industries, and other sectors that made them to educate their children and lead a good, healthy life! It is a shame for the Government to stand there, imagine and presume that everything is okay, when we know that everything is not okay.

The other point is that we suspect that the reason why the sugar industry was run down was because of politics, so that there could be what I call politics of godfatherism! When the people are poor, they can be ruled and told: "Follow this and if you do not, we are not going to do this!" That is how it started in Central Province when the coffee farmers were marginalised and their tea, coffee and dairy industries were destroyed, so that we could follow the politics of godfatherism! We have refused that and suffered very much, but we understand even the people from Western Province have also been taken through the politics of godfatherism! But, since they also refused for a long

time, they have equally suffered. So, we can heap to this Government, all the evils that have affected the farmers in this country. The Government is to blame! There is no excuse that the Government could give! So, the Government ought to wake up! If you do not want to wake up, sleep forever and God will bless you in your sleep! Then, we will take over and the Government will be run by people who have got the interest of this country at heart. That way, we can revive all the industries that are dead! Not a single one is surviving, including the dairy industry from the "Government's" home! I sympathise with the Government.

Mr. Deputy Speaker: The Government has no home.

Mr. Ndicho: For those who might not know; there are two persons here, that is the Government and the "government". I know what I am talking about because I am restricted from using the name of any person other than the Government. All I am saying is this: What will the Government do about all these issues that have been raised here? The issue of sugar has been raised here in the form of parliamentary Questions. Most of these Ministers normally answer these Questions in an irresponsible manner, with such an "I-do-not-care" attitude. At the end of the day, as Mr. Kajwang said one time here, all these corrupt people end up suffering. This is exactly what we are seeing.

We have heard Mr. Too explain how an Asian just walked into a Government office one morning, wearing a shirt open at the chest and without a tie. The PS then signed a piece of paper and handed over a factory to the Asian who had no interest at all in it other than to steal money from it. He then fled from this country and the Government made no effort at all to trace this man who has stolen a lot of money in this country. The Government could have used the Interpol to trace this person, but since some people in the Government were involved with Mr. Somaia in stealing this money, it has no moral authority to ask the Interpol to arrest him.

I want to talk about the growth and development of the sugar industry in the form of research policy. Since Independence, if the Government that took over in 1963 was still in power today, I am sure that research efforts could have produced a variety of cane that can yield about 100 tonnes per acre. As Mr. Raila said, in Sudan, it is the development of research in all their agricultural sectors that has made them prosper that much. You will be surprised to know that even research land in the sugar belt has been grabbed and given to individuals to build homes and practice subsistence farming. In a country where research is never done, the end result is the collapse of industries.

I would like to give an example of the coffee industry where research done at Ruiru produced the Ruiru 11, which is disease and pest resistant. As a result, the farmers have saved a lot of money on use of chemicals and other expenses. No research has been done on sugar. The cane crop that was grown in the sixties is the same one that is still being used. As a result there has been no development concerning that crop. The Government should own up to the problems that are faced by farmers in Western Kenya. They should apologise to them. I would like to ask the hon. Members from Western Kenya, who are on the opposite side of the House, not to give this Government any votes because they have brought them down economically. Any MP from the sugar belt who will contest on a KANU ticket should be rejected by the people there because these are the people who have made the electorate suffer financially. I hope they have heard that.

With those few words, I beg to support.

Dr. Anangwe: Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to make my contribution. Let me say at the outset that I support the thrust of the Motion and what it stands for. The sugar industry in this country is in shambles. There is a lot that needs to be done to bring it back to a situation where the farmers can benefit, more so, given that it is located in Nyanza and Western Provinces. If you look at Government documents in respect of poverty levels, you will find that the belt that covers Nyanza and Western Provinces is occupied by nearly 60 per cent of those people who live below the poverty line. In order for us to redress this particular situation, we need to address income earning opportunities like cash crops, particularly sugar-cane, in these areas. That is why I regard this Motion as an integral part of efforts to revamp sugar-cane growing.

Factories in Western Kenya and Nyanza are highly indebted and consequently, they are unable to meet their obligations towards the farmers. The farmers grow their cane with the expectation that they will earn income. When they deliver their cane to these factories, they acknowledge that they owe farmers some proceeds, but somewhat, they are unable to pay because they do not have the money. When a situation of this nature arises, it is no longer a preserve of the factories because a factory is just a smaller entity within the larger economic environment. It is always imperative that we provide for mechanisms in which the Government can intervene to redress problems of this nature. I, therefore, support the idea that a Sessional Paper to write off loans owed by Muhoroni, Nzoia and Sony sugar factories should be brought to this House so that these factories can be resuscitated and they can perform properly.

I know that sometimes, when problems of this nature face these factories, people tend to use economic arguments in order to shoot down proposals of this nature. I hope, when the Minister is responding, he will not buy these kinds of arguments because we know about the situation under which the sugar sector is being managed throughout the world. The Government has a role to play and it is not just a regulatory one; it is also a supportive one in terms of economic intervention on the side of the farmers. I can readily tell you that the sugar-beet industry in the UK has enjoyed protection for 300 years. The same applies to Japan and Continental Europe. There is no way the

sugar-beet industry in Europe and America can be left to the vagaries of the international market. At some stage, decisions have to be made, based on political consideration and not economics. If these issues were to be considered from a purely economic view like efficient production, farmers in the sugar-beet industry would not be able to stand up.

Each time there are threats from the international markets to come and invade their niche markets in Europe or America, they put pressure on their governments to intervene and provide some protection. That is what we are asking for in this country. It is not that we cannot produce efficiently, but it is the very nature of this particular commodity that makes production necessary. If you have to engage in the production of sugar-cane, somehow, the Government has to come in. The general trend is that you cannot produce efficiently without taking into account some factors. In those few cases where some countries have been able to produce efficiently, there are very many intervening variables which do not obtain everywhere. I know that they have quoted the case of Kenana, which is different from Mumias Sugar Company, or Memasi Sugar Growing Zone. Kenana and its nucleus is owned by the factory on a 100,000 hectare farm, so much so that they do not have the intervening variables like the small-holders have.

Mr. Deputy Speaker, Sir, for instance, if I have a farm, and the factory is mine, I would not have to pay anybody else who is engaging in the process of production in order for me to cut down on costs. The logic that is being applied with respect to Kenana and even Malawi, and I know that Malawi operates on the same logic, is that the factory and the farm belong to the same owner. So, they grow their own cane and they crush their own cane and the profits go to the same person. That is not the same case in Mumias. Very often, Mumias Sugar Company and the Mumias sugar-growing zone have been accused of not being efficient in their production. We have been very efficient in that particular region. I can readily tell you that in the world market of sugar, for instance, Brazil which is often cited as being a success story spends about US\$160 to produce one tonne of sugar. But when they get to the international markets, they sell it for US\$110 dollars per tonne. Who is paying for the US\$50 dollars that is not being demanded from the international markets? It is the domestic market that is subsidized and we are asking for similar arrangements here. Just to give some enlightenment in the case of Mumias sugar zone---

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

Dr. Anangwe: Yes.

Mr. Deputy Speaker: Order! There is no such thing as point of information in our Standing Orders.

Proceed, Dr. Anangwe.

Dr. Anangwe: Mr. Deputy Speaker, Sir, in the case of Mumias Sugar Zone, it costs about US\$420 to produce one tonne of sugar. About 60 per cent of this is the cost of cane itself that the small holders produce. Factory costs are competitive and are comparable to any other part of the world. They are about 19 per cent. When you compare it to Brazil, where the factory costs are about 22 per cent per tonne on overhead and marketing, in Mumias, it costs about 21.4 per cent of the cost per tonne. In Brazil, it is more or less the same. The factor that is making a fundamental difference here is the cost of cane to the factory, which the factory does not own. It has to rely on small holders. The expectations that the small holders should be able to produce cheaply is impossible. When you compare it with Kenana, economies of scale do apply; the factory owner has 100,000 hectares of cane and the economies of scale can apply. But in the case of Mumias, the average holding is about 1.5 hectares.

Many people, including agricultural economists, have said that on 1.5 hectares of cane, you cannot break even. The margins are very small. You need a little bit higher; more than five acres, to be able to break even. The natural corollary of this kind of situation, whether we like it or not, if the Mumias farmers have to engage in cane production, is that the Government has to come in and subsidize. The domestic market has to come in and subsidize and we need protection. Let us not open our sugar industry to the vagaries of the international markets because nobody in the world is doing the same. If, for instance, you get sugar cheaply from Brazil, there must be somebody who is paying for that. It is the domestic market, for instance, in Brazil and, of course, supplemented by by-products that are able to pay for that.

When you also look at the technology that is being used in Mumias Sugar Company, it is labour intensive, whereas elsewhere, there is intensive mechanisation. It has also to tie in with the climatical conditions. Elsewhere, you can grow cane for one year and be able to harvest, whereas in Mumias Sugar Company, because of the climatical conditions, we have to take two years.

With those few remarks, I support.

*(A number of hon. Members
stood up in their places)*

Mr. Deputy Speaker: Order, hon. Members! Well, given the time left before the debate closes, I will call upon the Government Responder to respond. We have until 12.20 p.m. and by your own resolution, the Minister has 20 minutes. If I do not give him the chance now, the Mover would not be able to start to respond at 12.10 p.m.

The Minister for Finance (Mr. Okemo): Mr. Deputy Speaker, Sir, the Government is fully aware of the debt burden which is currently being borne by many of the sugar companies. The problem does not just lie with the heavy loans that many of the companies have. In view of that, I would like to propose an amendment to the Motion as follows: On the third sentence, instead of "this House urges the Government to introduce a Sessional Paper to writeoff the outstanding Government loans so as to facilitate the revival and growth of sugar industry in the Lake Region," I would like to propose that "the House urges the Government to expedite restructuring of the sugar companies within the comprehensive restructuring framework of the on-going public enterprise reform programme with the view to submitting a Sessional Paper to Parliament to writeoff excess debt where considered technically appropriate."

I am saying that because the writing-off of the loans is not the full solution to the many problems that afflict the sugar sector. At the moment, the Government is implementing a comprehensive restructuring programme as per the recommendations of the sugar sector restructuring study which has been carried out. This study does recommend that besides writing-off of the loans, we do other things. For example, the companies have problems which relate to aged machinery which is almost obsolete and this leads to poor sugar recovery and, therefore, the writing-off of loans would not be addressing that particular problem. So, we need to look at that problem and look for solutions where necessary.

The other problem, of course, is the question of inadequate supply of sugar due to lack of appropriate land and development machinery and this problem is common to all the four companies; that is Miwani, Sony, Muhoroni and Nzoia. Of course, we have problems of mismanagement. We also have problems of low capacity utilisation which is mainly due to inadequate sugar supply. Then, we have the problem of negative net worth, and that is probably what the Motion is trying to tackle. But I am proposing, by my amendment, that besides dealing with the problem of write-off of the debts, we also look at those other problems. I would like to recommend, therefore, that we look at a more holistic approach to the problems afflicting the sugar industries. For example, in Nzoia, we have a problem of bloated personnel. We have too many people and the company cannot make any headway.

Mr. Deputy Speaker Sir, the other problem that has been mentioned and is absolutely relevant, is the question of imports from the COMESA region. Now, I would like to assure this House that this problem has been looked at very seriously by the Government. This is because what is involved here is, having signed the COMESA protocol, what does that imply for Kenya? What that means is that the sugar would come in without the payment of customs duty. However, the same sugar would be subject to VAT at 18 per cent and the Sugar Development Levy at 7 per cent. In fact, the main problem, as we see it from the Government, has not been the question of the sugar coming in duty-free, but there has been under-invoicing; and on top of that, there has also been evasion of duty. So, what we did was to put up a task force which went through all the COMESA countries and visited all the factories that produce sugar to determine, first of all, their production capacities; secondly, what is the exportable sugar that these companies produce; and lastly, to determine, therefore, whether they are exporting more than they are producing, which means, therefore, that there is trans-shipment. There is sugar coming from elsewhere through those countries and being exported and purported to be produced from those COMESA countries. Because we now have the relevant statistics, we do believe that we can be able to actually control the amount of sugar coming from the COMESA countries because we know how much sugar they produce and how much is available for export.

Mr. Deputy Speaker, Sir, having done that, we also went as far as to determine what their ex-factory prices are. We determined that these ex-factory prices are much higher than what has been declared by importers, which means there has been under-invoicing. Now, if you add the cost of the ex-factory price and the freight, and these people paid VAT and Sugar Development Levy, the prices are comparable. In fact, the prices are slightly higher than the cost of production by our local industries. So, we have now put in place mechanisms through KRA and the pre-shipment inspection companies to look at invoices. Any invoice that is lower than the prices we have established, immediately goes under investigation and we go right back to the source to determine what has happened and that sugar will not be cleared.

So, I think if these mechanisms are put in place and implemented, then the question of COMESA does not become a threat and the same argument actually applies to oil as well; it is not just sugar. So, I do think that if we implement these mechanisms to the letter, our factories should be able to compete. We have talked to Mumias, Nzoia, Chemelil and all the big companies, and they have confirmed that if those ex-factory prices are actually implemented and when we check on the invoices, we actually find that those are the prices being quoted and the duties are excluded, but VAT and Sugar Development Levy are paid; they are quite happy to compete. So, I want to assure this House, therefore, that the question of COMESA imports is being handled, and I think we are beginning to see the results of that. Mumias Sugar Company has confirmed to us that now they have begun to see their sugar actually being sold because of the implementation of these administrative measures.

Mr. Deputy Speaker, Sir, what I would like to assure this House is that besides writing off loans, I think there are factories that have got bigger loans than the accumulated losses that have taken place over the years. It, therefore, means that even if we wrote off the loans and you looked at the net worth of the company and the accumulated loss, it does not help them. So, what we need to look at is really cleaning up the balance sheet which means that we should be

thinking in terms of conversion of all the shareholders' loans plus accumulated interest into equity. That is a more effective thing than just writing off the loans. This is what we propose to do and we are working on a Sessional Paper that will bring out all these measures.

Mr. Deputy Speaker, Sir, the other problem is, of course, management, which has been alluded to by some of the hon. Members here; that some of the companies are not performing very well. So, those issues too are going to be addressed.

The other issue, of course, has been the question of ageing machinery. The equipment is completely obsolete and whether you write off the loans or not, this is not going to make a change to the operations of the factories. So, what we need, therefore, is to make sure that this equipment is replaced. This might only be possible if we can inject extra capital into the factories. So, I do want to confirm to this House that we are going to work out a very comprehensive Sessional Paper that goes beyond just the write-off of loans, but will also involve the machinery, management, land use and utilisation. We should come up with a solution that makes these sugar factories viable, so that they can become commercially viable entities. This is because if they are able to generate profits, then they will be able to afford to pay the farmers on a timely basis. However, if the factories are not commercially viable, then the problem will spill over to the farmers and this is what is happening with the problem of factories.

Mr. Deputy Speaker, Sir, that is the amendment I am proposing and those are the reasons for my amendment. However, I really support the spirit and letter of the Motion by hon. Omamo.

Thank you very much.

The Minister for Environment (Mr. Ngala) - Seconded.

*(Question of the first part of the amendment
to the amended Motion, that the words to be
left out be left out, proposed)*

Mr. Deputy Speaker: Hon. Members, you remember that the amendment proposed by hon. Wamunyinyi was carried. So, that is now the Motion as it stands.

Mr. Munyao: Mr. Deputy Speaker, Sir, I thank both the Mover and the Minister. Even without knowing the feelings of the Mover, he is a member of the Committee on Agriculture and I know this issue has been discussed a lot.

Mr. Deputy Speaker, Sir, I have got two questions for the Minister. We, as Members of Parliament, trust the Minister. We trust the Minister like Mr. Okemo, but we do not trust the Government. Definitely, we do not! Therefore, even the proposed amendments by the Minister - although from his looks there is a lot of sincerity - how will they be carried over by this Government which cannot be trusted, particularly when he uses some technical languages here and there?

One of the things which is crumbling the sugar factories has been because the right hand does not know what the left hand is doing. When we speak to the Ministry of Agriculture, Livestock and Rural Development, Kenya Sugar Authority and the rest, they have been talking about sugar, the powers of sugar and how sugar will not be imported into this country. However, as per the information we have, some of the smaller manufacturers in the country are the ones who have been crumbling the industry and they do that in collaboration with officers from the Ministry of Finance. They have been using authority from Treasury to import most of the sugar. How far then are we going to trust these amendments? I am not implying that the Minister for Finance is not in control of his office, or does not know what is happening in his Ministry, but there is a lot more than meets the eye. This is because the importation of sugar into this country without taxes, duties and so on, has been done with the authority of the Treasury. How is the Minister going to control this? We all agree with the beautiful language of the Minister for which we have congratulated him, because he is so eloquent, particularly when he is talking here. He is so good and we like listening to him, but how will we accept his amendments? How are we going to trust that the Minister is going to control whatever he is saying?

The Minister for Finance (Mr. Okemo): On a point of order, Mr. Deputy Speaker, Sir. Is it really in order for the hon. Member to cast aspersions on the Minister for Finance when he knows very well that the Minister operates under collective responsibility?

Mr. Deputy Speaker: Mr. Minister, Mr. Munyao talked about the Government and not the Minister for Finance.

Mr. Munyao: Thank you very much, Mr. Deputy Speaker, Sir. We like you because you are really genuine. It is very true that I first applauded the Minister for his commitment. However, we cannot trust this Government. The Minister is in the wrong Government. I am sure we will consider him for a job when KANU crumbles.

The Minister for Finance (Mr. Okemo): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it really in order for Mr. Munyao to continue implying that I operate individually when I am part of the Cabinet of the Government of Kenya and, therefore, operate under collective responsibility? Is he in order to continue praising me as a person when he knows that I actually operate in a Government? I am a Cabinet Minister who works under collective

responsibility.

Mr. Deputy Speaker: Mr. Minister, if we are to take you seriously, then all of you may be tainted with what just one Minister does, and we have examples.

Proceed, Mr. Munyao!

Mr. Munyao: Mr. Deputy Speaker, Sir, I, once again, thank you sincerely. Let me promise the Minister that we shall not forget him when we change places with them. Sincerely, he should have been in a better and cleaner Government, which says things are black when they are black. This Government says things are black when it knows that they are white; and it insists on such a position.

Mr. Deputy Speaker: Meanwhile, Mr. Munyao, let us discuss the Motion.

Mr. Munyao: Ooh! I am right back to the Motion, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker, Sir, really, the sugar issue and that of sugar factories are of great concern to this House. We visited all the sugar factories and met sugar-cane growers. The language of farmers everywhere is the same; they get "finished" every time they sell their sugar-cane. How come locally-produced sugar is so expensive?

We should commend the Kenya Sugar Authority (KSA) officials who have successfully negotiated for an increase of our sugar quota to the European Union (EU) market to about 10,000 tonnes annually. We are asking the Minister to go further and negotiate with the EU so that we can export all our sugar to its market and import cheaper sugar from elsewhere for our consumption. That is the solution to the current crisis in the sugar industry. Many countries have done that. For example, Mauritius sells all its 600,000 tonnes to the EU countries and imports cheaper sugar for its own consumption; that country's sugar consumption is very small. Equally, this country's sugar consumption can be very small. We can import sugar for our consumption from countries which subsidise farming.

This is a very crucial point, to which I would like as many hon. Members as possible to contribute. I hope that even if the Minister does not get time to respond, he will consider how to get where he promised to take the sugar industry. His words are very good, but I do not know how he is going to get us there.

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

The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs, Heritage and Sports (Mr. Osundwa): Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this Motion. Without appearing to contradict the Minister for Finance, who is not keen to write off the loans, let us reflect on how these loans were acquired.

Mr. Deputy Speaker, Sir, the Ministry of Agriculture is keen to recruit expatriates to run this country's sugar factories. However, when the expatriates arrive, they quickly condemn the existing machinery and other equipment at our factories and embark on expansion programmes. Some expatriates convince Government officials to give them contracts to supply factory spare parts. Some spare parts never arrive in the country, but the mwananchi pays for them. For example, Mumias Sugar Factory embarked on a modernisation programme during which equipment valued at Kshs800 million was imported, but the public paid Kshs4.5 billion for it. These loans do not benefit the sugar-cane farmer. This money goes into the pockets of some Government officials and these expatriates repatriate the money back home while the mwananchi is left with the burden of repaying this money.

If you go to Nzoia Sugar Factory, you will find the diffusor equipment lying in the field. It was brought in by the former Minister, Mr. Mwangale. This is a very serious matter and I am urging the Government to write off these loans because they have not served any purpose.

Secondly, if we want to benefit the farmer, we will have to do away with these outgrower companies. Some of these outgrower companies were formed to guarantee overseas loans. These loans have been repaid and the companies are still in existence. I believe that these companies are in existence only to create jobs for people who cannot find jobs elsewhere.

Mr. Deputy Speaker, Sir, this country has hundreds of sugar technologists and managers. Why do we still recruit expatriates to run our factories? I am urging the Ministry - unfortunately, the Minister for Agriculture is not here; he is my colleague and I do not want to contradict him - to speed up the Sugar Bill. The passage of this Bill will give the sugar industry to the farmers. We have done that in the tea and coffee sub-sectors and I think that all is well now in the tea sub-sector. If the Minister was serious about this - I understand we are going on recess - he should have introduced the Sugar Bill in this House and it should have been referred to the relevant House Departmental Committee.

Mr. Shitanda: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the hon. Member for Mumias Constituency to pretend to urge the Minister for Agriculture to present the Sugar Bill to the House, while he ran away when we were voting for the introduction of the same Bill?

Mr. Deputy Speaker: Order! If you were not going to take a vote, I would have dealt with you for that.

Proceed!

The Assistant Minister, Office of the Vice-President and Ministry of Home Affairs, Heritage and Sports (Mr. Osundwa): Mr. Deputy Speaker, Sir, I will ignore that because I voted for the Bill. I intend to take a very

short time because the mood in the House shows that many hon. Members still want to contribute to this Motion.

The last issue here is about payment to the farmers. One way of reviving the sugar industry is through motivating farmers. Right now, farmers are paid a gross of Kshs2,030 per tonne, but after deductions, they end up with Kshs400 only. This cannot be called motivation or commercial farming. This is outright impoverishment of the farmers.

With those few remarks, I beg to support the amendment.

(Question of the first part of the amendment to the amended Motion, that the words to be left out be left out, put and agreed to)

(Question of the second part of the amendment to the amended Motion, that the words to be inserted in place thereof be inserted, proposed)

(Question of the second part of the amendment to the amended Motion, that the words to be inserted in place thereof be inserted, put and agreed to)

(Question of the Motion as again amended proposed)

Mr. Deputy Speaker: Now, we have one minute before I call upon the Mover to reply. Mr. Sungu, take one minute.

Mr. Sungu: Thank you, Mr. Deputy Speaker, Sir, for that one minute. I had agreed with the Mover to allow me another four minutes.

Mr. Deputy Speaker: Order! You have one minute only!

Mr. Sungu: Mr. Deputy Speaker, Sir, I will take one minute to talk about Miwani Sugar Factory.

The problem at Miwani Sugar Factory is a creation of the Government. When the late Mr. Akira left Miwani Sugar Factory, the Government took it over and handed it over to somebody called Mr. Somaia. This is the sole cause of the problems that are facing the factory; the farmers have never been able to do anything. Mr. Somaia got this factory on a silver platter; he did not pay any money for it except for a National Bank of Kenya loan, which was a Government loan. This is outrageous because these are the same people who are now auditing the firm. We want to appeal to the Government to look into the situation of the sugar industry seriously.

Dr. Omamo: Mr. Deputy Speaker, Sir, I have been pressed very hard by Mr. Kajwang, that I give him three minutes to contribute to the Motion. May I give the three minutes to him?

Mr. Deputy Speaker: Order, Dr. Omamo! You have been here long enough to know that this is the time for you reply to the Motion. Mr. Kajwang would like to contribute to the debate and we have passed that stage. So, there will be no occasion - mark my words - from now till kingdom comes, when a Mover shall stand and cede some of his time to another hon. Member.

Proceed!

Dr. Omamo: Thank you, Mr. Deputy Speaker, Sir. That now settles that whisper here.

First, I would like to thank the 11 hon. Members who have contributed to the Motion. In my opinion, the Motion which was very straightforward was amended. The amendment merely pushed it up. As though it was not up enough, the Minister stood up and pushed it up again with further amendments, and now, as the Ministry puts it, it is a more holistic approach to what we were looking for.

Mr. Deputy Speaker, Sir, we are already members of COMESA which is bringing in relatively cheaper sugar into the country. We must first strive to remain local sugar producers. All these suggestions to the Ministry should be implemented. So long as we are a low-cost sugar producer, we can compete with any sugar importers. Therefore, a deliberate investments policy for the sugar industry is important. I would like to thank the Minister for saying so loudly. Liberal injection of investment capital is necessary right now. Apart from dealing with the loans which the Minister undertakes to write off or the Government is taking over those loans as equity capital, which means the same thing as far as the farmer is concerned it is good enough. It is important that there should be a liberal injection of investment capital into the sugar industry.

I quite agree with the Minister's suggestion that we should clean up our accounting books to attract new investors. The accounts books are in a mess. If we took action to have the books cleaned, I am sure we would have hope of attracting new investors into the industry.

Mr. Deputy Speaker, Sir, there is only one other point that I would like to add on the production side. Our country can do much better if the Government from now on adopted a deliberate policy to introduce irrigated agriculture into the sugar industry. In other words, they should strive irrigate more land under sugar-cane. At the moment, it is only the Chemelil sugar zone that is irrigating about 400 acres, and that is not good enough. That is not good enough! We have had agriculture done under irrigation. We should think of other areas in Kenya where sugar-cane can be grown under irrigation. With irrigation there is an advantage because the sugar-cane matures within a shorter period while its weight and quality increases. Therefore, to me, irrigation is necessary. I would like to suggest to the Minister that the time has come when a large area, for example, the Lambwe Valley in Subaland was put under sugar-cane. All the areas around Rongo and Ndiwa can also be put under sugar-cane through irrigation.

Mr. Deputy Speaker, Sir, I do not know how many times I will keep on trying to persuade the Government to embrace the idea of irrigating the lake shore hinterland using the hillocks. The Government should tap water from the Lake and take it to the hillocks and let the water come downwards from the hillocks through gravity to irrigate the land. The hillocks are everywhere, especially around, Homa, Roli, Godi Bina Aloo, Kachulu, Botonga, Seme and Ongeero. You can even go further west to the hillocks of Odiado. All those hillocks are natural for man to see. There are two things that can be seen by man in that area; the Lake and the hillocks.

The Government should tap the water from the lake and take it to the hillocks so that water can be used for irrigation. Through irrigation, you grow sugar-cane for the production of sugar. Sugar-cane is the crop for the future. A time will come when there will be no oil from the core of the earth, but sugar-cane will continue to be grown and it will be the source of energy. Sugar-cane is the crop for the future! Just like some parties represented here in this House are parties for the future, sugar-cane is the crop for the future! So, why do we not encourage the growth of sugar-cane? I would like to stress that there is need to set up the production sugar-cane under irrigation.

Mr. Deputy Speaker, Sir, once again, I would like to thank those who have contributed to the Motion. With these few remarks, I beg to move.

*(Question of the Motion as amended
put and agreed to)*

Resolved accordingly:

THAT, in view of the traumatic financial difficulties being faced by Muhoroni, Miwani, Sony and Nzoia sugar companies, noting that sugar-cane is a major source of income for the farmers in Nyanza/Western Kenya sugar belt; and realising that the current heavy loan portfolio held by the three companies makes it impossible for the companies, their cane out-growers, and all other stakeholders to reap any benefit; this House urges the Government to expedite the restructuring of the sugar companies within the comprehensive restructuring framework of the on-going Public Enterprise Reform Programmes, with a view to submitting a Sessional Paper to Parliament to write off excess debts where considered technically appropriate.

LEAVE TO INTRODUCE MINISTERS
OF THE GOVERNMENT OF KENYA BILL

Mr. Muite: Mr. Deputy Speaker, Sir, I beg to move the following Motion:-

THAT, this House do grant leave to introduce a Bill for an Act of Parliament entitled Ministers of the Government of Kenya Bill in order to establish offices of the Ministers of the Government of Kenya and to provide for the establishment of such offices by the President and for matters connected therewith and incidental thereto.

Section 16 of the Constitution of Kenya requires this Parliament to do two things. First, Section 16 of the Constitution of Kenya places a constitutional responsibility on Parliament to fix the number of Ministries of the Government of the Republic of Kenya. Alternatively, Parliament is obligated, in terms of Section 16 of the Constitution, to enact a law to give authority to the President to fix the number of Ministries. But the only way in which this House can discharge its constitutional duty imposed on it by Section 16 of the Constitution of Kenya is for it to fix the number of Ministries, or alternatively to enact a law to give authority to the President to fix the number of Ministries. This Parliament must do these two things if it is to discharge its responsibility.

Mr. Deputy Speaker, Sir, it is a matter of great concern that each hon. Member of this august House has taken

an oath to protect the Constitution of the Republic of Kenya. All of us have taken that oath. So, we are collectively and individually responsible for allowing a continuing violation of this Constitution. Since I was elected to this House in 1992, I have been pleading with the hon. Attorney-General to tell him the dispute is not about the number of Ministries, but non compliance with the Constitution. This is because it sets a very bad regrettable example when this Parliament is the one which acts in breach of the Constitution. This is because if the Attorney-General of the day does not advise the Government on the requirement of Section 16 of the Constitution, then it is for us, as hon. Members of Parliament, to rise up to our responsibility as stipulated in Section 16 of our Constitution. Therefore, it is a matter of great regret that up to now, as we sit here, we have acted in constant breach of the Constitution of Kenya, which we have sworn to protect.

Mr. Deputy Speaker, Sir, this Motion is seeking leave to introduce a Bill which touches on the responsibilities placed on us so that, tomorrow, our posterity does not ask us why we permitted this violation to continue. Strictly speaking, all the current Ministries are unconstitutional and illegal. They have not been fixed by this Parliament in terms of Section 16 of the Constitution. So, even when we have been voting money in the Budget to the Ministries, we have been voting money to Ministries that do not, strictly speaking, exist in law because they are unconstitutional and illegal. I do not want to be very hard on the Attorney-General because he is constrained by what they call collective responsibility. But as the Chief Legal Adviser, he must take the buck and the flak for permitting the Government to continue with this violation. It was his duty to bring that Bill. It is because of the failure and abdication of duty by the Attorney-General that I am obliged to seek leave to bring this Bill in order for us, as a House, not to abdicate our responsibility, and in order for this House to comply with Section 16 of the Constitution of Kenya.

When I asked the Attorney-General privately why this sort of situation has been permitted to continue, he told me that even during the Kenyatta regime, Parliament never fixed the number of Ministries. It is true, and I have gone through the HANSARD, I have not seen anywhere where those previous Parliaments ever complied with Section 16. But two wrongs do not make a right. It may be that until 1992, there was this culture or mentality of one-party state, that the law did not matter. It is the will of the party in power that carried the day. We are now in a different multiparty era and I certainly do not want myself or any Member of this august House to be asked by posterity: "Do not tell us what happened during the Kenyatta and Moi regimes. What did you, yourself, do when you became a Member of Parliament and you read Section 16 that required Parliament to fix the number of Ministries? You did nothing. You permitted the violation of the Constitution to continue." It is very central to the issue of constitutionalism for Parliament itself to be in the forefront in scrupulously observing and respecting the Constitution and complying with it. So, it is a matter of great shame that we have allowed this situation to continue from 1992 when the first multiparty Parliament came into fore, up to now. I am pleading with all hon. Members to look at this matter not as a way of trying to curb the powers of the Presidency or anything; let us argue later when we have the Bill about the number of Ministries. That is Phase II. Phase I is to acquaint ourselves in terms of complying with the constitutional responsibility that this Constitution places on our shoulders as Members of Parliament.

I am not, at this point in time, arguing about the number of Ministries. I am just seeking leave so that, we, as a House, can comply with Section 16, so that we can be true to the oath we took of respecting the Constitution. When leave is granted, then we can argue about the number of Ministries and their titles. But we must not allow a situation where we go for another day or month without complying with the Constitution. This is not one of those situations where one can be told that we are in the middle of comprehensive constitutional reforms. This is a breach that should have been stopped yesterday and not tomorrow. We have been waiting for the Attorney-General to bring the Bill, he has not brought it. So, we have to bring it. This is not something that can wait for constitutional reforms. We want this Bill today or tomorrow, so that we can fix the number of Ministries or pass a law that will give authority to the President to fix the number of Ministries. If we do not pass it, truly, we have no legitimacy or moral authority to even start talking about comprehensive constitutional reforms. If we cannot respect, comply and enforce the provisions of the current Constitution, what moral authority do we have to go forward even to comprehensive constitutional reforms? Who will believe us, that when the new constitutional order is in place, we will respect it at all, if we cannot respect the current one? So, let us begin by demonstrating that we can rise up to the occasion. This is Parliament; it is the very galvanising symbol of constitutionalism.

Mr. Deputy Speaker: Order, hon. Members! Mr. Muite, you still have 10 minutes and you can expend them when we next meet on a Wednesday morning.

ADJOURNMENT

Mr. Deputy Speaker: It is now time for the interruption of business. The House is, therefore, adjourned until this afternoon, Wednesday, 15th August, at 2.30 p.m.

The House rose at 12.30 p.m.