

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 21st November, 2001

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.712

RESIGNATION OF HON. KARIUKI FROM NBK

Mr. Speaker: Is Mr. Muiruri not here? We will come back to his Question later.

Question No.715

QUERY OVER TEACHERS' SCHEME OF SERVICE

Mr. Obwocha asked the Minister for Education:-

(a) whether he is aware that the current Scheme of Service and remuneration for teachers by the Teachers Service Commission excludes holders of Post Graduate Diploma in Education (PGDE); and,

(b) what action he is taking to rectify the anomaly.

The Assistant Minister for Education, Science and Technology (Mr. Karauri): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that the current Scheme of Service and remuneration for teachers by the Teachers Service Commission exclude Post Graduate Diploma in Education holders.

(b) There is no anomaly to be rectified since Section 5 of the Scheme of Service for Graduate Teachers implemented with effect from 1st July, 1998 recognises the Post Graduate Diploma in Education for purposes of entry into the scheme and remuneration for the holders of that certificate.

Mr. Obwocha: Mr. Speaker, Sir, that is not true for Post Graduate Diploma in Education graduates who have already undertaken their under-graduate studies. Secondly, they have gone for another one or two years post graduate studies and two years mandatory teaching experience. Currently, their salaries are at the same level with---

Mr. Speaker: Order! It is Question Time! A Question is defined as being of an interrogatory nature, and it does not include giving a lecture or your own opinion. Could you interrogate the Assistant Minister?

Mr. Obwocha: Mr. Speaker, Sir, what I am asking him to do is to harmonise the salaries of the post graduate teachers and the ordinary Bachelor of Education teachers, because, currently, they are at the same level. The starting point may be different, but they are at the same level.

Mr. Karauri: Mr. Speaker, Sir, here, we are talking of an individual who has not been trained as a teacher. He went to the university and he did his Bachelor of Arts Degree or Bachelor of Science Degree. When he or she graduates from the university and wants to be a teacher, a job that he or she has not been trained for, he or she is employed as an unqualified teacher. If he or she goes for a Post Graduate Diploma and graduates, he or she would be qualified as a teacher and would enter the scheme of service for graduate teachers.

Mr. Obwocha: Mr. Speaker, Sir, the Assistant Minister has talked of a graduate who is already employed as a teacher and has a degree. In this case, he or she is not on the same level with the Bachelor of Education graduate. It means that he or she has some extra knowledge. Could he adjust their salaries to fit their qualifications?

Mr. Karauri: Mr. Speaker, Sir, maybe, we are talking at cross-purposes here because a Post Graduate Diploma holder is not like a Masters Degree holder. I hope the hon. Member can clarify what he has talked about. He has talked about a holder of a Masters Degree and that one starts two levels above the ordinary graduate.

Mr. Obwocha: Mr. Speaker, Sir, Mr. Karauri is a graduate. I do not know why he is not understanding this simple question. If you are a Bachelor of Education degree holder, you are an undergraduate and you have a first degree. If you have Bachelor of Arts Degree, that is a first degree and so you are at the same level. But when a

Bachelor of Arts degree holder goes for a Post Graduate Diploma in Education, he would get an extra qualification, and, therefore, they cannot be at the same level.

Mr. Speaker: Order! He or she, maybe, a Bachelor of Arts degree holder, but not a professional teacher.

Mr. Karauri: Mr. Speaker, Sir, you are right. At first he or she is employed as an unqualified teacher at a lower salary than somebody who trained at the university and got a degree as a teacher. When he or she goes for Post Graduate Diploma, he or she qualifies to be a graduate teacher and enters the scale of graduates.

Question No.731

ACTION ON UNINSURED SCHOOL BUSES

Mr. Kariuki asked the Minister for Education:-

(a) whether he is aware that school buses and vehicles which are usually not insured are used to ferry political party members and traditional dancers to attend political functions; and,

(b) what action will be taken to avoid possible losses and claims being made against schools.

The Assistant Minister for Finance and Planning (Mr. Marrirmoi): Mr. Speaker, Sir, I beg to reply.

(a) Mr. Ngenye Kariuki resigned on 27th September, 2001.

(Laughter)

Mr. Speaker: Order, Mr. Marrirmoi! Are you in the Ministry of Education, Science and Technology?

The Assistant Minister for Finance and Planning (Mr. Marrirmoi): Mr. Speaker, Sir, oh! Which one is this?

Mr. Speaker: Order! I may be forgiven because there was a reshuffle. But Mr. Marrirmoi, have you been reshuffled to the Ministry of Education, Science and Technology?

(Laughter)

The Assistant Minister for Finance and Planning (Mr. Marrirmoi): No, Mr. Speaker, Sir. I thought that you had called out for Question No.712. I wanted to answer that Question.

Mr. Speaker: I called out Question No.731 by Mr. Kariuki, for the Ministry of Education, Science and Technology!

The Assistant Minister for Education, Science and Technology (Mr. Karauri): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that school buses and vehicles that are usually not insured are used to ferry political party members and traditional dancers to attend political functions.

(b) To avoid possible losses and claims in cases where school vehicles ferry non-institutional members, the school administrators are advised to ask the would-be users to take temporary insurance covers for the days the vehicles would be in use.

Mr. Kariuki: Mr. Speaker, Sir, I am surprised that the Assistant Minister is not aware that school buses carry members of the public, particularly those who attend presidential and other public functions. Is he aware of the apparent loss such passengers are likely to incur in the event of an accident happening? Surely passengers will not be compensated by any insurance company for injuries or deaths arising from accidents involving school buses. Is the Assistant Minister fair to say that he has advised schools to seek temporary insurance covers whenever they hire out their vehicles for use by members of the public when most schools are located in very remote areas where they cannot insure their vehicles? What is the Government doing to ensure that all school buses are insured comprehensively?

Mr. Karauri: Mr. Speaker, Sir, school buses are insured by the Ministry of Education, Science and

Technology. So, there is no question of the same being insured. School managements know that when they hire out buses to parties other than members of their institutions, the parties involved should provide temporary insurance covers for the period they will be using the vehicles.

Mr. Anyona: Mr. Speaker, Sir, sometime back, we were told why Government of Kenya (GK) vehicles are not insured. Is the Assistant Minister now telling us that school vehicles fall under the GK vehicles category, in which case they are exempted from insurance? What did he say? I did not quite follow. I thought that, like any other vehicles, school vehicles require insurance.

Mr. Karauri: Mr. Speaker, Sir, the Government assist schools by insuring the vehicles that they buy for use by students. So, the Ministry insures school vehicles.

Mr. Speaker: Very well, Mr. Kariuki, could you ask the last question?

Mr. Kariuki: Mr. Speaker, Sir, insuring the buses is not the same as insuring the passengers who travel in them. So, the passengers are not insured. If that is the case, why should the Government just [Mr. Kariuki] advise schools instead of insisting that before a bus leaves a school it should be insured against the third parties who get carried in those buses?

Mr. Karauri: Mr. Speaker, Sir, I thought that insurance for a vehicle covers the third parties travelling in them except in the case of a vehicle which has a comprehensive insurance cover, which is repaired by the insuring company in case it gets damaged in an accident.

Mr. Kariuki: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Under what Standing Order have you risen?

Mr. Kariuki: Mr. Speaker, Sir, I rise under Standing Order 88(2).

Mr. Speaker: You are wrong! That is about disorderly conduct, Mr. Kariuki!

Mr. Kariuki: Mr. Speaker, Sir, that is exactly what the Assistant Minister has done. He has been misleading this House by giving it false information.

Mr. Deputy Speaker: Order! Order! That is what you feel.

Mr. Wanjala's Question!

Question No.682

DEVELOPMENT OF FISH LANDING BEACHES

Mr. Wanjala asked the Minister for Environment:-

(a) whether he could table the list of all macro projects undertaken by Lake Victoria Environmental Management Programme and the constituencies in which they were undertaken; and,

(b) when the Programme will fund Osieko Beach in Budalang'i Constituency to conform with the European Union standards in the development of fish landing beaches.

The Assistant Minister for Environment and Natural Resources (Mr. ole Ntutu): Mr. Speaker, Sir, I beg to reply.

(a) Lake Victoria Environmental Management Programme (LVEMP) does not undertake any macro projects. However, LVEMP implements community-based micro projects. We have attached to this reply a copy of the list of micro projects which have been supported by LVEMP.

(b) Osieko Fishermen Self-Help Group is being considered along with other applicants awaiting funding.

Mr. Wanjala: Mr. Speaker, Sir, you are aware that at one time the European Union stopped importing fish from Kenya because of the unhygienic manner in which fish was being handled. Osieko Beach is an old beach and the second largest beach in Budalang'i Constituency. It could be the third largest beach around Lake Victoria, and the biggest fish supplier. In view of the conditions given to Kenya by the European Union to develop beaches to conform with international standards, what urgent measures is the Assistant Minister going to take to ensure that Osieko Beach is built immediately so that fish from that area is also allowed into the European Union Market? How much money has been set aside for the development of Osieko Beach?

Mr. Speaker: Mr. Wanjala, do you want fish to come and relax on the beaches?

(Laughter)

Mr. ole Ntutu: Mr. Speaker, Sir, I wanted to alert the hon. Member to advise his people to avoid encroaching on the beach, so that there can be enough room. People should move a few yards back so that the

beach can be clear of congestion.

Mr. Sungu: Mr. Speaker, Sir, this Question is of immense importance to the people living in the Lake Victoria Basin area, particularly those who border the lake. Whereas I have not seen the list submitted by the Assistant Minister, I know for sure that my constituency, Kisumu Town East, neighbouring Kisumu Town West, Kisumu Rural and Nyando Constituencies have not benefited at all from these funds. There must be tribalism or something else involved in the disbursement of these funds, led by Prof. Ojiambo, who I understand is the political opponent of my friend here. They have benefited. What urgent steps is the Assistant Minister going to take to ensure that the funds are disbursed equitably among all the communities in the Lake Victoria region?

Mr. Wanjala: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Under what Standing Order are you raising the point of order, Mr. Wanjala?

Mr. Wanjala: Mr. Speaker, Sir, I am raising the point of order under Standing Order No. 73(4).

Mr. Speaker: Mr. Wanjala, get your Standing Order right. Proceed with your response, Mr. Assistant Minister.

Mr. ole Ntutu: Mr. Speaker, Sir, I believe that there is no bias in the allocation of funds. The disbursement of the funds is being undertaken by a committee at the district level, under the chairmanship of the District Commissioner. People undertaking fisheries are also represented in the committee. So, there is a lot of transparency in the disbursement of the funds.

Mr. Speaker: I now come back to you, Mr. Wanjala!

Mr. Wanjala: Mr. Speaker, Sir, may I now raise my point of order?

Mr. Speaker: Under what Standing Order?

Mr. Wanjala: Under Standing Order No.73(4), Mr. Speaker, Sir.

Mr. Speaker: About what?

Mr. Wanjala: About an hon. Member imputing improper motive, Mr. Speaker, Sir.

Mr. Speaker: About imputing improper motive on who?

Mr. Wanjala: On me, Mr. Speaker, Sir.

Mr. Speaker: How?

Mr. Wanjala: Mr. Speaker, Sir, you clearly heard what Mr. Sungu said. I have brought this Question here in good faith. However, Mr. Sungu has talked about tribalism in the disbursement of the funds, and about an opponent who is going to contest the Budalang'i Parliamentary seat against me in the next elections. I am not bitter about that, but is Mr. Sungu in order to politicise the projects being undertaken under this programme?

Mr. Speaker: Mr. Wanjala, on whom has improper motive been imputed? Is it on the Government, on Prof. Ojiambo or on whom?

Mr. Wanjala: Mr. Speaker, Sir, improper motive has been imputed on me.

Mr. Speaker: What improper motive has Mr. Sungu imputed on you, Mr. Wanjala?

Mr. Wanjala: Mr. Speaker, Sir, Mr. Sungu said that Prof. Ojiambo is going to contest against me in the next elections.

Mr. Speaker: So, you are out-flanked?

(Laughter)

Mr. Sungu: Mr. Speaker, Sir, I can solve my problem.

Mr. Speaker: Order! Order! Mr. Sungu, who told you that this is a public *baraza*?

Mr. Sungu: I am sorry, Mr. Speaker, Sir.

Mr. Speaker: Order! Yes, Dr. Ochuodho!

Dr. Ochuodho: Mr. Speaker, Sir, I have scrutinised the list of projects that has been supplied by the Assistant Minister. To some extent, what Mr. Sungu has said is true. Out of the 50 projects listed here, half of them are in Busia District. Only ten projects are in the districts that border Lake Victoria. I can see that five projects have been listed as falling within Rangwe Constituency. Could the Assistant Minister tell us how much money has been allocated to each project and whether there has been a follow-up to ensure that the allocated funds were used for the intended purpose?

Mr. ole Ntutu: Mr. Speaker, Sir, I have a list of 60 projects and the amount allocated to each of them. It is a very long list, extending to several pages.

Mr. Speaker: So, what is the question about the five projects in Rangwe Constituency?

Dr. Ochuodho: Mr. Speaker, Sir, my question was: How much money was each of the five projects in Rangwe Constituency given?

Mr. Speaker: Can you not see the amounts on that list?

Dr. Ochuodho: Mr. Speaker, Sir, the amounts are not indicated on this list. Has there been follow-up to ensure that the money was used for the intended purposes?

Mr. ole Ntutu: Since this is a very long list, I wish to table it.

(Mr. ole Ntutu laid the list on the Table)

Dr. Omamo: Mr. Speaker, Sir, this question of supporting different beaches is causing a lot of headache along the lake shore. It would be helpful to the House for the Assistant Minister to state here and now, the minimum requirements that the European Union (EU) demands of each beach so as to qualify for the EU fish market. The idea of fishing these days is for export. The House should know the minimum requirements that each beach must satisfy in order for its fish to qualify for the EU market or any other market.

Mr. ole Ntutu: Mr. Speaker, Sir, the first requirement is for beaches to make their contribution of 10 per cent of the total grant being demanded. The other one is to meet the EU standards, such as keeping the beach clean and environmentally friendly.

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

Mr. Speaker: On what Standing Order?

Dr. Ochuodho: Unsatisfactory reply, Mr. Speaker, Sir.

Mr. Speaker: Order! There is no such a Standing Order.

Mr. Wanjala: Mr. Speaker, Sir, I want first of all to inform the Assistant Minister that the people of Osieko have not encroached on the beach. The beach is big enough and accommodates more than 15 trucks every hour. Could the Assistant Minister tell us how much he has allocated to Osieko Beach and when the project will be implemented?

Mr. ole Ntutu: Mr. Speaker, Sir, the application of Osieko Beach Project is still pending. There are some requirements needed to be met by the Osieko Self Help Group so that the grant can be offered.

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

Mr. Speaker: Under what Standing Order?

Dr. Ochuodho: Mr. Speaker, Sir, my point of order is on refusal by the Assistant Minister to answer a legitimate question.

Mr. Speaker: Who has refused to answer a legitimate question?

Dr. Ochuodho: Mr. Speaker, Sir, the Assistant Minister has refused to answer a legitimate question. I have the list of the amount of money that was spent in Rangwe Constituency. It is Kshs4.5 million. I asked whether there has been a follow-up to confirm that, that money was used for the intended purpose.

Mr. Speaker: You are taking us back!

Dr. Ochuodho: Mr. Speaker, Sir, I was still looking for the Standing Order.

Mr. Speaker: Well, you must have it on your finger tips.

Dr. Ochuodho: I oblige, Mr. Speaker, Sir.

Mr. Speaker: You are now late! Mr. ole Ntutu, would you like to answer him?

Mr. ole Ntutu: No, Mr. Speaker, Sir. Since he has the answer in his hands, what else does he want?

Question No.676

NON-PAYMENT OF BENEFITS TO MR. KARISA

Mr. Maitha asked the Minister for Labour:-

(a) whether he is aware that despite several appeals by the Provincial Labour Officer (PLO), Coast, Messrs. Fayaz Bakers and Confections of P.O Box 81070, Mombasa, have totally and in contravention of labour laws declined to pay Mr. Said Karisa's terminal benefits despite having worked with the said company for more than seven years; and,

(b) what urgent measures he is taking to have the above person paid his benefits.

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

(a) Mr. Said Karisa, who worked as a baker, was initially dismissed for negligence of duty. However, his case was reviewed and reduced to normal termination of service.

(b) His terminal benefits amounting to Kshs6,000 are ready for collection from the District Labour Office (DLO), Mombasa.

Mr. Maitha: Mr. Speaker, Sir, first of all, I am appealing through the Chair to the Minister for Labour to warn employers who hang the President's portrait on the walls of their offices to stop harassing employees. They tell employees while pointing at the President's portrait, that they can go and report them anywhere because they know the President.

What I have asked the Minister to do has already been done by his office in Mombasa. This case was handled and the PLO did his best in this regard. Mr. Karisa is asking for only Kshs15,600. He has even written to the President and a letter was even copied to the Minister by the Chief Secretary, asking him to settle this matter. Mr. Karisa is asking for Kshs15,600 because he was given only Kshs6,000.

Mr. Speaker: Mr. Maitha! Ask your question!

Mr. Maitha: Mr. Speaker, Sir, I am asking the question now.

Mr. Speaker: Now do that!

Mr. Maitha: Mr. Speaker, Sir, the Kshs6,000 that the Minister has told this House about is not the correct amount of money Mr. Karisa is demanding. The PLO has written to the employer many times asking him to report to the labour office, but he has not responded. Could the Minister order---

Mr. Speaker: Order, Mr. Maitha! At that rate, we will never process any Question. I would like hon. Members to look at Standing Order No.35, which explains what a Question is all about. It states:-

35(2) "A question shall be of a genuinely interrogative character and its purpose shall be limited to seeking information or pressing for action.

35(3) A Question shall not be made the pretext for a debate".

So, press the Minister to tell you what you want to know with short questions!

Mr. Maitha: Mr. Speaker, Sir, what is the Minister doing, through his labour office in Mombasa to force this employer to pay this person his proper dues and not Kshs6,000, as per the letters of the PLO?

Mr. Speaker: Very well. That is good now, Mr. Maitha.

Mr. Ngutu: Mr. Speaker, Sir, according to the information I have, the matter had been reviewed by the PLO and the amount that he decided on was the best for Mr. Karisa was what was awarded, namely, Kshs6,000.

Mr. Ndicho: Mr. Speaker, Sir, we have a problem with employers of a certain origin. I know you will not question that. But could the Minister ensure that employers, especially of that origin, pay our people their dues? As Mr. Maitha has said, whenever our people raise their fingers on labour [**Mr. Ndicho**] issues, employers point their fingers at the President's portrait and tell them to go and report wherever they want because they are bosses of the President. Could the Minister now issue a statement ordering those employers not to threaten our people with the portrait of the President?

Mr. Ngutu: Mr. Speaker, Sir, I have already issued many statements in this respect and I will repeat it.

Mr. Anyona: Mr. Speaker, Sir, the Minister has said that it was decided that Mr. Karisa should be paid Kshs6,000. What is this amount based on? These are rights. How was this figure arrived at? What was this man entitled to?

Mr. Ngutu: Mr. Speaker, Sir, the terminal dues were calculated as follows:-

<u>Item</u>		<u>Kshs</u>
One week's notice pay	-	735
18 days severance pay at Kshs105	-	1,890
21 days pro rata leave	-	2,205
TOTAL	-	4,830
Less (Loan)	-	300
Net	-	4,530

This amount was then reviewed upwards to Kshs6,000.

Mr. Maitha: Mr. Speaker, Sir, I would like to table a letter from the Provincial Labour Officer, Mombasa, which indicated the same amount of money which the Minister has referred to. The Minister's office ordered the employer to pay the Kshs15,000, which Mr. Karisa is claiming. Mr. Karisa was told to go back under Section 51 (d) of the Employment Act, but he has never gone back to the office up to now. What the Minister is reading is what was discussed a long time ago. Could the Minister force this employer to pay what the Labour officers told them to pay Mr. Said Karisa as his terminal benefits? I beg to table this letter.

(Mr. Maitha laid the letter on the Table)

Mr. Ngutu: Mr. Speaker, Sir, I will look at the letter referred to by the hon. Member and take further steps after going through it.

Question No. 679

NON-PAYMENT OF BENEFITS TO MR. MWAURA

Mr. Thirikwa asked the Minister for Labour and Human Resource Development:

- (a) whether he is aware that Mr. Jackson Mwaura, NSSF membership No.82649661X was retired on medical grounds in 1995;
- (b) why the NSSF has denied him his dues for the last six years, causing him and his family undue suffering; and,
- (c) what action he is taking to ensure that the dues are released to him without further delay.

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

- (a) I am not aware.
- (b) The NSSF has not received any claims for benefits from Mr. Mwaura.
- (c) Mr. Mwaura is advised to immediately lodge a claim for his benefits in the prescribed forms to the nearest NSSF office. This will facilitate the processing of his benefits.

Mr. Thirikwa: Mr. Speaker, Sir, either the Minister is ignorant of facts, or he has totally been misinformed. This is because Mr. J. Mwaura left Elgeyo Saw Millers in 1995 on medical grounds. When Mr. Mwaura lodged his claim, it was said that he was not the actual contributor to that account. Mr. Mwaura was finally taken to court, and I have a letter here from the Public Prosecutor, Mrs. U.P. Kidullah. Therefore, it seems the Minister has got no information. I would ask the Minister to go back to his office and look for more information.

Mr. Speaker: What are you asking him now?

Mr. Thirikwa: Mr. Speaker, Sir, I am asking the Minister whether he is aware that this has been a subject matter in a court of law? Mr. J. Mwaura was taken to court by Elgeyo Saw Millers on allegations that he was not the actual contributor towards this NSSF account number. Is the Minister aware that this was a subject matter in a court of law?

Mr. Ngutu: Mr. Speaker, Sir, I have not been given this information. Maybe, I can investigate further and find out more information about this matter and then I will bring it to this House.

Mr. Muturi: Mr. Speaker, Sir, the Minister, in his reply to this Question acknowledged that NSSF No.82649661X belongs to the person named as Mr. Jackson Mwaura. However, he says that he is not aware that the man was retired on medical grounds in 1995 or at all. Could the Minister tell us the position of Mr. Jackson Mwaura, whose NSSF number is given here? The Minister has not denied that this number is not Mr. Jackson Mwaura's. What is Mr. Mwaura's position with regard to this NSSF claim?

Mr. Ngutu: Mr. Speaker, Sir, as I have said, Mr. J. Mwaura had not lodged his claim. But, according to his records, I have a copy of his membership statement here which shows the amount of money he is owed by the NSSF. However, this money can only be claimed after he has been examined and a medical report produced so that he can get the benefits due to somebody who has been injured.

Mr. Speaker: Mr. Thirikwa, in the interest of Mr. Mwaura, why do you not get in touch with the Minister? With regard to a Question like this, where a sick person wants to be paid, the best thing we want to do as a House, is to facilitate that person to get that money. In my view, the best thing to do is for you, Mr. Thirikwa, to get in touch with the Minister.

(Mr. Thirikwa stood up in his place)

Order! Mr. Thirikwa, why do you not let the Chair finish first? If there are any forms he claims he has not been given, then you can help Mr. Mwaura to fill them so that he gets paid! Anyway, what was pressing you?

Mr. Thirikwa: Mr. Speaker, Sir, in order for this House to know how the NSSF operates, I have the membership card number here belonging to Mr. Jackson Mwaura. However, I have two cards here with the same number, but with two different names; one card is for Mr. Jackson Mwaura and the other card is for Mr. Johnson K. Mwaura. The two cards have the same number! Could the Minister clarify this difference of names?

Mr. Speaker: Order! Order, Mr. Thirikwa! Mr. Thirikwa, I think you are missing the point. The point is

this: Has the claim been lodged? That is the point!

Mr. Thirikwa: I agree with you, Mr. Speaker, Sir. But, how do you claim for your money when the NSSF has given the same card number to two people?

Mr. Speaker: Order! Order! Mr. Thirikwa, make the claim and let the problem arise and then come back to the House. I think you are taking the time of the House unnecessarily. So, we have finished with that Question.

Next Question, Mr. Jonesmus Kikuyu!

Mr. Thirikwa: On a point order, Mr. Speaker, Sir.

Mr. Speaker: Under which Standing Order?

Mr. Thirikwa: Standing Order 88(2), Mr. Speaker, Sir.

Mr. Speaker: What are you complaining about in Standing Order 88(2)?

Mr. Thirikwa: Mr. Speaker, Sir, the Minister is refusing to answer a legitimate Question!

Mr. Speaker: By who?

Mr. Thirikwa: The Minister is refusing to answer a legitimate Question. I want to know how these two cards bearing the same number were given to two people.

Mr. Speaker: Order! That was not the Question, so he cannot answer what he was not asked!

Next Question, by Jonesmus Kikuyu!

Question No. 732

ASSISTANCE TO BUSINESS WOMEN
IN MACHAKOS

Mr. Speaker: Mr. Kikuyu?

An hon. Member: Mr. Kikuyu is absent!

Mr. Speaker: Next Question, Mr. Gor Sungu!

Question No. 601

RE-LOCATION OF OVERCROWDED
FAMILIES IN WINAM

Mr. Sungu asked the Minister for Lands and Settlement:-

(a) whether he is aware that over 7,000 families are crowded in a very small area within both Kajulu East and West Locations of Winam Division, Kisumu District; and,

(b) if he could move some of the people living in this overcrowded area to their original land within Miwani Location in Kisumu District.

The Assistant Minister for Lands and Settlement (Mr. Sudi): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware---

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

Mr. Speaker: Order! What is it, Dr. Omamo?

Dr. Omamo: I would like to seek the guidance of the Chair as far as this Question is concerned. You will notice that part "b" of the Question reads as follows: "Could the Minister move some of the people living in this overcrowded area to their original land within Miwani Location in Kisumu District?" Miwani Location is not in Kisumu District, but in Nyando District.

Mr. Speaker, Sir, I come from Miwani Location. I vote in there and I am the Member of Parliament for Muhoroni.

The suggestion---

Mr. Speaker: Order now, Dr. Omamo!

Dr. Omamo: Mr. Speaker, Sir, I think this Question, in its present form, will cause misunderstanding among the people back at home that Miwani is now part of Kisumu, whereas it is not.

Mr. Speaker: Order! I cannot assist you because I do not know where Miwani is. I am sure that you and the hon. Member know where it is. You have been seating together all day long. Why did you not sort out that issue and ask your colleague there to postpone asking this Question so that you can sort out your domestic problems? In the meantime, the only person who can answer this Question competently is the Assistant Minister. He may as well be saying what you are saying; that in the interest of peace and tranquillity, he will not move

anybody. I do not know what he will say. Mr. Assistant Minister, what have you got to say?

The Assistant Minister for Lands and Settlement (Mr. Sudi): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that over 7,000 families are crowded in a very small area within both Kajulu East and West Locations of Winam Division, Kisumu District.

(b) In view of the above, it is not possible to relocate some of the alleged people to another site. However, the Chair is aware that this is the Ministry which is concerned with settling people and we are not aware of the issue that has been raised by the hon. Member that Miwani is in another location.

Mr. Sungu: With due respect to my colleague, friend and an old man, Dr. Omamo, recently there were boundary changes, but that is besides the point. The figures that we are talking about are in the census report, and I would have expected the Assistant Minister to look at it and find out whether the people who live in Kajulu up to Koluua are overcrowded or not. Their original land where my father was born is being grabbed by an Asian who is called Sufi Singh. I would like to say that 10,000 acres of land in Miwani is being grabbed. As the hon. Member whose father was born in that area, I would like to protest in the strongest terms possible.

Mr. Speaker: Mr. Sungu, why did your father move away?

(Laughter)

Mr. Sungu: Mr. Speaker, Sir, the colonialists moved our people from that area. Therefore, the land belongs to us; the people of Kajulu. For some unexplained reasons, the lease period for this land was changed from 99 years to 999 years. Could the Assistant Minister tell this House under whose authority the lease period was changed because most land in Kenya is leased for 99 years and not 999 years? When did this change take place?

Mr. Sudi: Mr. Speaker, Sir, I am not aware of what the hon. Member has alleged. However, I am aware that the land which has been mentioned is not trust land. The only people known to have moved from Kibigori/Miwani Location to Kajulu were 38 and they moved out in 1970. These people were settled in Kibos Squatter Settlement Scheme, and each one was allocated an average of seven acres of land. That is what is happening on the ground. If the hon. Member has any doubt, he is free to come to my Ministry so that we can sort out the issue.

Mr. Sungu: Mr. Speaker, Sir, with due respect to the Assistant Minister, the facts are within his Ministry; the lease period on this land has been changed. Since this Question belongs to the House, could the Assistant Minister undertake to go and bring a better answer because, obviously, he has been misled by his officers? I would like to say that the land which is being grabbed in Miwani has a 999 year lease period. Could the Chair kindly help us sort out that issue?

Mr. Ndicho: On a point of information, Mr. Speaker, Sir.

Mr. Speaker: During Question Time?

Mr. Ndicho: Mr. Speaker, Sir, on the question of 999 years lease period---

Mr. Speaker: You do not give information during Question Time; it is during debate!

Mr. Ndicho: Mr. Speaker, Sir, but he is misinformed--

Mr. Speaker: Order! Look at Standing Order No.35; you ask the Minister questions, interrogate him to get answers or press him for action. In debate, you are allowed to inform an hon. Member while during Question Time, you are only allowed to answer or ask a Question. Have you understood?

Mr. Ndicho: Yes, Mr. Speaker, Sir.

Mr. Speaker: Very well. Thank you.

Mr. Sungu: Mr. Speaker, Sir, I was asking for your assistance to help the people of Kisumu get this land back, and ask the Assistant Minister to go back to the Ministry and get a better answer. This is because I am not satisfied with the answer he has given this House. There is no point for going to his office because this Question now belongs to the House.

Mr. Sudi: Mr. Speaker, Sir, with due respect, I would like to request the hon. Member to come to our office so that we can see where the problem lies.

Mr. Speaker: Mr. Muiruri's Question for the second time!

Question No.712

RESIGNATION OF HON. KARIUKI FROM NBK

Mr. Speaker: Is Mr. Muiruri not here yet? His Question is dropped!

(Question dropped)

Mr. Speaker: Mr. Kikuyu's Question for the second time!

Question No.732

ASSISTANCE FOR BUSINESS WOMEN
IN MACHAKOS

Mr. Speaker: Is Mr. Kikuyu not here? His Question is dropped!

(Question dropped)

QUESTIONS BY PRIVATE NOTICE

ATTACK ON MR. MAINA MURIOGA

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

(a) Is the Minister aware that Mr. Paul Maina Murioga of Kariua Sub-location in Ruchu Location of Kandara Division was attacked and seriously injured on 7th of February, 1999 by Mr. Peter Muigai Kairu and the matter reported at Gacharage Police Base?

(b) Is he further aware that as a result of the attack Mr. Maina is now disabled as he lost one leg?

(c) Is the Minister further aware that the victim, Mr. Maina was chased away from his shamba by the assailant, Mr. Muigai, and now lives at Kamahuha Sub-location in Maragua Division as a squatter?

(d) What action is he taking to resolve the dispute between the two and also have Mr. Kairu charged with assault?

Mr. Speaker: Is anyone here from the Office of the President to answer this Question? I will defer it to tomorrow afternoon!

(Question deferred)

PASSPORTS FOR CRUISE SHIPS JOB SEEKERS

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

(a) Is the Minister aware that between 10,000 and 50,000 Kenyans are likely to lose job opportunities recently advertised in cruise ships if their passports are not promptly processed?

(b) What action is he taking to ensure that their passports and visas are issued forthwith?

Mr. Speaker: Since there is nobody from the Office of the President, again, I will defer this Question until tomorrow!

(Question deferred)

INADEQUATE POLICE PATROLS IN EASTLANDS

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

(a) Why has the Minister not increased the establishment of regular and administration police officers in spite of the increased insecurity in Korogocho, Githurai, Kahawa West, Mathare North, Kariobangi, Thome, Mwiki and parts of Juja?

(b) How many police and Provincial Administration vehicles serve these areas?

(c) What are the monthly petrol allocations for these vehicles?

Mr. Speaker: Is anyone here from the Office of the President? Well, I will defer this Question to tomorrow.

(Question deferred)

Mr. Githiomi: On a point of order, Mr. Speaker, Sir. I have not been given a list of the allottees of the plots in question. The mischief is that--

Mr. Speaker: Mr. Githiomi, you have not asked your Question yet!

Mr. Githiomi: Mr. Speaker, Sir, I was requesting that you defer this Question until I get the list of the allottees of the plots. This is because the Assistant Minister says that he has attached the list to the copy of the written answer and yet it is not with me nor is it in Room No.8. I would like this Question to be deferred to tomorrow.

Mr. Speaker: Mr. Assistant Minister, what is your reaction?

The Assistant Minister for Lands and Settlement (Mr. Sudi): Mr. Speaker, Sir, I think I am in agreement.

ALLOCATION OF PLOTS IN
MIHARATI VILLAGE

(Mr. Githiomi) to ask the Minister for Lands and Settlement:-

- (a) Could the Minister inform the House when the official allocation of plots in Miharati Village of Kipipiri Constituency will be done?
- (b) Could he table the names of those allocated some of the plots?
- (c) What is the criteria used in allocating the plots?

Mr. Speaker: Well, I will defer this Question to Tuesday, next week!

Let us move on to the next Order!

(Question deferred)

BILL

Second Reading

THE COFFEE BILL

Mr. Speaker: Where is the Minister for Agriculture to move the Bill? Can we wait for him?

Mr. Anyona: Mr. Speaker, Sir, I did see the Minister in the library preparing to come and move the Bill. Maybe I can go and see if I can get him.

Mr. Speaker: I have sent somebody to look for him.

(Dr. Godana entered the Chamber)

Proceed, Dr. Godana!

The Minister for Agriculture (Dr. Godana): Thank you very much, Mr. Speaker, Sir. I got held up in discussions on the same matter with a key player of the Departmental Committee on the Agriculture, Lands and Natural Resources. However, I beg to move that The Coffee Bill be now read a Second Time. Hon. Members will recall that we debated at length the Sessional Paper on Coffee in this House. That Paper was a forerunner to the Bill in that it explained in great detail the policies behind the reform of the coffee sector which is being reduced to the Coffee Bill that is now before the House.

(Loud consultations)

Mr. Speaker: Order! Hon. Members, I think coffee is not only important to a huge section of our society, but it is to the economy of this country. Can we, please, listen to the Minister.

Proceed, Dr. Godana!

The Minister for Agriculture (Dr. Godana): Mr. Speaker, Sir, in view of the lengthy debate and the

detailed explanations I gave regarding the policy underlying the reform, and in view of the fact that the Bill before the House now is the implementation of that policy, I think I will be fairly brief. The Bill, as the title suggests, seeks to provide for the development, regulation and promotion of the coffee industry is a repeal Bill. It repeals the old law and replaces it with new law, though it has the same old and short titles. That is, the contentious Coffee Act Cap.333 which will be replaced by new rules to govern the coffee industry from now onwards.

Part I of the Bill is titled; "Preliminary", consists only of Articles 1 and 2. The first Article as usual gives the name of the Act and the second Article is dwelling again with the definitions of various terminologies which are used in the Bill.

The definitions are necessary in order to remove ambiguity and ensure that the various players are all properly understood. There are many players in the new coffee industry set-up that the Bill is seeking to bring about. We felt that it was important to define all the terminologies to minimize room for confusion and duplication as well as conflict of roles.

I think I do not need to go through all the terminologies which are defined. I do not have to go through all the definitions, but all the terms, like "auction", "board", "broker", "buni", "buyer", "coffee", "coffee plantation", "coffee trade", "commercial miller", "commercial agent", "co-operative society", "dealing in coffee", "inspector" and many others, are defined.

Part II of the Bill takes us to the very heart of this reform; that is, the legislation. It is devoted to the establishment, functions and powers of the Coffee Board. Hon. Members can look at the Memorandum of Objects and Reasons of the Bill, they will note that the objects are meant to streamline operations in the coffee industry with a view to ensuring that the industry is managed in an efficient and well coordinated manner.

The Bill proposes to increase the participation of coffee growers in the management of the coffee industry and seeks correspondingly to reduce the participation of Government or the control of Government over that industry by transforming the presently very powerful Board which although is supposed to be regulatory has also legally and, in practice, a special role in the marketing of coffee. This Board will now be transformed into something which will be purely regulatory. The management of the industry and the marketing of coffee will be transferred now to the private sector. That applies to the growers, their representatives and other players in the private sector. The new role of the Board is to be limited to regulating and facilitating operations in the coffee industry. The bulk of the membership of the Board consists of people elected by coffee growers.

Article 3 dwells with the establishment of the Board recognising that it has the usual powers of a body corporate, power to sue and to be sued, own and dispose of property and so on.

The composition of the Board is spelt out in Article 4. As I said, that Article has been designed to give greater prominence to coffee growers. Thus, the Chairman of the Board himself, will have to be elected by the members of the Board from amongst their own members. He will not be appointed by the Government or by the Minister as the case has been so far. Eight members of the Board will be elected by members of the coffee co-operative societies at a meeting convened by the Minister, who will be acting as a Returning Officer, to represent the interests of smallholder coffee growers. I do note that the word "smallholder" is a bit misspelt. There are some corrections actually which I should have alerted the House about, but I think we will introduce them at the Committee Stage by way of amendments, although they are fairly formal. Most of them are typographical errors. So, the word there in the fourth line of Article 4(b) is "holders." There will be members of the Board who will represent interests of small holder coffee growers each of whom will represent specified coffee growing zone.

There will be three members elected by plantation coffee growers at a meeting convened by the Minister to represent the interest of coffee growers. Each of whom, again, shall represent a specified coffee growing zone.

There will also be one member elected by coffee trade organisations, registered under any written law at a meeting of the directors of those organisations convened by the Minister to represent the interests of the coffee trade. I hope hon. Members will appreciate here again, we have strived to ensure that whereas other stakeholders should have a place and a voice in the Board, primarily the management of the industry should be assigned in terms of representation of interest on the Board to the coffee growers.

The permanent Secretary in the Ministry of Agriculture will always be a member of the Board. The Director of Agriculture will be a member of the Board. The Commissioner of Co-operative Development will be a member of the Board. The managing director appointed under Section 11 shall be an *ex-officio* member of the Board. Note please, under the said Section 11, the managing director of the Board will be appointed by the Board. Thus, coffee growers clearly have an overwhelming majority on the Board.

The rest of the provisions of that Article seek to set out procedural issues as regards how the Minister will bring about selections.

Article 5 of the Bill, again, sets out six or so circumstances under which one will cease to be a member of the Board, that is, by being absent from three consecutive meetings, being adjudged bankrupt, ceasing to represent

the interest on which one was elected initially, resignation or otherwise and on becoming incapable and unfit to conduct the functions of the office. And where the office becomes vacant, the procedure for replacement of that particular Board member is set out in Article 6. The Board members notify the interest group which initially sent the member to the Board which will then set into motion the process of replacement.

Article 7 sets out the objects and functions of the Board. Again, setting out in paragraph 1 that it is to promote the production, processing and the marketing of coffee and generally to regulate the coffee industry. Without prejudice to that generality in Article 6, it adds some specific eight or so responsibilities, like providing advisory services, licensing, registration of regulations of various players in the industry, research investigation, representing Government in international fora, arbitrating in case of any disputes in the industry and so on. I wish to draw the attention of hon. Members to Article 9 which provides that the Minister may, in consultation with the Minister responsible for finance authorise the Board to raise or borrow such sums of money to finance corporations as it may deem fit, and the Board may secure the repayments of such sums. This is to enable the Board to be able to carry out its normal business. Articles 8, 10 and 11 are fairly straightforward in my view. Article 11 is with regard to the appoint of the Managing Director by the Board. He will not be imposed by the Government or the Minister. Article 12 provides that the Board may appoint an employer or agents on such terms and conditions as it may determine to carry out any of its functions under this Act. For instance, under the proposed provisions in the Bill, the responsibility for collection of levies, we think the Board should not be tied down with that responsibility because it might entail new administrative sectors. We hope that the Board should be in a position to appoint, for example, marketing agents to deduct those statutory deductions and hand them over to the growers. That is the agency that is referred to in Article 12.

Mr. Speaker, Sir, under Article 13, in the exercise of its powers and the performance of functions under the Act, the Board shall act in accordance with any general or special direction as may be given by the Minister. This is an Article which I know does elicit some critical glances from hon. Members, as I can see, hon. Muite already waking up from his earlier more relaxed position. But I would like to emphasise that the intention is not to give controlling or suffocating powers to the Minister. The point is, in a situation like this - we know it from experience both in the coffee industry and elsewhere - that from time to time, decisions made by the Board may actually hurt particular parties. Somebody should have a certain point of reference; a person or office to appeal to. The purpose is, in case, it may be necessary for the Minister to retain responsibilities to give general guidance for the conduct of business. He should not only give guidance everyday over the conduct of business, but on general issues. The Minister should be there as a person to be appealed in in certain cases.

Mr. Speaker, Sir, under Article 5, the Board may delegate by resolution some its work to certain specific agents, for instance, the Managing Director. For example, between the meetings of the Board, certain matters may require major decisions to be made to empower the Board to delegate to its own committees or to the Chief Executive within limits by resolution of certain responsibilities.

Article 16 straightforward. It seeks to save---

Mr. Muite: On a point of order, Mr. Speaker, Sir. I am rising on a point with regard to page one of the Standing Orders, which states that, where a matter is not provided for, the Speaker has got the powers to determine.

Mr. Speaker: Dictatorial powers!

Mr. Muite: Mr. Speaker, Sir, they need harnessing!

Mr. Speaker, Sir, on page 661 of the Bill, with regard to the Bill, the Minister while introducing the Bill, went from Article 12 to 13 and then to 15. Where is Clause 14?

The Minister for Agriculture (Dr. Godana): Mr. Speaker, Sir, that is one of the formal corrections that I will make at the end. I could not have done it at the beginning. There are quite a few typographical errors which I will introduce at the Committee Stage for amendment.

Mr. Speaker, Sir, Clause 17 is designed to provide for continuation of the traditional coffee conferences. It states:

"The Board, shall at least once in every year convene an annual general meeting of representatives of coffee growers for the purposes of considering annual reports and accounts mentioned in Sub-section 3 of Section 38, and for purposes of transacting such other business of which notice shall have been given".

Representatives of coffee growers will be elected by the coffee growers themselves. I know, here there will be two competing interests which we have to pay attention to, on the one hand, the need for the widest possible representation, on the other hand, the need to be economical, because the larger size of the body of representatives, the more costly it would be on the Board and ultimately on the growers. I think the details of how these people will be elected and the numbers will be spelt out in the rules to be made hereunder.

Mr. Speaker, Sir, Part 3 is another crucial part of the Bill dealing with licensing and registration processes. Clause 18 provides that:-

"No person shall buy, sell, meal, warehouse export or otherwise deal in, or transact any business in coffee unless he is a holder of a current licence issued by the Board for that purpose".

The rationale here, is to ensure that at all times, we have an orderly movement of coffee, including ensuring that the ownership is feasible. After all, the cardinal principle in the policy that we passed in this House is that the ownership of the coffee rests with the growers until it is sold and he is paid for it, even if it is in the hands of people whose responsibility is to transport it, to warehouse it or to sell it.

Mr. Temporary Deputy Speaker, Sir, in Part "b", it is also prohibited to have in ones possession any coffee unless one is licenced to do any of the things specified in Part "a". Unless one is a holder of a movement permit issued by the Board or is acting in the course of one's employment as a servant or agents of a person holding such a licence. Here, people may wonder what is the interest that we are assigned to cater for. One may never know, and we may come back to a situation where the price of coffee sky-rockets again as it happened in the late 1970s and when Chepkube came into the vocabulary of hard commerce. So, we are trying to be prepared, so that, should that come about we will be fully armed to prevent the development of that kind of a scenario. This Section, of course, will not apply to any person who purchases coffee for consumption, for the avoidance fraud or for planting one's coffee on one's own land. Everything is wrong with it, of course. Mr. Wamalwa knows everything will be wrong with that, because once we start, Chepkube may not be directed as coffee from friendly neighbouring countries alone, but coffee produced here, and passing under the guise of what happened in Chepkube.

Mr. Temporary Deputy Speaker, Sir, Sub-section 3 provides for criminal penalties for persons who contravene the Act. Sub-sections 4 and 5 also provide for use of vehicles in certain circumstances. Clause 19 describes the various licences to be issued by the Coffee Board. These are categories and types of licences as spelt out in sub-paragraph (a)(l). We have tried to cover every imaginable dealer in the coffee industry, and provided that each and every flair will have to be licenced.

Mr. Temporary Deputy Speaker, Sir, Clause 20 guides the Board as to what are the circumstances in which it may issue or deny to issue licences. Generally, the Board is directed to issue licences if it is of the opinion that the applicant is fit to own such a licence, and if it is also satisfied that the applicant has sufficient knowledge, experience and capacity to enable him conduct the business, or that he has employed as a staff of the business, a person with such knowledge, experience and the capacity. Of course, there are very many ways of ascertaining it. For example, I know in the insurance brokerage industry, you do not, as a proprietor of the company have to have that expertise insurance, but you must employ, in the managerial position, persons who have certain professional competencies defined by the Commissioner of Insurance. So, it is a question of the economic capacity of Kenyans and so on. It details the purposes for which the business specified in the licence may be carried out. This again, is necessary to ensure that at all times, we know what quantity of coffee from which grower is where, and who is dealing with it.

Clause 21 is designed to restrict further illegal dealership in coffee. People who have licences are required to sell coffee even on their doorsteps. They can exhibit on their doors, in characters which are legible, either in English or Kiswahili, that they are licensed coffee dealers; and that they keep registers of their dealings in coffee on a daily basis; and that they submit returns to such persons as may be prescribed and that on demand by an inspector, they allow entry into their premises for the purpose of inspecting therein the conduct of their business.

Clause 22 requires that every small-holder grower shall register with the co-operative society to which he delivers his coffee; while a coffee plantation grower shall register with the Board by supplying such particulars as the Board may prescribe in its own regulations. That is what the Clause deals with. It spells out the mode of registration for newcomers and those who are already existing at the time the Act comes into operation.

Clause 23 governs the licensing of pulping stations. All coffee factories have to be licensed. Part (4) of this Clause deals with provisions relating to the milling, marketing and export of coffee. Again, the Board is empowered to license every coffee miller and upon the registration of a coffee miller, the Secretary to the Board shall issue a certificate specifying the premises in which milling may be carried out by that miller. No fees shall be charged in respect of any registration or certificate of registration made or issued under inspection. Hon. Members may ask why not? The idea is to prevent the regulatory body from amassing too many levies or deductions which will be financially burdensome to the players in the coffee industry.

Clause 25 provides conditions for the conduct of business of a marketing agent, by providing that no person shall conduct the business of a marketing agent unless he has produced to the Board, and the Board has registered in favour of the growers a bank guarantee worth between US\$1 million and US\$12 million, or one and half times the value of the coffee transacted in each particular case, whichever sum shall be more, and is licensed

and registered as a coffee marketing agent by the Board. I know that it is not a popular provision, particularly from the point of view of those who intend to be marketing agents. But, of course, they are not required to submit the requirements of the banking guarantee of Kshs80 million in the case of the minimum, but the payment will perhaps run to something below Kshs1 million because the price varies between banks from time to time. The price of the guarantee does vary, but the intention is to ensure that the farmer is protected absolutely and to ensure that in no circumstances will a farmer fail to get earnings from his coffee sales because of foul play or some other failures such as bankruptcy or economic misfortunes which may befall the agent.

Clause 26 provides that no person offering for sale or exporting coffee shall use any distinguishing marks to mark and identify it as coffee grown by him or by a member of a co-operative society which such member belongs to, unless the mark is registered as a distinguishing mark for such person or such society by the Secretary to the Board in a register to be kept for that purpose. Since we said coffee belongs to the farmer all through, until it is finally disposed off, the identity of every consignment of coffee must be designed to guarantee that it belongs to that person. Those who are dealing in coffee should not be allowed to tamper with that identity to bring in confusion, whether that coffee is being submitted to the pulping station, millers, warehouse or the auction. Each co-operative society, of course, will have its own distinguishing mark.

Clause 27 is simple and straightforward. It deals with application for renewal of a dealer's licence. All dealers must renew their licences annually. There is a token penalty if a dealer applies for his licence late. This means a dealer cannot make application for a licence at any time, but nobody should be penalised for being late for one or two days.

Clause 28 sets out restrictions on purchase and sale of coffee in certain circumstances by providing that no grower shall roast coffee for sale; sell to any other person or purchase coffee from any other person; and no person shall purchase coffee from any grower and no person, other than a grower shall market green coffee at the auction unless he is the holder of a marketing agent's licence issued by the Board under Section 18 and is appointed to do so by a grower through a specific agreement.

Mr. Temporary Deputy Speaker, Sir, the purpose here is to discourage farm gate trade. If these things were allowed, some of the smaller and poorer farmers may be tempted to dispose of their coffee at throw away prices at the farm gate. This will begin to encourage unwelcome dealership in coffee, just like what is happening in the marketing of maize at the beginning of the season. People who need money immediately, and middlemen who want to make money quickly are prepared to go into the market and buy the crop at a lower price of Kshs350 or Kshs400, and then sell it to the Kenya Cereals and Produce Board at Kshs800 after storing it for two months. So, the purpose here is to protect the small-holder producer.

[Mr. Speaker left the Chair]

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

Clause 29 is devoted to the regulation of the conduct of business involving coffee produced outside the country. Marketing agencies licensed here may deal in Ugandan or Rwandees coffee. If he does so, he must have a clear contract with the person from whom he is getting the coffee, and that contract must be registered with the Board to prevent the kind of things which were happening at Chepkupe.

Clause 30 provides that the Board may, by order in the Kenya Gazette, require or compel a grower within a specified time to mill the whole or any part of coffee which is in the grower's possession or to send to a coffee miller, registered under Section 24 for milling. The rationale behind that, is to ensure that people do not hold coffee. Secondly, people should safeguard the quality of coffee, because bad storage could actually damage the quality of coffee. That would also ensure regular movement of coffee to the auctions.

Mr. Temporary Deputy Speaker, Sir, Clause 31 sets out certain duties of the millers. In particular, I wish to draw your attention to paragraph (d) of Sub-Clause 1. In effect, Sub-Clause 1 provides:-

- "Every miller to whom any coffee is sent for milling, and every grower who mills any coffee, shall, within 48 hours of the coffee being milled, send to -
- (a) the Board, a statement in the prescribed form of the coffee milled;
 - (b) the marketing agent, a statement in the prescribed form and a sample of 200 grams of each grade of the milled coffee."

Under the current system, the requirement is not 200 grams, but one kilogram. That led to a lot of waste. For the purposes of sampling and determining quality, it was not necessary to have a minimum of one kilogram of every coffee milled. That added to the sweepings and amounted to a loss to the growers. But, of

course, it benefitted some people.

Mr. Temporary Deputy Speaker, Sir, Clause 32 deals with classification of coffee. The main point there is that every marketing agent has to have the capacity. I recall that Ms. Karua asked who should determine the capacity. He has to have capacity to, among other things, liqueur and classify coffee. Where the classification produced for the grower is disputed by him, the Board, which has also got that capacity, is there to counter check. The appeal goes to the Board.

Mr. Temporary Deputy Speaker, Sir, Clause 33 requires that from time to time, the marketing agent shall market all coffee which has been classified by him under Section 32, on terms agreed between the grower in consultation with the financier and the marketing agent. The idea behind that is to stop the marketing agent from selling coffee at a throw-away price, or colluding with third parties to the detriment of his principal. So, there should be guidelines which the financier and the grower should be able to give by way of a range of prices within which they can expect to sell the coffee, or even a minimum reserve price.

Mr. Temporary Deputy Speaker, Sir, Part Five is fairly straightforward. It is really on finance and sets out the various deductions, levies and the *ad valorem* levy which the growers have to pay. The marketing agent may be appointed as set out in Paragraph 34(2), as the agent for the Board; that is to deduct and repay to the Board. All monies due on account of a growers *ad valorem* levy shall be a debt due to the Board or the Foundation, as the case may be, from the grower concerned or his marketing agent. Part of the levy goes to the Coffee Research Foundation (CRF). Sub-Clause 4 provides criminal penalties for anybody who collects and fails to remit the money as required.

Mr. Temporary Deputy Speaker, Sir, Clause 35 seeks to establish a Coffee Levy Fund both for the Board and the Foundation. The rest of that Clause describes the purposes and aims to which those funds may be applied.

Clause 36 requires that the marketing agent shall pay the grower directly, after the sale of coffee by such agent, and after making the statutory deductions. There shall be no coffee pool in the custody of any marketing agent. We think that the coffee pool system of payment encourage some fishy games in which the Board could, by prior payments, favour certain farmers at different times. Now, for each grower, the marketing agent has a special responsibility and duty to ensure that the payment is direct. It does not go through any pool.

Mr. Temporary Deputy Speaker, Sir, Part Six is on the auditor's report. That is the usual provision for audit for the Coffee Research Foundation and the Coffee Board of Kenya. Clause 38 is related to that. It provides for the annual publication of the report, which shall be tabled, in case of the Board, before the annual general meeting of the growers. The Board principally represents the growers.

Finally, we have the final general provisions in Part Seven, which sets out the various procedures for appeals, service of notices and powers of the inspectors. I need to draw your attention to Clause 41(3) in particular, which provides:-

"The Attorney-General may appoint any person to institute and conduct proceedings in a court of law, in respect of any offence committed under this Act."

We recognise the fact that, sometimes, issues raised by some of the disputes in the coffee industry can be very technical and, for instance, ordinary police prosecutors may not be experts in the subject concerned. That is a procedure which has already been used with regard to prosecutions under the Pest Control Act. That is where there are disputes on issues involving pest products. The Attorney-General has the powers to appoint special persons to act in specific cases, or to prosecute generally for the Attorney-General. That is on the basis of expertise recognised to be possessed by that person.

Mr. Temporary Deputy Speaker, Sir, Clause 42 regards offences by corporations. There is some kind of application of the doctrine of lifting the veil. Where the corporation has committed an offence, the person responsible for the management, at the chief executive or other relevant levels, will be held responsible, unless he or she can show that he or she tried to prevent the commission of the offence, or acted in good faith and was not aware at all, that an offence was being committed. Clause 43 deals with general penalties and Clause 44 provides for additional penalties. Clause 45 provides that the Minister in charge of agriculture may provide, by way of rules made thereunder, prescribing guidelines for conduct and application of the Bill. That relates to all manner of responsibilities. For example, the manner of electing members of the Board; prescribing the manner in which persons to represent the growers for the purposes of Section 17 shall be elected; prescribing the manner of registration, licensing and de-registration of various coffee industry players. Requiring the rules and regulations defining organisations dealing with coffee to conform to certain standards and so on.

Mr. Temporary Deputy Speaker, Sir, Clause 46 in Part Eight sets out the final provisions. As I said, hon. Members will recall that we went through the policy which underlies this Bill in details. I am glad that Members approved that policy. Therefore, in principle, I believe that they have no objection to this Bill. I think

that the country, and particularly the coffee growers, have waited far too long for this Bill. I hope we will be able to get it through and give it as a Christmas gift to coffee growing areas and coffee farmers in the country. I, therefore, appeal for support and I hope we will be able to pass it the soonest possible. Frankly, I would wish that very early in the new year, we will be able to put in place the new institutions. That is to organise for grass root elections by growers and to establish the Board.

With those few remarks, I beg to move and request Mr. Obure to second.

The Minister for Finance (Mr. Obure): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to second this very important Bill. I will start by congratulating the Minister for Agriculture, Dr. Godana, for the excellent manner in which he has moved this important Bill. I intend to be very brief because I think Dr. Godana has covered practically everything that needed to be said, in moving this Bill.

Mr. Temporary Deputy Speaker, Sir, we all know that coffee is a very important industry in this country, because it contributes positively to the economy of the country. It generates farm incomes which are spread to the farmers in all coffee growing areas. It generates employment for our people and provides food security. Above all, it generates foreign exchange earnings for the economy of this country. Therefore, the industry plays a pivotal role in the country's poverty alleviation efforts because of its capacity to generate wealth and also, because of its capacity to stimulate the economy in many other specific areas. This multiplier effect is very important.

In the light of the importance of this industry, I would like to appeal to my colleagues in this House to adopt a very serious view during this debate. I am making this appeal because I know the proposals contained in this Bill will have very far reaching effects and implications on the future of this industry and, therefore, the future of millions of Kenyans, who are dependent on it. I appeal to my colleagues to put aside selfish interests, so that we can together shape the future of this industry. I am making this appeal because I know that many of us representing coffee growing areas in this House, know the impact and the sufferings our constituents are going through because of the mismanagement this particular sector has gone through in the past. Therefore, the interest of the industry should be uppermost in our minds.

Mr. Temporary Deputy Speaker, Sir, coffee prices worldwide have been falling very sharply since 1989. This has directly affected coffee farmers in a very significant and negative way. It has affected our economy very adversely as well, with gross earnings falling very sharply at a time when production costs have been going up. Many claims have been made both in the print and electronic media, some of them putting blame on certain quarters. But I would like to say that in my experience, the greatest single impact which has created a lot of problems in the industry is the falling world prices. In some other coffee growing countries of the world, and I am referring here to countries in South and Central America, the falling coffee prices in the world market have threatened the social fabric and the political stability of those countries. It is a very serious matter because of the heavy dependence on the industry in those countries. To a very large extent, I know it has also affected Kenyans because their earnings have gone down and they cannot rely on that sector any more. It is for this reason that I want to thank the Minister for Agriculture for making these proposals to reform that particular sector.

Mr. Temporary Deputy Speaker, Sir, the intention of the reforms is to enable the Government to divest completely from the business of managing coffee and all coffee related activities. So far, the Coffee Board of Kenya (CBK) has been the main tool for managing and regulating this particular industry. It has, therefore, been involved directly in production, processing and marketing. But we all know that this special position which the CBK has occupied all along, has also created many problems. It has created a conflict of interests, and this has degenerated into inefficiencies in that industry. It is, therefore, very important that the Minister considered it fit to bring this Bill at this particular time. If enacted, and I hope it will, it will put the marketing function in the hands of the private sector and the farmers directly. The farmers themselves would, therefore, be able to control the marketing and take important decisions in this respect.

I am confident that this re-arrangement will enable coffee farmers to realise the best possible prices or returns for their sweat and investment in this industry. The farmer will be facilitated to explore how best he will sell his coffee in order to realise the highest returns possible.

Mr. Temporary Deputy Speaker, Sir, I expect to see more players and, therefore, a stiff competition at the auction floor so that the farmer will be given a choice as to who should be involved in marketing his own product. I think this is a very important provision because we know of cases where farmers' coffee has been given away at throw-away prices. The provisions which have been proposed by the Minister will enable the farmer to decide when his coffee will be sold and, perhaps, at what price. I think this is a very important provision which equips the farmer to a very large extent, in terms of decision making. Therefore, I consider the most important phenomenon of this Bill to be the fact that it enhances the role of the farmer and makes him the single most important player in the industry. It gives him a say and, perhaps, a decisive say in the affairs of the coffee industry.

Mr. Temporary Deputy Speaker, Sir, even after we pass this Bill and I have every reason to believe that it

will be passed because very intensive consultations were carried out with farmers, millers, coffee co-operative societies management committees, with people involved in coffee research, with banks involved in financing the industry, with Members of this House and also with Members of the Agriculture, Lands and Environment Committee of this House, who play a very important role in presenting views, articulating the problems of the farmers. Those Members of Parliament on that Committee must be congratulated for the role they played. All those who have a stake in the industry were consulted in one way or the other. Therefore, I expect that this Bill will be passed. Even after passing this Bill we should not imagine that the problems facing the coffee industry will be resolved overnight. The challenges are immense and a lot needs to be done to bring this industry to the level desired.

Mr. Temporary Deputy Speaker, Sir, for many years the quality of Kenyan coffee has been going down because there has not been sufficient compensation and motivation to the farmer in terms of his productivity in the industry. For many years the quantity of coffee that we produce is not sufficiently significant to influence coffee prices in the world market. We have relied on the quality of Kenyan coffee, but unfortunately because of the low returns for the farmer, he has tended to neglect it. That neglect has resulted in low quality.

Therefore, if we are to realise reasonable returns, it is important for Kenyan coffee farmers to realise that we must intensify our husbandry methods. We must improve the methods to be able to return to the days of glory when Kenyan coffee was known for its quality. If we improve our quality, I am sure that even in the face of falling prices in the world market, consumers everywhere will go looking for it and they will be prepared to pay any amount of money to get that high quality coffee. It is very important that the Minister, his staff and all the people involved in the management of coffee, particularly those that are now being empowered should emphasise on the improvement of the quality of Kenyan coffee in order to realise these high prices.

If we are to put coffee at the level we want, it is important to improve infrastructure, particularly in coffee growing areas. We should improve access roads and ensure that we provide electrification to reduce the cost of processing at coffee factories. It is important that we put some emphasis on reducing processing costs so that there are some returns for the farmer. We must also improve the management of co-operative societies because that is another problem which has dogged this particular industry at the small-scale level. I know the Minister who is here is thinking about it and has put mechanisms in place to look at the entire legislation with a view to enhancing the efficiency of the management of co-operative societies, particularly coffee co-operative societies.

That is not all that we need to do. We should change our attitudes completely towards the co-operative societies. Let us not be casual about an important industry such as coffee. We should encourage our people to elect honest, serious and committed leaders to manage the co-operative societies. That is the only way those small-scale farmers will be able to get good returns from their coffee. Therefore, honesty and commitment at the co-operative society level is important if we are to make any impact at all in upgrading the quality of our coffee industry. The question of research is important and I know the Minister has placed considerable emphasis on it. Research should be done to improve technology and introduce high yielding varieties. This function is now being handed over to the farmer and which I hope the farmer will handle with a degree of commitment and seriousness. It is very important that we improve the way we do things. We have placed considerable resources in research because that is the only way the coffee industry will survive.

Many other things need to be done. I also want to emphasise that I am sure the Minister and his staff will pay considerable attention when formulating the rules that will be made after this Bill has been enacted. Those rules must be formulated with a lot of care to ensure that what has been discussed and agreed on in the Sessional Paper on coffee and what is reflected in this Bill is interpreted correctly. This is the only way we can improve our coffee industry. I wish the farmers in the coffee sector every success. I know that some of them have been making loud noises, but I believe that we are on the right track in introducing this Bill. I urge hon. Members to ignore some of the noises being made out there because I know that some of them emanate from selfish interests.

Mr. Temporary Deputy Speaker, Sir, I beg to second.

(Question proposed)

Mr. Ndwiga: Thank you, Mr. Temporary Deputy Speaker, Sir. It is true that I was in Naivasha and the *majimbo* line here is very thin.

Mr. Temporary Deputy Speaker, Sir, I beg to respond. In responding I wish to say that first, we support the Bill. This Bill has come at the right time. It is actually long overdue. It ought to have been here two years ago. I wish to urge this Government not to wait until pressure is put on it by the World Bank to bring crucial Bills to this House. A lot of work has gone into the preparation of this Bill and I wish at the outset to thank both the former and current Ministers for Agriculture and the staff in the Ministry for their dedication in preparing this

Bill. I do believe that if this co-operation persists we will see the fruits of this Bill.

I also wish to thank my colleagues in the Departmental Committee on Agriculture, Lands and Natural Resources who also worked tirelessly to improve on this Bill. The committee travelled far and wide in order to prepare this Bill. We started from our farms here locally, went to our own mills, coffee research station at Ruiru and visited our millers both commercial and others. We then travelled to the areas the Minister referred to. The committee travelled to Costa Rica, Columbia, the market in Hamburg, America and the Netherlands. When you see me supporting this Bill, it is because we are very much aware of what is going on in the world. So, I believe the Minister will agree with the amendments we shall propose because we really want a thriving industry. I think the Minister will see it fit to support whatever amendments we shall propose during the Committee Stage.

Mr. Temporary Deputy Speaker, Sir, a lot has been said about the management of coffee. What saddens me is that on the Order Paper, I am not seeing the Co-operative Act (Amendment) Bill after the Coffee Bill. This is because it is totally useless and, in fact, a waste of time to repeal this Bill if we are also not going to look at the Co-operative Act. So, I believe that the Minister will move with due speed and introduce that Bill here, preferably next week. By the time we start debating rules, we shall also look at the rules that will govern the co-operative sector which is a key player in the coffee industry.

Mr. Temporary Deputy Speaker, Sir, before I go to specifics, one area that we really must look into critically, is the area of production. As Mr. Obure, the new Minister for Finance, has told us, production has been dwindling and that is true. If we have the kind of production we have now, we are unlikely to make any impact out there in the world. We went to Long Beach in California and also Germany and the roasters there told us very clearly that the only problem we have with Kenya coffee is that you cannot guarantee us adequate quantities of this quality and that is the problem all over. So, I think one of the key areas that we really have got to address is on production. In the area of production, the major hiccup is access to credit. Farmers have had a big problem accessing credit. Most of the small-scale farmers cannot access credit from the big commercial banks and we do not have proper institutions which can give credit to coffee farmers. In this respect, I wish to urge the Minister for Agriculture to stop debate on where STABEX funds should be applied.

Mr. Temporary Deputy Speaker, Sir, right now, what is in the banks today is the Kshs500 million which was released the other day. The Kshs460 million which was part of the SCIP II fund in the Co-operative Act is all finished. There are no STABEX funds in the bank. Within two weeks, all the money was finished. The money is finished at a time when coffee is flowering and farmers require it for fertiliser and sprays. If we expect good production after passing this Bill, then we need adequate funds. I wish to urge the Minister to look into this issue because we know that what was inhibiting the release of the balance of Kshs500 million was audit reports on SCIP II. We know that is already with the European Union (EU). We also know that the impact assessments have also been released to EU. In fact, right now, we are being told that it is the Ministry and the bank which have not put together their acts, so that the balance can be released.

Mr. Temporary Deputy Speaker, Sir, in this respect also, I wish to inform the Minister that after the passage of this Bill, the balance of 50 million Euro will be released by the EU because they are waiting for that. That is about Kshs3.3 billion which is little money in the coffee industry. I am urging the Minister to make sure that the bulk of that money if not all of it, goes to the coffee sector. That is where it is required. The Minister will realise that sooner or later, to run this industry the way he intends to once we have passed this Bill, the industry requires a minimum of Kshs20 billion. Without that, all the things we are discussing here will be in vain because we will not be able to give farmers easy access to credit.

So, I wish to urge the Minister to make sure that that happens. Once that happens, the new coffee agreement which was discussed in the ICU about three weeks ago and this committee was represented there by hon. Murathe and myself, the emphasis now in coffee is on quality. You cannot achieve quality production if the farmer cannot access credit. Quality comes from good husbandry which requires that you spray your coffee at the right time, apply fertiliser and manure at the right time and all the other related activities. So, I hope I can persuade the Minister to make sure that, that balance of STABEX funds goes to the coffee industry if we are going to achieve this and the expectations of the world.

Mr. Temporary Deputy Speaker, Sir, it was agreed at the ICU that only top quality coffee will see the market. What does that mean? It means that in this country, about 30 per cent of our coffee grades are either light coffee or *mbuni* - those who will never see the market. So, what are we saying? If we are going to increase profitability of coffee farming, we have to embark on production of double A's, AB's and other top grades. Those are the only coffee grades that will see the market after the agreement is signed, I think in January or March. Research is now at a very advanced stage at the ICU--- What will happen to the other coffee grades? They will not be used as beverages. Research is going on now on those brands. We are being told that sooner or later, results of that research will be communicated to the rest of the world. It will be possible to make coffee oil from the low

grade coffee in future. However, for beverage purposes, only top quality coffees will see the market. In fact, even here, those of us who are farmers know that the low grades of coffee, that is the *mbunis* and the like, cannot see the market.

It is unfortunate that I did not bring a statement that I wanted to present to the Minister to table in this House. I know of a case where a farmer delivered 266 bags of coffee to his millers. After the coffee was milled, it was taken to the Coffee Board of Kenya and it was auctioned. After all the deductions, the farmer now owes the Coffee Board of Kenya US\$62. What kind of business is this? That is not business. It is deficit business. After the coffee has been sold, the farmer still owes the CBK some money. The coffee was not thrown into the Indian Ocean. It was not burnt somewhere. It was sold to somebody who went and made use of it. But the farmer and the owner of the coffee owes the CBK money. It is a pathetic situation. I am happy that---

Mr. Mutahi: The General Manager of CBK is sitting at the Civil Service Bench, and he can answer that question!

Mr. Ndwiga: Mr. Temporary Deputy Speaker, Sir, I hope you will defend me from hecklers.
(Laughter)

I think we are discussing a very serious issue; a situation we wish to reverse through this Bill. The only way to reverse this is to urge---

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

The Temporary Deputy Speaker (Mr. Muturi): Under which Standing Order are you raising your point of order?

Mr. Mutahi: Mr. Temporary Deputy Speaker, Sir, I am on a point of order under Standing Order No.68; the one that talks about what constitutes a point of order.

(Laughter)

Is the Shadow Minister for Agriculture in order to call other hon. Members hecklers? All I was trying to tell him is that the General Manager of CBK is here and he can answer that question; where the money went to.

The Temporary Deputy Speaker (Mr. Muturi): Order, Mr. Mutahi! Those hon. Members who wish to speak in a manner that they can be heard by other hon. Members in the House know the rules and procedures. They can use that to ventilate their grievances.

Mr. Ndwiga: Thank you, Mr. Temporary Deputy Speaker, Sir. I think we will also amend our Standing Orders to include the phrase "hon. hecklers."

The other area which is of great concern, and before I go into the specifics, is the area of processing. We have traditionally processed our coffee through the method of water processing. In those countries which we visited, we noticed that there is a lot of emphasis on this process. We are urging the institutions which are going to be created through this Bill and our own research centres to carry out thorough research on whether or not we cannot end up with the same quality of premium coffee if we changed our method of processing, which right now requires a lot of water and is tedious. I am hoping that, that will happen. Our research institutions will take it upon themselves to research on whether we cannot get other more cost-efficient ways of processing coffee.

The other area of great concern is marketing. Right now, we are producing approximately one million bags of coffee. I have said from this position before that I do not believe that you cannot--- If you went out there to sell a quality product, I am not convinced that you cannot sell one million bags. The other producers that we are talking about Colombia produces 15 million bags and Costa Rica, a small country, produces nine million bags. Kenya produces one million bags, and even Uganda produces (three) 3 million bags. I do not believe that we cannot sell one million bags of top-quality coffee. I am not convinced that we cannot do that. I hope, through the institutions which we are creating here we will now be able to sell what we produce at premium prices. We are not realising premium prices for our premium products.

It will certainly sadden this House if I disclose that we found in America, for example, that a pound of Kenya coffee retails at US\$13.95 dollars, which will mean roughly that a kilo of Kenya coffee is something like US\$28 or thereabouts. If you convert that, this is Kshs2,800 per kilo of coffee. What is happening is that the farmer who produced that coffee has never seen a dollar. He has never even seen a half dollar, but the coffee is retailing at Kshs2,800 in the US. In Britain, a kilo of the Kenya coffee - in any STABEX outlets - is Kshs2,400 plus. What is it that we are not doing? We must be doing something terribly wrong because if we transported one kilo of "AA" from Nairobi to London, even by air, I do not think that it will cost you Kshs200. But we know that the reality is Kshs2,400 and that is what you buy our coffee at a STABEX outlet. When we told those people that

our children are not in schools today because the parents cannot afford school fees, they could not believe it. Something is wrong. The consumer sympathises with the situation, but something is happening somewhere in-between; between the farm and the table. I am happy that, through this Bill, we are striving to---

Mr. Murathe: On a point of order, Mr. Temporary Deputy Speaker, Sir. I am standing on point of order under Standing Order No.68. The hon. Member must also be careful with the accuracy of information because the Kshs2,800 he is talking about is for processed coffee. One kilo of clean coffee is equal to seven kilogrammes of cherry. It is important that farmers are not confused. So, you must divide Kshs2,800 or Kshs2,000 by seven to get a kilo of clean coffee so that farmers are not confused that it is the price of cherry and, then, you look at the value change. That is very important.

Mr. Ndwiga: Mr. Temporary Deputy Speaker, Sir, I appreciate the sentiments of my colleague. I did not say that cherry is retailing at Kshs2,800 in America. What is being sold there is not cherry. Obviously, it is clean coffee. My statement is pretty accurate. You can do the other arithmetic as you wish, but the fact of the matter is that, that is how much it is retailing at.

I am giving my colleague ample information, and when he comes to contribute, I hope he will have done the other arithmetic and then he can give us the actual figure.

An hon. Member: It is irrelevant!

An hon. Member: Kama umechoka, kaa chini!

Mr. Ndwiga: Mr. Temporary Deputy Speaker, Sir, we have several "hon. hecklers" back here.

There is one other area which the Minister touched on, which attracts a lot of politics in this country.

One such area is that of a bank guarantee. I know that very many people have misunderstood what is meant by that and what is required of bank guarantees. It is not possible to collect farmers' coffee and just hand it over to somebody without any form of guarantee. This Bill requires that you put up a guarantee equal to one-and-half times of what you are trading in, in that week. That does not mean that you must always have US\$8 million. This misinterpretation is the work of some people who want to play politics with this Bill.

Mr. Temporary Deputy Speaker, Sir, I would now like to look at some specific areas of the Bill. We would like to introduce certain amendments, which we hope will receive the support of the Minister. I will not go into the details of the long Title of the Bill. However, we strongly feel that this Bill should reduce the middlemen in the coffee sector. While doing this, the Bill is at the same time introducing people called "brokers" and "commission agents". We have found it necessary to do away with these people. We are seeking for a one-stop shop like that in Costa Rica, so that the farmer deals with the last person to receive his coffee.

If you deliver your coffee to whichever agency in Costa Rica, you are issued with a receipt. If you take that receipt to a bank four days later, you will be paid your money. The board announces coffee prices every week. So, a farmer knows the amount of money payable to him once he delivers his coffee cherries to any station on a given day. That is what we hope to achieve eventually. I will not go through our amendments at this juncture, but we are proposing the establishment of a coffee development fund and a levy. So, we urge the Minister to accept the idea of creating this fund. Farmers are ready to pay 1 per cent of their earnings to set up the envisaged fund, so that we can eventually reach a time where, once you deliver your coffee, you are paid instantly, just as is the case with any other commodity that is taken to the market and one gets paid on delivery. I urge the Minister to accept this recommendation when it comes. That is what will motivate farmers. Part of the problem is that even as we speak here, farmers have not been paid not only for the coffee they delivered recently, but also for the coffee that was sold a month ago. That is what depresses the farmers. Children are out of school due to lack of fees even after their parents have delivered their coffee to agents.

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

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, obviously, this Bill should have come here a long time ago, considering the big number of people who are directly or indirectly involved in the coffee industry.

Let me at the very outset say that nobody whatsoever is against liberalisation. Nobody is against efforts to open up the coffee market in order to clean up the mess that has been there, particularly in the co-operative movement. One of the major reasons why the small-scale coffee farmer has not managed to get good returns from coffee is the mess in the co-operative movement. First of all, once a co-operative society elects its officials, they start dipping their fingers into farmers' money.

Previously, when a co-operative society attempted to have genuine elections so as to remove a corrupt committee from office, the Provincial Administration and the police would collude with that committee to ensure that elections were not held. Such incidents have happened at Mbo-I-Kamiti Coffee Company. I have seen documents at Mbo-I-Kamiti Coffee Company which indicate that cheques have been issued to Officers Commanding Police Stations (OCSs), Officers Commanding Police Divisions (OCPDs), District Commissioners

(DCs) and District Officers. Meetings of companies which are registered under the Companies Act are actually stopped by the police and the Provincial Administration.

Some large coffee companies, such as Mbo-I-Kamiti, have been the source of livelihood, or the milk cow, for the Provincial Administration and the police. So, that replicates itself in the co-operative movement in villages and everywhere else. Corrupt people are elected members of a co-operative society's management committee and the genuine membership of the society prevented from electing a clean committee. A corrupt committee buys its stay in office from the Provincial Administration and the police. Therefore, I support very strongly the sentiments that have been expressed by Mr. Ndwiga. If coffee farmers in this country are to benefit from the efforts being employed through this Bill, the passage of this Bill must go hand-in-hand with necessary amendments to the Co-operative Societies Act.

We have two categories of coffee farmers, namely, large-scale farming and small-scale coffee growers who mill their coffee through co-operative societies. Besides the fraudulent activities being undertaken by certain co-operative societies, the deductions of up to 6 per cent by the Coffee Board of Kenya (CBK) has also been unjustifiable. I am very happy with the percentages that have been proposed to replace these excessive deductions, which have in the past been made by the CBK. This aspect must be supported. Equally, middlemen such as the KPCU, among others, are the ones which have made it impossible for small-scale coffee farmers to get a good return on coffee, and not the decline of coffee prices on the world market. Even when the world coffee prices collapse, Kenyan coffee always fetches premium prices. So, it is this chaotic situation that has caused the farmer a lot of suffering. As long as this Bill and amendments that are going to be made to the Co-operative Societies Act are intended to ensure that the farmer gets a fair return, those efforts are to be supported.

We used to have cartels of individuals in the KPCU and the CBK who were millers. Nobody objects to any legislation which is intended to ensure that no individual is going to be allowed to occupy any position that produces conflict of interest. We are talking about the interests of the majority of farmers. If we agree that, that is the thrust of this legislation, then to the extent that the legislation goes some way towards cleaning up the coffee sector, removing conflict of interest and ensuring that the coffee farmer, particularly the small-scale coffee farmer, is going to get that benefit, the legislation is to be supported. But the question is: Are we truly achieving this in this Bill? Is liberalisation, which is the new creed, hymn and national anthem, truly going to result in a better take-home package for the farmer? That is the million-dollar question. Will this piece of legislation result in an improved income to the small-scale coffee farmer in this country? That is the question. Will it truly achieve that?

Mr. Temporary Deputy Speaker, Sir, in the first place, I know that we can never have 100 per cent consensus. It is not possible. It does not matter how long you consult or how reasonable the proposals are; there will always be dissent. But I am not satisfied that we have actually developed sufficient consensus on this piece of legislation. Developing a consensus is not an easy matter. I am not satisfied that the farmer has been sufficiently heard. I know the millers and the other big wigs in the Kenya Planters Co-operative Union (KPCU) and the Coffee Board of Kenya (CBK) have been heard. We can stand here and talk; the millers and the marketing agents can talk on real and potential issues. These are the people with the loudest noise. What about the small-scale farmer? Have we accorded him enough time? Have we told him what he needs to know, and has he heard us? Do we have his consensus? Will this result in a benefit to him?

I am not objecting to this Bill. I want to ask the Minister for Agriculture and the Government to undertake an on-going consultation on the provisions of this Bill. They should ensure that they have got the consent and the consensus of the farmers on board. Sometimes, even when you are trying to do good to people, if you do not carry them with you and they do not understand you, you will not succeed. You must ensure that the farmer understands what you are trying to do for his coffee. It is his coffee. You must make sure - because he is defenceless - that the interests of the miller and the marketing agents are not the ones that will be given priority.

I urge caution also about the role of the multinationals when it comes to marketing. During the old days, when people used to go to the local barber for a hair-cut with a razor blade, a kindly barber always ensured that their hair was sprinkled with water so that it became easy to shave. But these multinationals, such as the Newman Group, can shave your hair without any water. They will use a razor blade without any water. They are so manipulative, and at the end of the day, they are not interested in the growth of the coffee industry in this country. They are not interested in increasing the take-home pay by the small-scale coffee farmer. They are interested in their profits and you cannot blame them. The issue of maximising the return from coffee is our responsibility and not of the multinationals. Theirs is to make profits. That is why they will always ensure that when top politicians from this country go to Germany, they are looked after, given dinners and lunches, and it is coffee that is being discussed. You should watch out and be very careful. Look for their motives and ensure that you do not create any room, and for heaven's sake, do not allow the creation of monopolies in this country. You should not allow these multinationals to come and control the growing of coffee, owning of coffee estates and its marketing. The annual

budgets of some of these multinationals is several times the budget of this country. They are really big. So, let us watch out.

Mr. Temporary Deputy Speaker, Sir, I am concerned about the policy issue of permitting sale of up to 20 per cent of our coffee by private treaty. I understand that the motive behind this is to try and fix, or find out, the market prices so that you do not leave all the coffee to the auctions. But I am not persuaded that in terms of implementation, we will ensure that, that loophole, which we are creating by providing that you can sell up to 20 per cent of your coffee privately, will not be abused. I am not sure that, that loophole will not be abused. It is about the political goodwill and the sales policing of the coffee industry. Inspectors will be appointed through the Attorney-General's office. We are creating a dangerous loophole here.

If you have discussions with Tanzania and Uganda, which liberalised their coffee sector fully, you will realise that they are today studying how they will go back to the central auction system. I would urge that there should be a re-thinking of this decision and we should stick to the central auction system without any exception. Let us not forget that coffee is not tea. These two crops are different. You cannot pick tea today and go and sell it somewhere else, but you can pick coffee and put it in bags and take it to a miller.

First of all, one of the other current failures which have led to the present situation is that we over-licensed private millers. There is a lot of idle capacity. So, there is very unhealthy competition by these millers. A lot of the coffee wars that we have seen in various parts of this country have been engineered and orchestrated by some of these millers in order to break up societies and have some of those broken down smaller units taking coffee to these other societies. These are some of the issues that we need to be very careful about.

There are two very major issues that we must address very seriously. One is access to affordable credit. I am happy that again, in some of the proposals that I have seen here, the issue of the creation of a fund that can eventually be accessed by farmers is addressed. That is a very healthy development and should be encouraged. The Government should dip its hands into its pockets. The coffee industry has supported the Government even when horticulture and other products were not there. This is the time for the Government to dip its hand into the taxpayers' money and put some money into this fund that is being proposed to be set up here. There is no agricultural activity anywhere in the country which is not subsidised. Unless we provide access to affordable credit, particularly by the small-scale farmers, we will be wasting our time passing this Bill. Affordable credit to the small-scale farmers is one of the critical issues.

The second one is to provide affordable access to inputs in terms of chemicals and fertilizers. Even when you waive duty on inputs, their cost is still way above the pockets of a lot of farmers. A way has to be found of reducing the cost of these chemicals. Whether we should manufacture our own chemicals, I have not got any answers. All I am saying is that if you can address the problem, you will have half-solved other problems. To bring down the cost of fertilizers and chemicals with regard to the coffee industry is one of the issues that have to be resolved one way or the other. Mr. Temporary Deputy Speaker, Sir, the other point which I would like to make touches on the regulations that will be made by the Minister. We have had many instances in the past where we approved provisions in an Act of Parliament and gave power to the Minister to make regulations. When those regulations were made, they became more important than the provisions of the statute. There are cases where particular objectives have been thwarted through the back door by such regulations. There are cases where particular objectives are achieved as a paradox of these regulations. I would like to urge that if the Ministry is getting out of the management of the Coffee Board, these regulations have to be drafted very carefully. I know these regulations will be brought to this House, but I am appealing to the Minister to ensure that the regulations will not introduce controls through the back door. Let the whole mechanism of self-regulation be left to farmers because that is the intention of this Bill. We should be very careful when drafting those regulations. In fact, one of the clauses says that members will be elected at a meeting which will be convened by the Minister. The clause should actually say:

"In accordance with the regulations in Schedule 1..."

For example, when you look at Clause 4(2), on page 567, it states as follows:

"Three members elected by plantation coffee growers at a meeting convened by the Minister to represent the interest of plantations."

Clause 4(2) says that, "at a meeting convened by the Minister..." Nothing is more important in these matters than elections, particularly when those who are elected are going to have a say on money. Coffee is money! Those elections are potentially very explosive and contentious. One would like to be very clear on when and how the Minister will convene those meetings, rather than have a clause which merely says: "At a meeting convened by the Minister..." I would recommend that the Minister amends this clause so that it reads: "At a meeting convened by the Minister, in accordance with the regulations in Schedule 1 or Schedule 2...", so that we are all clear on the methodology that the Minister is going to adopt in calling that meeting. It should be clearly

known when he shall call the meeting, at which notice, and so forth. Let it all be part of what we are going to enact so that we can remove the possibilities of people arguing about the convening of that meeting and that sort of thing.

Mr. Temporary Deputy Speaker, Sir, I would like to urge that while we are supporting this Bill, when we come to the Committee Stage, let us clean the cobwebs. If we have got to go a little slowly or make more consultations, let us do so. You and I will be here, God willing, in two years' time, and the farmers will be asking us: "You told us that after you liberalise and pass this Bill, our income would improve. Where is that income? Things have gotten worse!" We do not want to be in that situation; at least, I do not want to be in that situation. I want us to bear in mind that the primary objective of these liberalization steps we are taking is not the millers, the "fat cats" in the Coffee Board and the KPCU, but the ordinary coffee farmer, particularly the small-scale coffee farmer. So, with regard to whatever measures we are adopting here, let us ask ourselves whether those measures will result into a higher take-home income to the farmer.

Mr. Temporary Deputy Speaker, Sir, I have seen a recommendation here about the proposed coffee marketing agency which will replace the KPCU. If you are moving away from bureaucracies like the Coffee Board, where is the wisdom in attempting to create another bureaucracy? These are some of the issues that we need to address very carefully when we come to the Committee Stage, so that we do not jump from the frying pan into the fire. The idea is to improve the situation and not to make it worse while we think we are improving it. I can tell you that hurried liberalisation in Uganda made the situation worse, not better. Let us also put a premium on research; let us develop high yielding varieties, not just for coffee, but for every crop in this country, including maize, wheat, sugar, *et cetera*. There is no future for any nation now without research. The idea is high yielding seed variety. Let us also invest more in terms of marketing.

With those remarks, I beg to support.

Capt. Ntwiga: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this Bill.

Mr. Temporary Deputy Speaker, Sir, you and I come from the coffee growing zones in this country; the eastern slopes of Mt. Kenya. Were it not for coffee, you and I would not be in this House. I remember very well that I went to school through coffee vouchers, not even cheques. I used to be given a voucher by the coffee society which enabled me to go through school; that is why I am in this House. I feel like shedding tears when I see the production of coffee in the whole country going to the dogs and, therefore, making future generations not go to school. If you go to the rural areas and you are very much aware of this, the fact of the matter is that, our brothers and sisters are unable to take their children to school because their livelihood relies on coffee. Now that it has gone to the dogs, children cannot go to school.

This has also affected the health sector. Our people are no longer able to meet their health requirements because of the fact that coffee has gone to the dogs. I agree with my colleagues on the other side that, when this Bill was being formulated, it left out the fact that the production of coffee is the whole cause of this problem. This Bill did not consider, to start with, as an opening remark, the fact that the problem is the production of coffee. Instead, it went ahead to establish a board, in Part II of the Bill. How do you establish a board without even addressing the fact that coffee production has gone to the dogs? We have to address the issue of reviving coffee production in this country before we can even talk of the establishment of a coffee board. That is the biggest problem we have because, all that I am seeing in this Bill concerns boards, licensing, marketing and that kind of stuff.

This Bill is not talking about how we can revive the production of coffee in this country. Therefore, it has not addressed the issues affecting the small-scale farmer. That should have been the starting point of this Bill. It should address the fact that there is no coffee production in Kenya today, and then we can talk about establishing the board. This is because there cannot be a board without the coffee itself. So, that fact is not addressed in this Bill. I do not know whether the Minister is going to do it later, but it is very fundamental that the production of coffee must come first, before the board is established.

Mr. Temporary Deputy Speaker, Sir, the directors of the Coffee Board are the marketing agents themselves. They have formed themselves into cartels, such that they are the ones who are marketing the coffee. In that case, when coffee prices are high, the same directors act as middlemen and swindle the farmers of a lot of money. As a result of this, the coffee farmers get low income, which makes them neglect production of coffee.

Mr. Temporary Deputy Speaker, Sir, as you know, Kenyan coffee, and especially, coffee from Mount Kenya region, is of very high quality. This coffee is sold like gold in any European market. But to the contrary, today, there is no coffee which comes from Mount Kenya region because there has been sabotage. There has been sabotage from--

Eng. Toro: From the Government!

Capt. Ntwiga: Mr. Temporary Deputy Speaker, Sir, the sabotage has not been from the Government. Sabotage starts from coffee societies. For example, when you elect somebody as a manager of a certain society, he thinks of himself. Is that the Government that sabotages the farmers?

The Minister for Agriculture (Dr. Godana): Those are corrupt Kenyans!

Capt. Ntwiga: Mr. Temporary Deputy Speaker, Sir, it is true that, that is a corrupt Kenyan. So, the sabotage does not mainly come from the Government, but from among ourselves. We are crying for that small-scale farmer there, but he is also not upright when it comes to this issue. This is because the farmers have decided to split the societies into unviable units just because they want to be elected chairmen and treasurers. In that case, they have to be blamed for causing this problem.

My colleagues have said that this Bill cannot be of any meaning to the small-scale farmer, who is the highest revenue earner for this country, in that, if this Bill does not go hand-in-hand with the Co-operative Act, we are wasting our time here. I would like to say that the Co-operative Bank of Kenya no longer operates in the interest of the farmers. It exploits them. Therefore, I call upon the Minister to consider establishing a farmers' bank, which will assist the small-scale farmer. It will also help to increase production, because it will give incentives to the farmers. The problem facing the farmers is lack of incentives. If these farmers have to go to their farms, they should get incentives. It is not just a matter of establishing a board. I would like to point out that you may establish a board, an agent and do other things, but if you do not give the farmer the incentive to go back to his farm, just like it was the case in the years I have mentioned, we will be doing nothing here.

So, I call upon the Minister to establish a farmers' bank so that it can encourage our farmers to go back to their farms. At the moment, these farmers cannot go back to their farms, and I am saying the truth. That is the reason why I also call upon the Minister to consider abolishing private pulping stations. What is happening in the rural areas is that a large-scale farmer will say that he has got 30 acres of land under coffee and he is issued with a licence to operate a pulping station. At the end, this farmer will go and buy coffee from the small-scale farmer, who will sell his produce because he wants money there and then. The small-scale farmer knows that if he takes his coffee to the society, he might not even be paid, just like the shadow Minister has said here. He gave us an example of a farmer who took 600 kilogrammes of coffee to a society, but instead of being paid money, he got a payslip that indicated a negative figure. Those are some of the things that the Minister should look into. Private pulping stations in the rural areas are demoralising the farmers and making them not take their coffee to the coffee societies, although they do not pay well. The gist of the matter, and I have to repeat, is to increase the production of coffee. I would like to say that the farmer should be encouraged to go back to the farm. How can we make sure that the farmer goes back to the farm? It is not by establishing the board or that kind of thing. These are large-scale farmers and they can do without one. If we increased coffee production in this country, as was the case some years ago, these international companies can even come, buy it in its raw form and take it away.

So, we are saying that, that farmer should be given incentive in order for him to go back to his farm. We are talking about the STABEX money which is lying somewhere. When we talk about incentive, we are not talking about anything, other than money. The money which is lying idle somewhere was meant to stabilise the production of coffee because of drought. That money is being kept where we do not know, when it is supposed to revitalise coffee production in this country.

I have got a case in my constituency where 59 coffee factories were told by the Co-operative Bank of Kenya to take a loan of Kshs2 million each. These factories were directed to use the money to install electricity in their respective factories in order to reduce the cost of production. These factories did the internal wiring and they were promised that there was money somewhere which would be used to supply electricity in order to reduce the high cost of using diesel engines. As I speak here today, the farmers are repaying the Kshs2 million loan; they are still using the diesel engines, and there is no electricity, yet the power lines just pass overhead. One wonders why this money is being kept. It is very discouraging, and we may pass as many Bills as possible, but the Co-operative Bank of Kenya and the system is not out to help the farmer. We cannot talk of high coffee production until we address that factor. It is my wish that, that aspect will be addressed. I would like to point out that amendments should be introduced at the Committee Stage so that, that aspect is taken care of.

Mr. Temporary Deputy Speaker, Sir, you cannot talk of coffee production when you know very well that rural areas are not accessible because of poor roads. I would like to point out that roads in these areas are in a pathetic condition. The same way you find tea farmers disposing of their raw tea along the road because of anger, insufficient lorries to carry them to the factories or impassable roads, is the same way coffee is being disposed of. I have seen people throwing away coffee after harvesting it because of lack of transport. So, that area needs to be looked into.

Mr. Temporary Deputy Speaker, Sir, STABEX funds must also be used to improve roads in rural areas at this crucial time, so that we can come out of the present economic situation. Unless the Government addresses the

problems which affect the common man in all aspects, including this problem, we will not go anywhere. This is because those people in the rural areas are the majority in our society. They are the backbone of any economy, and especially in this country where we rely on agriculture.

Mr. Temporary Deputy Speaker, Sir, I do not want to speak a lot on this Bill. As you know, I am a man of few words. Those who have not heard what I have said, let them take action. Those ones who have heard what I said, let them stay. I can see hon. Karua is ready also to contribute. So, let me support this Bill, and I hope that it will be amended with time to reflect what I have said. I beg to support.

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, I also wish to enjoin myself with the colleagues who have supported the enactment of the Coffee Bill.

The story of coffee is a bitter one. This is because coffee was the country's largest foreign exchange earner for a very long time. Today, coffee is somewhere around number six. Coffee is the second most traded commodity after oil in the world. There is value in coffee farming. But our farmers have been so demoralised about coffee farming because it is the only crop in this country today where a farmer toils, weeds, prunes and sprays it. Picking coffee is hell in rain. The farmer takes it to factory on bad roads as the hon. Member said, where it is pulped, dried, transported, milled and sold, and then he is told there is no money. The only crop in this country where you do all those processes and, at the end of the day, the farmer is actually told that he owes money. It is totally unacceptable that the world's second most traded commodity can be farmed and people are told at the end of the day, that they actually owe money. The coffee farmer today is dying under debts. There is no co-operative society in this country which does not owe the Coffee Board of Kenya, KPCU and banks money. In my constituency, the average money owed by co-operative societies is over Kshs20 million; Kshs10 million as inputs to the bank and Kshs10 million in advances to the Board and parchment advances to KPCU.

Mr. Temporary Deputy Speaker, Sir, coffee farming is no longer sustainable. That is why it pains me when some hon. Members do not seem to understand what it is that we are trying to do in the reform and restructuring of the coffee industry. Something has gone terribly wrong in coffee farming because of the legal framework that has existed since 1933. If the law is good for coffee, we would not be here trying to amend it. So, when some hon. Members stand here and say that this law should not be repealed--- Mr. Minister, I am assuring you and the House that farmers wanted this Bill to be passed yesterday. And for the information of the Minister, farmers do not want that Board for another day after December 31st this year.

The problem has been identified in the structures of the Coffee Board and the marketing chains. So, when the objective is to separate the regulatory functions of the Board and Government divesture from getting involved in coffee marketing, we support you, Mr. Minister and the Government. This is because there is a direct conflict of interests. You cannot be a referee and a player at the same time. The Tea Board is equivalent to the Coffee Board of Kenya, but it has 26 employees, while the Coffee Board of Kenya has 800 employees. The Tea Board of Kenya has moved tea farming and production to the top foreign exchange earner in this country. The Tea Board does promotion of tea through trade fairs in this country. The agency and the private sector in the tea sector have made Kenya the largest exporter of tea in the world. What is the problem in the coffee sector?

Mr. Minister, when we came to this Parliament before we liberalised tea farming, farmers were being paid Kshs2.50 per kilo a month. The highest bonus they were getting was about Kshs5 to Kshs8. After liberalisation of the tea sector, farmers are now getting Kshs7.50 per kilo a month. They are headed to get Kshs10 per kilo. Last year, farmers were paid a bonus of Kshs26 per kilo. This year, because of bad weather, they will get about Kshs19 per kilo. Since you are looking at about Kshs36 per kilo of tea and we know a kilo of tea at the auction is about Kshs40, the average return on tea is about 80 to 88 per cent from the gross proceeds. What is the equivalent in coffee industry? It is zero or negative!

Mr. Temporary Deputy Speaker, Sir, statutory deductions in coffee were anywhere between 12 and 15 per cent from the value of 100 per cent at the point of sale. Then there are marketing and colouring charges. By the time it moves from Coffee Board, it is at 80 per cent of full value. You come to the millers, there are milling charges. If you go to the society level, as my colleagues said, some societies in Kisii have taken up to 76 per cent of the gross proceeds because of inefficiency, mismanagement and corruption.

On the net return to coffee farmers in the last three years, my own people have not been paid. They barely break even with the parchment advances they are given at Kshs5 a kilo. Something needs to be done. There is something terribly wrong with the current law. We have to change this law and that is why we support this Bill that the Government has brought.

It is a pity because we started consultations with farmers last year but one. We went to Nakuru, Kakamega, Embu and Thika, and we talked to farmers. I, myself, went to the factory level with the Sessional Paper and Coffee Bill to discuss them with the coffee farmers. So, when hon. Members stand here and say there has not been enough consultation, they are not being honest. If you have not done that at you own constituency

level, that is your problem. We have discussed and debated this Bill with the farmers. We have listened to their views and we have accommodated them in the proposed amendments. And provided that the Minister seriously considers the proposals herein contained by the Departmental Committee on Agriculture, Lands and Natural Resources Committee, we have no quarrel. We expect that the Minister will come here and say which proposals he is quite happy to incorporate as Government proposals or amendments. We can negotiate on the issues that the Minister finds are not acceptable to the Government for one reason or another, provided that they are not inconsistent with the policy that we all adopted. Hon. Members sit here and pass policy and then they talk as if they were not in this House when we passed the Sessional Paper.

Mr. Temporary Deputy Speaker, Sir, we have travelled as the Committee on Agriculture, Lands and Natural Resources to seven coffee producing countries of the world to compare how they do their things. We talked with the buyers of coffee in their markets. We went to Europe to see how the warehousing and blending are done. We have gone to the auction and we have seen how they do their businesses. We have learnt from the experiences of Uganda and Tanzania. Let nobody frighten Kenyans here. When we are liberalising and regulating coffee industry, we have the experiences of those countries. We are not about to repeat those mistakes because we know the effect of privatisation. We know the mistake they made. The law was very clear. Have hon. Members read this Bill, so that they stand here to talk about the mistakes of Uganda and Tanzania? We have learnt from them and we are not about to repeat those mistakes. It is here in the policy. It will not be possible. In fact, it makes it more difficult for somebody who does not belong to a particular pulping station to take their coffee there for pulping. My dad used to pulp my coffee, but he can no longer do it under the new law. You cannot take coffee to another factory under the new law. We will stop coffee theft. We are breaking up the coffee cartel and they are not happy because these are the people who have been conspiring fix auction prices. These are the suckers Mr. Muite talked about; people who have been living on the sweat of the coffee farmer. It has been a closed club. These people have been directors at the KPCU, the Coffee Research Foundation and the Coffee Board. They have also been chairing marketing committees at the Board. This has been a closed shop. This law makes it impossible for anybody to be in more than one coffee institution at the same time.

Mr. Temporary Deputy Speaker, Sir, we know the people who are trying to fight the enactment of this law and the interests that they represent. We would like to assure the Minister of our support, because he seems to know what is good for the coffee farmer. He also seems to know where the world is headed with the coffee industry. Last month, as Members of the Departmental Committee on Agriculture, we attended the ITA meeting, and we know Kenya's coffee has no problem provided we produce good quality coffee in sufficient quantities. Kenya's coffee always fetches a premium price. We have been assured that Kenya coffee can fetch a minimum of about US\$7, at the Nairobi FOB. That adds up to about 1US\$ per kilogramme, which is about Kshs80. If we reduce the transaction costs, for example, the Minister is proposing to reduce it to about 7.5 per cent as statutory deduction - he should make it even 10 per cent - it means you can expect to start working on about Kshs72 per kilogramme. Those are the figures that should be clarified so that farmers do not expect Kshs2,800 after the Bill is passed. If we are efficient, anything above Kshs60 per kilogramme is profitable. We shall no longer accept to produce coffee at a loss. We shall no longer allow our people to produce coffee below the cost of production.

Mr. Temporary Deputy Speaker, Sir, we are going to set internal prices of coffee and have farmers set the reserve price of coffee. If they do not take it, farmers should not sell their coffee. As we sit here, farmers are not delivering coffee because of anticipation. That is a well known fact. They are anticipating a better price and institutional framework that will release their energies and capacities to realise a better price. Even the issue of the 20 per cent private treaty sales that Mr. Muite talked about is really about price realization abroad. We cannot keep our people locked up at the auction and only speak to people who sit, for example, at the Norfolk Hotel every Monday evening before the auction, to decide the coffee prices. We would like the farmers to realise prices abroad for the same quality coffee. We are going to retain the same central auction system through the Nairobi Coffee Exchange so that we can protect the interests of our small-scale farmer.

Mr. Temporary Deputy Speaker, Sir, I do not intend to contribute more, until the Committee Stage, because I expect serious hon. Members of Parliament who would like to look at the proposals to come up with suggestions and recommendations. Suffice to say the Minister should also be able to tell this House what has happened to the amendments to the Co-operative Societies Act. When is he going to bring that Bill to the House?

The Minister for Agriculture (Dr. Godana): On a point of information, Mr. Temporary Deputy Speaker, Sir. We have finalised the Co-operative draft Bill and passed it on to the Attorney-General's Chambers to be drafted, and that is where the proposals are. We will work on them to ensure that they actually bring it in as fast as possible. I fully agree with the sentiments expressed by the hon. Member, that it goes hand-in-hand with the Coffee Bill.

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, through you, I would like to thank the Minister. If

we overhaul the Coffee Act and we leave the Co-operative Act intact, we will have done nothing. The co-operative sector used to produce 65 per cent of Kenya coffee. Today, the ratio is 42 to 58. We used to do 120,000 metric tonnes of coffee. Last year, we did 60,000 metric tonnes. The acreage of land has not changed; in fact, it has increased. But our productivity is one of the lowest in the world. Costa Rica is doing 1,500 kilogrammes per hectare, Columbia 1,250 kilogrammes, while Kenya is doing 200 kilogrammes. In the villages, a tree which is supposed to produce 20 kilogrammes to 30 kilogrammes has reduced to half because there are no sufficient inputs, pesticides, fertilizers and proper husbandry. This is because of lack of finance. The European Union was to release Kshs500 million to the farmers, which is a drop in the ocean. Yet the money available to the coffee farmer is to the tune of Kshs6 billion. If we are really serious, that we want to support the farmer in terms of inputs, working capital and incentives to produce coffee, we should talk to the European Union on a serious note and tell them to release that money immediately. Otherwise, that money is useless to the coffee farmer, and they might as well keep it.

If we are going to give the farmer that money in January or February when there is a dry spell, how is it going to assist them? It is wrong for this Government to accept some of those conditions by these people. They either bring the whole hog or nothing. The demand for that money was about Kshs4 billion, and they only released Kshs350 million which is not even 10 per cent of the small-scale sector demand, so that they could improve on coffee quality and quantity.

Mr. Temporary Deputy Speaker, Sir, I would like to suggest that the licensing of new millers be based on the existing installed capacity and projected production. As we sit here, we have been told that the Coffee Board of Kenya is asking people to submit applications for licensing of millers. This could kill the coffee industry. You must put a stop to any further licensing of millers until it is properly established that the installed capacity is exhausted, and the potential production justifies the licensing of new millers.

Mr. Temporary Deputy Speaker, Sir, the Minister talked of having a new Board in place early next year. I know this is possible if this Bill passes through as soon as possible, to allow the Minister to come here with subsidiary legislation and the rules of the election to be held by the end of the year, so that the new Board elected by farmers can manage the transitional arrangement. We cannot allow the existing Board to manage the transition. It is an interim Board, and yet he has extended its span illegally for two years. You should not extend it any more after December this year. The proposed farmers' bank was a con; farmers were asked to contribute money, and they collected more than Kshs200 million because they thought a bank was going to be set up for them. I can only ask you to contribute money to set up a bank if I have a banking licence in my pocket. However, I cannot tell you to give me money because I will have a licence. If we encourage the latter practice, hon. Karauri and I can go around telling people to give us money because we shall get a licence. Somebody somewhere is squandering that Kshs200 million from the farmers. That money must be returned to the farmer now with interest. The suggestion to set up this bank was nothing but a phoney!

Capt. Ntwiga: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to say that the farmers bank will never come into existence when we are agitating for it?

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, the hon. Member does not seem to understand the policy about sectoral banks in this country. He does not seem to know that we have a provision for the Coffee Development Fund and a provision for the Coffee Levy Fund.

Mr. Mutahi: On a point of order, Mr. Temporary Deputy Speaker, Sir. I am a good coffee farmer and Kshs1,000 was deducted from me. Could hon. Murathe tell us where the Kshs200 million is?

Mr. Murathe: Mr. Temporary Deputy Speaker, Sir, hon. Mutahi has a very legitimate question. Farmers were asked to contribute money, and they want to know where that money is! We are told the Coffee Board of Kenya is busy issuing tenders for the construction of warehouses and other things. The Minister knows that the said tender has been stopped twice, and he knows that they are busy now, trying to do it again behind his back. I have asked the farmers in Gatanga Constituency to ask for a refund of their money. The fat cats in the Coffee Board of Kenya have already taken back their money. It is only the small-scale farmer who is being cheated that the money is being kept somewhere, waiting for a licence in the year 2020. We are not against the setting up of the farmers' bank, but the one which was sponsored by the Coffee Board of Kenya is a phoney. What the Ministry should do, is to strengthen rural saccos which are closer to the farmers.

In Costa Rica, for instance, as hon. Ndwiga said, if a farmer delivers his cherry today to the factory - because of the strengthened institutions - four days later, he walks to his rural sacco in the nearest market and finds credit in his account. They do this because there is vertical integration of the one-stop shop that hon. Ndwiga was talking about. If the Kenya Planters Co-operative Union (KPCU) is [Mr. Murathe] properly restructured and strengthened, it should be able to pay farmers on delivery. It should even be able to go

further down, in collaboration with the local co-operative societies, and access credit from the CFCs and the ADBs of this world. Once a farmer delivers his cherry to the pulping station, the factory should be able to have money in those micro-finance institutions and pay farmers within a week. That will give the farmers incentives to keep producing coffee. But coffee is the only crop where you have to wait for nine months to be paid; just like a pregnant woman waits to deliver a baby!

(Laughter)

Mr. Temporary Deputy Speaker, Sir, we should afford our farmers the opportunity to sell their coffee and realise the earnings of their sweat. Let us strengthen the farmer institutions and organisations. I heard one hon. Member here complain about institutions like the KPCU. If hon. Members read the policy clearly, option one was to liberalise marketing and marketing agents. Option two was to create KTMA. What the committee has proposed is that we should forget about the creation of KTMA because by doing so, we shall be creating another Coffee Board of Kenya!

(Applause)

People should be allowed to market their coffee and we should put a strong criteria for the qualification of marketing agents. If anyone owes farmer organisations money, they should not be allowed to operate because we are going to have one Mr. Murathe owing KPCU money, and then he runs away to go and set up another company. We also want a criteria for citizenship and equity, the same way we are doing with the sale of Telkom Kenya. We are not going to allow multinationals to come here and become marketing agents! In the rules and regulations, and in the law, we must be clear on these matters. We must put the criteria for qualifications that involve Kenyan citizens in the marketing of coffee.

Mr. Temporary Deputy Speaker, Sir, we cry for coffee. Out there, organisations like pear-tree, through Oxfam, people who know the misery of the coffee farmer, are telling us to put our Act together. If we do so, they will ensure that an institution like the KPCU, which is the only farmers' body in the coffee trade, is invigorated. The KPCU, is a conglomeration of all the unions and these people are shareholders. It is the only organisation which we should probably exempt from the requirements of the guarantees of marketing agents, because it is a farmers' union and it cannot run away with farmers' money. The other marketing agents must put guarantees of one-and-half times the value of the coffee that they wish to handle. If they want to handle coffee worth Kshs100 million, they must put Kshs150 million as a guarantee. That is the only way we can ensure that they cannot run away with farmers' money.

Mr. Temporary Deputy Speaker, Sir, we must ensure that those marketing agents are reputable. They must have bank guarantees backed by the Central Bank of Kenya, so that we do not have these *Mhindi* banks giving us phoney bank guarantees, and then they collapse with farmers' money.

With those remarks, I beg to support.

Dr. Omamo: Mr. Temporary Deputy Speaker, Sir, first of all, I would like to thank the Minister for moving the Bill, and also the hon. Members who have supported the Bill. I would like to particularly thank the Shadow Minister for Agriculture, who is a Member of our Committee on Agriculture, for the able manner in which he presented our views. I would also like to thank our friend, hon. Murathe, for his contribution.

Mr. Temporary Deputy Speaker, Sir, my contribution in this Bill is based on my personal experience. I am forced under the circumstances to remember the days when coffee was the glory of Kenya; when coffee was the export earner number one. Why was coffee occupying such a prestigious position at that time? It was the export earner number one because the Kenya coffee tree was very well fed. Those of us who know the way the coffee tree behaves when it is well fed know that the tree flowers when the time comes; a coffee tree could flower today but it would never be ready for harvest for a good nine months. During that period, nature would be doing its work and the chemical reactions would be taking place. Eventually, when you get the cherry, you process it. When the cherry and parchment is processed further and roasted, you get the aroma that is peculiar! It is the peculiar Kenyan coffee aroma. Those were the days when we were proud of the Kenyan coffee.

Mr. Temporary Deputy Speaker, Sir, in all the international committees where we went, we were proud of the flavour of the Kenyan coffee. Those were the days when the Kenyan coffee grades were the AAs. There were the ABs and the TTs, but the grade was very high. Then, we had the tip-top classes labelled 1, 2, 3 and 4. Those classes were all internationally renowned. If you wanted good coffee, you would just say: "I would like AA Class 1", and you would have it! You could not have had it better. That was Kenya coffee grade AA Class 1. That is what we want. Today, those grades and classes have suffered.

Mr. Temporary Deputy Speaker, Sir, I would like to say that those were the days when the Kenya coffee farmer was proud and respectable. But these days, I do not know. Maybe, the Chair knows better than I do. But I do not know whether a small-scale Kenya coffee farmer is a proud farmer. Things have changed and it is at this point that we must change if we want our country to regain the glory of its coffee. I remember, during those days, people were so conscious about coffee that when something happened in Uganda in the 1970s, 1975 and 1976--- Chepkube, which is a small town, became a beehive of activity. Coffee earned the nickname of "black gold". All Kenyans loved coffee.

Mr. Temporary Deputy Speaker, Sir, let me come to the point as to why the Bill is very important. Way back in 1989/90, when our country started to feel the bite of unemployment, the Kenya Government commissioned the Philip Ndegwa Committee on unemployment. That committee looked at possibilities of strengthening the ability of the rural people to get into the labour market. It was in that Philip Ndegwa Report, that a suggestion was made, which I would like the Minister for Agriculture to hear. The Philip Ndegwa Report recommended that for Kenya to tackle rural unemployment effectively, three crops must be taken care of. Of the three crops, the first one was coffee; number two was tea, and the third was sugar-cane. I am glad that we have now finished with tea and the Tea Act is now in our books. We are all very happy. Today, we are dealing with the Coffee Bill, and I hope next week, we shall deal with the Sugar Bill and the spirit of the late, Mr. Philip Ndegwa will lie in peace in heaven above!

Mr. Temporary Deputy Speaker, Sir, in my opinion, the remedy which is being spelt out in the Bill, in different words, has to do with rehabilitation of the coffee industry. We should deal with the production process and marketing of our coffee. We should look into ways of liberalising the coffee sub-sector, so that work can be done effectively. The old Board is to be given new work and be restricted to regulatory functions only, which is very good. I would like to say that, in the new Bill, several points have been touched. But I would like to tackle one area, which I think is very important as far as the coffee industry is concerned.

Mr. Temporary Deputy Speaker, Sir, up to now, there is no good provision for ways of financing the coffee industry. The STABEX money, which was meant for salvaging the coffee industry, arrived too late, too little! Up to now, some farmers have got too little, too late, with many not getting anything! I think it is only fair that we must think of ways of finding enough funds to support the coffee industry. Without funds being available in sufficient quantities at the right time, the inputs will not be available! We want those inputs. That is why, in my opinion, when there is a proposal that there should be a coffee levy in Clause 35, it is an important new area which should be explored. It is true that there has been a general drop in coffee prices in the world market, but our industry has been hit very hard. An arrangement, where a provision has been made to get a levy to support the industry, would always be available during a rainy day.

I want to support the proposal that middlemen who have been nibbling at the profit margin of the coffee growers, the long chain of middlemen, should be reduced. If cutting it is what you suggest as a way of reducing it, then let it be cut. We do not want this long chain; many people marketing coffee and all of them are nibbling at the profit margin so that at the end, you find that instead of the grower getting some profit, he lands in a loss. This is too bad.

Mr. Temporary Deputy Speaker, Sir, I would like to suggest that it is important, in my view, that the marketing process that is being suggested now will be instrumental in putting money in the pocket of the farmer as quickly as possible after the crop has been sold. This is important for us instead of waiting for several months. My colleague, Mr. Murathe, said that he has noticed some delay of up to nine months. That is really very long, and that reminds me of sugar-cane. Sometimes, with sugar-cane, you wait for three years before you get the money. But we shall deal with it next week. We should do everything to get the produce processed, marketed and as soon as marketing is completed, within a short time, money is paid to the grower.

Mr. Temporary Deputy Speaker, Sir, I would like to stress one very important area which is being strengthened through this Bill. This is the research. In research, the Kenya coffee industry has been able to produce for the market, Ruiru 11. I do not know why they named it Ruiru 11, but we are beginning to ask: If Ruiru 11 has done so well, when are Ruiru 12, 13 and 14 coming? We would really like to strengthen research work to support the coffee industry, and I am sure the funds that will go towards coffee research will be very well spent. Modern agriculture cannot do without research backing. I remember sometimes back, we went to South Africa and visited Natal, and specifically Durban, where we visited a research station for one crop only. In that research station, they were researching for the improvement of sugar-cane. Their budget was Rands 4.2 billion in a year. If you want to get it in Kenya shillings, multiply it by 10. It is a lot of money. But there, the research workers were free to do extensive research and their sugar industry is very well supported. Here in our country, we have not been able to popularise robusta coffee, but we know that in Uganda, that is the coffee that is popular there. In Kenya, arabica coffee has been the more popular because a lot of research work has been done about it. But it is also

known that with research, we can evolve varieties of arabica or arabica mixed with robusta that can thrive at lower altitudes. I am talking from experience in this because I know, for example, in my own constituency in Songhor, where the traditional arabica coffee, like SL28, SL34 and K7 have not done well, it was Ruiru 11 that proved to do well.

I am thinking that with Ruiru 11, the Minister for Agriculture should know that we can increase the acreage under coffee, because it is doing well. But with research, I have a feeling that we can do better and increase the quantity of our coffee.

Mr. Temporary Deputy Speaker, Sir, although we tend to lay a lot of stress on the importance of quality of coffee, we should not forget that quantity is equally important. We would like plenty of good quality coffee and to do this, we should have more acreage under coffee. At the moment, a lot of areas in the Coast, Nyanza and Western provinces can be brought under coffee. This will definitely give us more quantity in the market.

Further, I would like to say one thing, Mr. Temporary Deputy Speaker, Sir. Our own country here is important for coffee, yes, but if we want to make coffee more important, we have got to take it seriously. I would like to give the example of our neighbour, Ethiopia. Ethiopia takes coffee so seriously that there is in Ethiopia, a whole Ministry for only coffee. I am sure that if we, as a Government and as farmers, take coffee a bit more seriously, we can increase not only the quality, but also the quantity of our coffee.

Finally, I want to say that the important area that is coming and where we want the Minister to work very hard is in the writing of the practical rules and regulations. Let these rules and regulations be written in such a way that when they are put into practice, they make the coffee farmer not to break. We want these rules and regulations to make and not to break the coffee farmer.

With those few remarks, I beg to support.

Mr. Murungi: Thank you, Mr. Temporary Deputy Speaker, Sir. I rise to support this Bill in my capacity as the Vice-chairman of the Coffee and Tea Parliamentary Association (COTEPA). As you know, COTEPA is the eyes and ears of coffee farmers in this Parliament and this country. It is our business as COTEPA---

(Mobile phone rang in the Public Gallery)

Mr. Mwenje: On a point of order, Mr. Temporary Deputy Speaker, Sir. There is a mobile phone ringing in the House.

The Temporary Deputy Speaker (Mr. Muturi): Make sure that those gadgets are removed from the galleries.

Mr. Murungi: Mr. Temporary Deputy Speaker, Sir, our core business as COTEPA is to maximise returns to the coffee farmers in this country by promoting transparency and accountability, and also, by reducing excessive and exploitative bureaucracy in the coffee industry. This Bill is the culmination of a long struggle between the Coffee and Tea Parliamentary Association (COTEPA) and the coffee mafia in this country. We wish to thank the Minister for hearing the cries of coffee farmers and introducing this Bill. I am very happy to hear the Minister say that he is bringing this Bill to this House as a Christmas present to the coffee farmers in this country. Wherever they are today, they will have a good sleep. I wish to thank the Minister for that.

Mr. Temporary Deputy Speaker, Sir, we talk about having a coffee crisis in Kenya. In fact, what we have is not a coffee crisis; it is a crisis of coffee prices. If the prices are right, then you do not have to say anything else about coffee. The farmers will do their own arithmetic and economics, and they will go back to growing coffee again. If you go to a supermarket here in Nairobi today, a kilo of beans costs Kshs40. The process of growing beans is very simple compared to that of coffee. Why should the price of a kilogramme of coffee be Kshs10 while that of a similar amount of beans is Kshs30? There must be something terribly wrong with this marketing system.

We all know about the standard reason given, that the world prices of coffee have fallen steadily in the last two years, but I believe this is only part of the story. There is some coffee in this country which is not sold in the world market. If you take a cup of coffee at the Hilton Hotel today, it will not be coming from abroad. It is coffee which is grown, milled, sold and bought by roasters in Kenya. A cup of black coffee at the Hilton Hotel costs Kshs125. One kilogramme of cherries makes eight cups of coffee. If you multiply Kshs125 by 8, that is a clear Kshs1,000. This coffee will not help the country. Out of the Kshs1,000, the farmer only gets Kshs10. Who is pocketing the Kshs990?

The problem here is what the Minister calls the "vampire elite" and the "coffee mafia". They are the ones pocketing this money. In Meru, where I come from, there is a story about a hyena which ate a woman, together with her private parts. The Merus say that the problem with coffee is that it has been eaten by the hyenas of Kaongo. Those are the hyenas which eat even things that should not be eaten. The problem with coffee is that the

vampire elite are not even bothered about tomorrow. They have "eaten" without even caring about whether there will be coffee to be "eaten" tomorrow. This is the biggest problem that we have. I have an analysis from a farmer I met called Andrew Githinji from Gaikuyu Farmers Co-operative Society in Nyeri. He showed me his payout which indicates that he and his family had produced coffee worth US\$1,527, which amounts to about Kshs120,000. After deductions like the marketing commission, *ad valorem* levy, county council cess, milling charges, VAT, storage, handling and *et cetera*, he was left with US\$4. Out of Kshs120,000, this farmer earns about Kshs300. Surely, can we defend this system? Can I buy pesticide or fertilizer for the same coffee with Kshs300? Will I pay school fees for my children or buy food for my family?

The representatives of the Coffee Board of Kenya were in that meeting where this farmer produced this analysis. It was very embarrassing to all of us. So, something has got to be done. I am very happy that one of the proposals that we sent to the Departmental Committee on Agriculture, Lands and Natural Resources when we met as the whole industry was to see whether there could be a standardization of deductions which can be made from coffee farmers by law. As it is now, if you are a tea farmer in this country, about 30 per cent of the gross earnings from tea are spent on processing and marketing of tea while 70 per cent goes to the tea farmer. In the case of coffee, 90 per cent of the gross coffee proceeds go to processing and marketing. The farmer gets less than 10 per cent of the proceeds, and some even get negative.

That is why the proposals that were made to the committee about deductions should be supported by all Members of Parliament. The proposals are as follows: The marketing agency fees should not exceed 1 per cent. The *ad valorem* Coffee Research Foundation levy should not exceed 2 per cent because research is important. The Coffee Board of Kenya levy - since this will be a much leaner organisation than it is now - should not exceed 0.5 per cent. There is also the Coffee Road Cess. We deliberately called it the Coffee Road Cess because the county council cess of 1 per cent is not improving coffee roads. We have been specific that this Coffee Road Cess should not exceed 1 per cent. We have the Coffee Development Fund. Our farmers should not wait for the STABEX funds to come from abroad. Farmers should contribute 1 per cent of their gross earnings to create a fund which can be used to support them through provision of cheap affordable credit. The 5 per cent that we are charging farmers who have borrowed from the STABEX fund should also be applied to the Coffee Development Fund, so that we have a perpetual fund in this country for supporting the coffee farmers from their own contributions.

We also felt that we should support the Nairobi Coffee Exchange with a levy not exceeding 0.1 per cent. We have had big problems with millers because they have not been taking any risks as businessmen. They charge a standard figure per metric tonne, regardless of whether the coffee market is good or bad. In this case, we have said that the millers' charges should be a percentage of the gross coffee proceeds. This percentage should not exceed 1 per cent. If these percentages are accepted by this House, we shall ensure that the marketing charges and the co-operative society charges do not exceed 20 per cent of the gross coffee proceeds. Farmers should get at least 80 per cent.

Farmers in Costa Rica who are selling coffee in the same market as we do get Kshs80 per kilogramme. Even if we are not very ambitious, we should be able to take to our farmers not less than Kshs50 per kilogramme. That should be our aim.

Mr. Temporary Deputy Speaker, Sir, we are also happy that in this new Bill, the Government has recognised the need to reduce Government control of the coffee sector. We are even proposing to go further because in the restructured board, we have the Permanent Secretary in the Ministry of Agriculture as a full member of the board. We also have the Director of Agriculture as a member, and these two people are representing certain interests in the board. They are representing the Government in the board. So, what we are saying is that if the Permanent Secretary in the Ministry is in the board, then the Minister should not have any power to sit in his office and give directions to the board. If he has any instructions to give to the board, he should pass those instructions through the Permanent Secretary. So, we will be proposing to delete Clause No.13 in the Bill, which is giving the Minister additional control. So, if you are delinking from the sector, please, use your system which is the Permanent Secretary. Otherwise, this is how we have messed. All the way since 1960s, the Government has exercised excessive control of the coffee industry by giving the Minister these powers. In fact, Section 3 of the current Coffee Act, Cap.333, states:-

"The Board must at all times act in accordance with the general or special directions that may be given to it by the Minister."

We cannot accept that. I am sorry, if you have any instructions to give to the board, they should be given through the Permanent Secretary. Otherwise, we are saying you are removing the Government while at the same time, you are keeping the powers of the Government and controls intact through Clause 13 of the Bill. We want to test the seriousness of the Government through the support that it would give to that clause.

Mr. Temporary Deputy Speaker, Sir, we are also happy about the provisions that relate to the licensing of

pulping stations and we have seen amendments which are being introduced through the Committee on Agriculture, Lands and Natural Resources; that, a person who is licensed to have a pulping station is only going to pulp his own coffee and that members of a co-operative society will not deliver their coffee to be pulped in any other station other than the one owned by their own co-operative society. There has been a lot of farm-gate sales of coffee and we have killed co-operative societies. This is because when members borrow through their co-operative society, they do not deliver coffee in that society and these debts are crippling the co-operative societies. So, we are happy that there are going to be these controls, and that it is going to be a criminal offence for a member of a co-operative society to sell his coffee to any other person than the co-operative society of which he is registered as a member. At least, this has been discussed in the Committee on Agriculture, Lands and Natural Resources, and I am happy. I see bits of it in the Bill and I think we can strengthen it in the Third Reading.

Mr. Temporary Deputy Speaker, Sir, on the question of the marketing agents, we are also very happy that we are going to have coffee marketing agents in this country who have certain duties which we have discussed in the Committee on Agriculture, Lands and Natural Resources, and those duties have been agreed on as follows, and we hope the Minister is going to support it. The problem that we have been having in coffee is largely that of extension. The Kenya Tea Development Agency (KTDA) is doing a great job in supporting tea farmers at farm level. We have tea officers in this country. We would like this Government to support the marketing agents, so that we provide for coffee officers who will be working with farmers at farm level. One of the duties of the marketing agents is to support extension. They should also support the marketing of coffee, both in this country and abroad.

Mr. Temporary Deputy Speaker, Sir, I attended a meeting of coffee farmers in my constituency about three weeks ago and I asked them: "Those who have taken coffee this morning, please, raise up your hands?" Only two farmers had taken coffee while all the others had taken tea. We are not promoting local consumption of coffee even by coffee farmers, and we think that the marketing agents will do this. It is just like what the Brooke Bond (K) Limited did in this country in the 1940s when there was a depression, and tea could not be sold abroad, and went around saying: "Any time is tea time." It is high time we have some marketing agents going around saying: "Any time is coffee time." Create a local demand and market for our coffee.

Mr. Temporary Deputy Speaker, Sir, another important innovation which we think is good is the establishment of the Coffee Development Fund (CDF). We know there have been complaints about the STABEX funds. Many coffee farmers are saying that it is a drop in the ocean. In fact, some farmers did their calculations and they were saying that even if the STABEX loan which they got was distributed to farmers in their co-operative society, each one of them would get one shilling. It is true because we have about 300 farmers and they got Kshs300,000. So, there is no way that these STABEX funds are going to be enough and there is need for us to be more innovative. We think that if we charge 1 per cent from the gross proceeds from every farmer and we create a Coffee Development Fund, there will be sufficient funds in this country to support coffee farmers in their farm operations and purchasing farm inputs.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to mislead this House that if we establish a Coffee Development Fund, it will do better than the Sugar Development Fund which is being used to import and dump sugar into his country?

The Temporary Deputy Speaker (Mr. Muturi): Mr. Angwenyi, that is a point of information and not a point of order. He did not talk about the Sugar Development Fund.

Mr. Murungi: Mr. Temporary Deputy Speaker, Sir, hon. Angwenyi was a university lecturer but I think he needs to study a little more to know what the Standing Orders are.

(Laughter)

We need this fund to support farm development, inputs and operations and when the market is not good, it can also be used to support price stabilisation. We have proposed that the board of that fund should comprise of the Permanent Secretary, Treasury; the Permanent Secretary in the Ministry of Agriculture; five members who are elected by coffee co-operative societies; three members elected by the plantation coffee growers, and a managing trustee who is going to be the secretary to the fund. We have not mentioned any bank. It will be for the trustees to decide which bank to use to administer that fund. This will take care of the worry of my friend, Mr. Angwenyi. The problem with the Sugar Development Fund is that it was not controlled by the sugar farmers. The Coffee Development Fund is going to be controlled by coffee farmers themselves, and I do not think that they would like to shoot themselves in the foot.

Mr. Temporary Deputy Speaker, Sir, let me talk about STABEX funds. I know this is a very contentious issue, on which there have been a lot of acrimonious debates. I think we have to apologise to the coffee farmers in

this country. This is because out of the Kshs12 billion which has come in through the STABEX funds, so far, the farmers have got only Kshs0.5 billion which is Kshs500 million. This is what has reached them out of this money. What has happened to Kshs11.5 billion? It is money which has gone to areas which are not supporting---

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

Mr. Murungi: I am very well informed, Mr. Temporary Deputy Speaker, Sir.

(Laughter)

We know that in the STABEX accounts between the Kenya Government and the European Union, only about Kshs3 billion out of the Kshs12 billion is now left, and we would like that remaining amount to be channelled to coffee farmers if we are serious about reviving this industry. *Waswahili wanasema: "Maji yakimwagika hayazoleki."* We do not want to make too much noise but, please, what has been left, let us give it to the coffee farmers.

Mr. Temporary Deputy Speaker, Sir, on the question of the coffee debts, we are paying for electricity. Our farmers are crippled with debts amounting to about Kshs500 million for electricity that they do not have. We are asking the Government to write off that loan. We know how that loan has built up. The World Bank gave Kshs2.4 billion (?) at 2.5 per cent. The Government has given it to the bank and asked it to pay at 8 per cent and the bank has loaded 7 per cent on top of that loan. The Government has no business doing business with coffee farmers. We ask the Government to write off the 8 per cent, so that the farmers repay the loan with only 5 per cent interest rate, just like the other STABEX funds.

With these few remarks, I beg to support.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Muturi): Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Thursday, 22nd November, at 2.30 p.m.

The House rose at 6.30 p.m.