

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 17th July, 2002

The House met at 2.30 p.m.

*[Mr. Deputy Speaker in the Chair]*

### PRAYERS

### ORAL ANSWERS TO QUESTIONS

*Question No.425*

#### LIQUIDATION OF STALLION INSURANCE COMPANY

**Mr. Obwocha** asked the Minister for Finance:-

- (a) under what circumstances Stallion Insurance Company Limited was placed under liquidation;
- (b) who are the liquidators; and,
- (c) what the current status of the firm is in terms of assets and liabilities.

**The Assistant Minister for Finance and Planning** (Mr. Lomada): Mr. Deputy Speaker, Sir, I would like to request that the Question be left pending to await the Minister. He is on his way to Parliament.

**Mr. Deputy Speaker:** That explanation is not necessary. If you do not have the answer to the Question, just sit down. We will come back to this Question.

**Mr. Obwocha:** On a point of order, Mr. Deputy Speaker, Sir. Since our Standing Orders' definition of "Minister" is inclusive of Assistant Ministers, could I give Mr. Lomada a copy of the written reply to read in reply to the Question?

**Mr. Deputy Speaker:** Order, Mr. Obwocha! We will come back to this Question. Let us proceed to the next Question.

*Question No.432*

#### PAYMENT OF KCB BANKER'S CHEQUE TO MR. OMAR

**Mr. Shidiye** asked the Minister for Finance:-

- (a) whether he is aware that a Banker's Cheque No.019537, dated 7th June, 1995, drawn by the Kenya Commercial Bank in favour of Mr. Jaffer Shariff Omar has not been credited to his account; and,
- (b) whether he could urgently direct the Bank to pay the above amount plus interest thereof.

**The Assistant Minister for Finance and Planning** (Mr. Lomada): Mr. Deputy Speaker, Sir, I would like the Question deferred until Wednesday next week, because I do not have proper information on the matter raised.

**Mr. Deputy Speaker:** From whom have you not got the information?

**The Assistant Minister for Finance and Planning** (Mr. Lomada): From the Kenya Commercial Bank, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Do you have any objections, Mr. Shidiye?

**Mr. Shidiye:** No, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Very well; the Question is deferred to Wednesday next week.

*(Question deferred)*

*Question No.383*

#### PAYMENT OF COMPENSATION TO MR. WERE

**Mr. Deputy Speaker:** Hon. Members, Mr. Ngure has informed me that he had an accident, and is unable to walk. So, this Question will also be deferred to Wednesday next week.  
Let us proceed to Mr. Mwakiringo's Question.

*(Question deferred)*

*Question No.361*

DELAY IN SALARY PAYMENT TO KR EMPLOYEES

**Mr. Mwakiringo** asked the Minister for Transport and Communications:-

- (a) whether he could explain why there is a constant delay in payment of salaries of the employees of Kenya Railways Corporation every month; and,
- (b) what urgent measures he is taking to ensure that the employees get their pay promptly.

**Mr. Deputy Speaker:** Is the Minister for Transport and Communication here? We will come back to this Question.

Let us proceed to Mr. Sambu's Question.

**Mr. Sambu:** Mr. Deputy Speaker, Sir, before I ask the Question, I would like to inform you that I have not received a copy of the written reply.

*Question No.427*

NON-PAYMENT OF FARMERS' DUES BY NCPB

**Mr. Sambu** asked the Minister for Agriculture:-

- (a) whether he is aware that maize farmers who delivered their maize to the National Cereals and Produce Board (NCPB) depots/stores are still owed money by the Board;
- (b) whether he could list all the NCPB depots and stores that owe maize farmers money and state the amount each depot/store owes the farmers; and,
- (c) when the NCPB will pay the maize farmers these outstanding amounts.

**The Minister for Agriculture** (Dr. Godana): Mr. Deputy Speaker, Sir, I beg to reply.

- (a) I am aware.
- (b) A table showing the depots/stores and the amount of money owed to the farmers is attached to the written reply, whose copy, I believe, the hon. Member has.

(c) Plans are underway to clear the outstanding payments in the course of the month of July. If there will be any problems, the payments will definitely be cleared by August. Most of the maize was purchased to go towards the Famine Relief and Strategic Grain Reserve Programme. The table showing the details sought is quite long. However, since the hon. Member does not have a copy, I would like to read out the total outstanding amount for each depot/store.

The total outstanding amount owed to farmers by Webuye Depot as of now is Kshs6,000,677; Lugari, Kshs5,000,460; Kehancha, Kshs11,000,292; Eldama Ravine, Kshs8,908,000; Nakuru, Kshs8,577,000; Kipkelion, Kshs4,989,000; Meru, Kshs4,148,000; Moi's Bridge, Kshs67,476,417; Kitale, Kshs49,528,000; Eldoret, Kshs102,160,000; Mosoriot, Kshs7,072,000; Kapenguria, Kshs25,412,000; Lessos, Kshs6,926,000; Keiyosalient, Kshs6,926,000; and Emali, Kshs7,137,000; totaling to Kshs315,768,497.95.

**Mr. Sambu:** Mr. Deputy Speaker, Sir, I am disappointed because I do not have the written reply to the Question; that is quite a long answer. Nonetheless, the Minister says that plans are underway to pay the farmers. Could he specifically say when the depots/stores will receive their cheques?

**Dr. Godana:** Mr. Deputy Speaker, Sir, the House will recall that a few months back, there was an uproar when the farmgate price of maize fell to Kshs400 per bag, because the NCPB was not buying maize. We have done a lot since then. We have reduced the debts from about Kshs3 billion to Kshs315 million. Almost every week, the NCPB releases some cheques.

Last week the Board released cheques worth about Kshs150 million from the proceeds of the sale of its old stock to millers. So, I cannot give a date on which these payments will be made, but we are confident that, with this trend, we are really at the tail-end. We will, between this month and next month, clear these arrears.

**Mr. Sambu:** Mr. Deputy Speaker, Sir, I wanted the Minister to give the specific date for payment because there are farmers who are still owed money by the Board for the maize crop of the 2000/2001 season. Some NCPB

depot managers retain farmers' money and use it for other purposes; they put it in fixed deposit accounts. So, I want a specific date when the farmers will receive their payments.

**Dr. Godana:** Mr. Deputy Speaker, Sir, it would be criminal for any depot manager to receive any money due to farmers and keep it in his fixed deposit bank account. That would be a serious crime and if the hon. Member has any evidence to this effect, I will be more than glad to receive it. We will deal with such cases very severely.

I cannot give a date as to when farmers will be paid. As I said, we expect to pay them out of proceeds of sales by the National Cereals and Produce Board (NCPB). Over the last three months, we have done so well. The debt owed to farmers has come down from Kshs3 billion to Kshs315 million. The balance is about 10 per cent of the original debt which we had when there was an uproar in the country. We are confident that this debt will be cleared before the end of August this year. The hon. Member should trust us.

**Mr. Kitonga:** Mr. Deputy Speaker, Sir, in Kitui District, particularly Mutito Constituency, we have a serious problem with our maize depot there. There is a lot of maize which is getting wasted in the shambas and the depot manager is not collecting it. What is the Government's position with regard to the situation? Could the Government collect the maize from the farmers and pay them later?

**Dr. Godana:** Mr. Deputy Speaker, Sir, I personally issued instructions in early May this year, that the NCPB depots in Ukambani region, for example, in Kitui and Mwingi Districts, be opened. In fact, the complaint I got soon thereafter was that very little maize was being delivered contrary to what our field officers had reported in terms of the harvest available. I believe that those depots are still open, but the NCPB does not go to collect maize from the farms. The farmers will have to deliver the maize and once they satisfy the depot managers in terms of quality, their maize will be accepted. I can assure you of this fact. If the hon. Member has any evidence of any depot manager who has refused to accept maize, he should let me know.

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

**Mr. Deputy Speaker:** Order! You cannot ask a question before the Minister finishes answering the previous one.

**Mr. Katuku:** Mr. Deputy Speaker, Sir, the answer given by the Minister to the question raised by Mr. Kitonga, the Member of Parliament for Mutito, is misleading. I would like the Minister to undertake to check the facts of the matter. Farmers in Ukambani have nowhere to take their maize.

The problem with the NCPB is that it does not have funds. The last time I looked at the accounts of the NCPB, I found that the Government owed it over Kshs1 billion. When will the Government pay what it owes the NCPB so that the Board can pay the farmers?

**Dr. Godana:** Mr. Deputy Speaker, Sir, with regard to the first part of the hon. Member's question, I want to assure him that I will personally take the issue up. I am really surprised that in a region which normally has a food deficit there could be surplus maize. When we instructed that maize depots be opened in the southern part of Eastern Province, we pleaded that farmers would have to bear with us. Money will be coming in later and as it comes in, we have adopted the principle of paying first in, first out. That means that the first farmer to supply the maize will be the first one to be paid. I am surprised by this complaint and I will take up the issue personally.

With regard to the issue that the Government owes NCPB some money, I want to say that if there is any money owed, it should be owed by the famine relief kitty, which falls under the Office of the President. I think consultations are going on to determine the amount of money owed by the Government to the NCPB, but I am not in a position to state the figure. I am certain that what is duly owed to NCPB will be made good by the Government.

**Mr. Sambu:** Mr. Deputy Speaker, Sir, the Vote-on-Account which we passed recently had Kshs1 billion for replenishing essential foodstuffs, which include maize. I believe that from the Vote-on-Account the Ministry of Agriculture and Rural Development has now been given Kshs500 million. Could the Minister assure the House that he will now use that money to pay off the Kshs578 million, which is still outstanding, before the end of month? My constituency Eldoret and Kitale areas are owed by the NCPB over Kshs300 million. Children are out of school due to lack of school fees. This is a very serious matter. Could the Minister use the money from the Vote-on-Account to offset this Kshs578 million?

**Dr. Godana:** Mr. Deputy Speaker, Sir, first, the amount of money outstanding is not Kshs578 million, but Kshs315 million. As soon as the Exchequer gives us the money, which I believe is for a strategic grain reserve which we will build over a number of years, obviously, it will go to the farmers and not to anybody else.

*Question No.340*

PROVISION OF SANITARY FACILITIES TO AHERO

**Mr. Otita** asked the Minister for Local Government:-

- (a) whether he is aware that the population of Ahero Township is over 35,000 people;
- (b) whether he is further aware that poor sanitary conditions in the town poses a serious health hazard to the inhabitants; and,
- (c) when the township will be provided with modern sanitary facilities.

**The Assistant Minister for Local Government** (Mr. Kiangoi): Mr. Deputy Speaker, Sir, may I seek your indulgence. My colleague, hon. Sirma, is supposed to answer this Question. He is waiting outside for a correction to an answer which was forwarded to him, but which did not have some information which he required. He will come to answer the Question later.

**Mr. Deputy Speaker:** We will come back to that Question.

*Question No.421*

SALE OF WOODLEY ESTATE

**Mrs. Mugo** asked the Minister for Local Government:-

- (a) who currently owns the three hundred houses in Joseph Kangethe (Woodley) Estate;
- (b) whether he is conversant with Minute No.3(c) of the full City Council Commission's meeting of 4th August, 1992, and Minute No.5 of the City Council's full General Purposes Committee meeting of 14th September, 1999;
- (c) what criteria was used to identify those who purchased the houses and how many were sold; and,
- (d) what action he is taking to ensure that the three hundred families who have occupied the houses for over 30 years are not irregularly evicted.

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

(a) There is a dispute over the Woodley Estate houses between Nairobi City Council and some individuals who purport to have purchased the houses from the City Council between 1992 and 1998.

(b) Yes, I am conversant with the contents of Minute No.3(c) of the full City Commission's meeting held on 4th August, 1992 and Minute No.5 of the City Council General Purposes Committee meeting held on 14th September, 1999.

(c) The purported sale of Woodley Estate houses was illegal as it was not sanctioned by the Council or my office. The sale was conducted secretly by some Council chief officers without the knowledge or approval of the Council. There are no records to show who purportedly purchased the houses, and the number of units involved. I have already formed an Inter-Ministerial Committee to look into the issue and advise me. I have today issued a press statement on the progress so far made by the Committee.

(d) As I have already stated above, there is a Committee working on the matter, and it will be premature for me to comment on the course of action I shall take. However, I would like to assure the residents of Woodley Estate that if a decision will be made to sell the houses, they will be given first priority.

**Mrs. Mugo:** Mr. Deputy Speaker, Sir, I wish to thank the Assistant Minister for Local Government for taking this matter seriously. This is the first time we have had an admission that the houses were sold fraudulently and that the Assistant Minister is doing something. Now we can rest assured that when the Assistant Minister decides that these houses be sold, the residents who have occupied them for over 30 years will be given first priority.

My only plea to the Assistant Minister is for him to ensure that this matter does not take very long. It has been going on for a very long time, and it is already a subject matter of debate in a murder case of the late Mr. Sosah. I want to thank the Assistant Minister on behalf of the residents of Woodley Estate. We are waiting for the report of the Inter-Ministerial Committee to be tabled in this House as soon as possible.

**Mr. Kiangoi:** Thank you also hon. Mrs. Mugo.

**Mr. Muchiri:** Mr. Deputy Speaker, Sir, it is not only the Woodley houses that were sold fraudulently. Last time I asked a Question here and the Assistant Minister admitted that Nairobi City Council allocated over 11,000 plots fraudulently without floating any advertisements and he was going to take action. Could the Assistant Minister order his Committee to investigate the same in all the estates and come up with a clear answer to the residents of Nairobi?

**Mr. Kiangoi:** Mr. Deputy Speaker, Sir, my Ministry is concerned with any irregularities. Where there are complaints made which come to our knowledge like the case of the Woodley houses, we always would like to investigate and assist the public. So, the hon. Member for Kasarani's question will not be treated in isolation.

**Mr. Ndicho:** Mr. Deputy Speaker, Sir, I thank the Assistant Minister for this very excellent approach. The houses were sold fraudulently and now he is in a position to rectify the situation. Could the Assistant Minister make it a general policy that all houses in this country that belong to the Government and various local authorities will not be sold secretly to outsiders, but as you have promised the people of Woodley, that the people who are living in these houses will get the first priority? This is because, right now in Thika, there is a conspiracy to sell Thika Municipal

Council houses secretly to outsiders and this is causing a lot of consternation to the people of Thika. So, could he come up with a general policy to cover the whole country and ensure that your Ministry is not going to tolerate this criminality that has taken place before?

**Mr. Kiangoi:** Mr. Deputy Speaker, Sir, we are not aware of the conspiracy involved in Thika. As I have stated, that is the general policy, in as far as it affects council houses. However, when it comes to Government houses, it will be outside my jurisdiction.

**Mr. Katuku:** Mr. Deputy Speaker, Sir, the Assistant Minister has said that a mistake has been committed and he has appointed a Ministerial Committee to look into this matter. As a Ministry, they must have known who is behind this shady deal. What punitive action have you taken against these officers and who are they?

**Mr. Kiangoi:** Mr. Deputy Speaker, Sir, that will now be what we are waiting for and these are the outcome of the investigations by the committee. If I were to disclose what we will do, it might prejudice the investigations.

**Mr. Deputy Speaker:** Next Question, Eng. Toro!

*Question No.097*

REFUND OF SWINDLED FUNDS TO VICTIMS

**Mr. Kiunjuri**, on behalf of **Eng. Toro**, asked the Attorney-General:-

- (a) whether he is aware that a company by the name of Zone Holdings and Credit Investments Company Limited has been operating in Kandara Constituency and has swindled unsuspecting wananchi lots of money, promising loans double the amounts deposited; and,  
 (b) what action he is taking to ensure that victims are refunded their deposits.

**The Attorney-General** (Mr. Wako): Mr. Deputy Speaker, Sir, I beg to reply.

(a) Yes, I am aware, but since I answered a similar Question on 11th July, 2001 and gave directions that the offices of the company be closed, the Banking Fraud Investigations Department moved in and found that all offices of the company had, indeed, been closed save the office of Webuye. The two employees of the company at the said office of Webuye, David Wanjala and Aggrey Lusweti, were charged with operating without a licence. They were found guilty and fined Kshs16,000 each.

Furthermore, one more director of the company, Mr. Hezron Kemoli Nakio, in addition to the other directors who had already been charged, convicted and sentenced as explained to this House on 11th July, 2001, has been charged with five other employees of the company for the offence of obtaining money by false pretence. The hearing has already begun. Only three witnesses are remaining to testify. The case will continue to be heard on 26th July, 2002.

(b) The Attorney-General has constitutional powers only in criminal cases. The Attorney-General has no powers in civil matters between private parties. The depositors are advised, as I did last year, to initiate civil action to recover their deposits if possible.

**Mr. Kiunjuri:** Mr. Deputy Speaker, Sir, the Attorney-General's answer is true and I appreciate it. However, may I inform him that these false pretenders are still pretending. Which action are you going to take to ensure that they are also apprehended?

**Mr. Wako:** Mr. Deputy Speaker, Sir, I can assure this House that this matter is being taken seriously. I know some of the directors are still serving their sentences. With regard to the one remaining director, as I said, his case is coming up for hearing on 26th July this year. However, if there are any other people still going round and pretending, bring it to the attention of the police and action will be taken. Everybody has been alerted about this particular matter.

**Mr. Anyona:** Mr. Deputy Speaker, Sir, maybe the memory of the Attorney-General is short. I first raised this issue in the Seventh Parliament because then they were terrorising the Kisii area and the Attorney-General promised that action would be taken and nothing happened. Then they moved to Murang'a and Thika and the Question came up again in 2002 and nothing has happened. They are still terrorising people. Is the Attorney-General really being serious? Can you set up an investigation process that will go through this from the very beginning and tell us exactly what happened and who is behind it? It cannot be those "small flies" that you are talking about; there must be big people behind it.

**Mr. Wako:** Mr. Deputy Speaker, Sir, this House has been duly informed of the progress of the action being taken from time to time. I have the answers here for the last three times. As you may recall, thereafter, I did report to this august Assembly but there were more than 26 cases all over the country which were being prosecuted in various courts. The third time, the company's file had been lost and it could not be traced. However, the last time round in 2001, I did confirm to you that we had retrieved that file and that the three directors had been charged, prosecuted and they are now behind bars. I did inform the House that there was one remaining and I can now tell the House that he is

now facing trial. The hearing is going on and for the three witnesses remaining, the hearing will take place on 26th July this year. So, action has progressively been taken.

Furthermore, I did inform this House that the company has actually been deregistered. I think that fact is there and that is why the Banking Fraud Investigation Department of the Central Bank has gone round and confirmed that the actual offices have been closed. There was only one office remaining in Webuye and the officers there have been charged, convicted and fined. So, there has been progress in this matter, but if hon. Members are aware of any instances where the agents or employees of these directors are still continuing to hoodwink the public that they will be getting loans if they receive some deposits, please, rather than coming here, go to the nearest police station, report the matter and it will be investigated.

**Mr. Kibicho:** Mr. Deputy Speaker, Sir, due to the fact that this fraud is so rampant nationwide, does the Government not owe its citizen a duty to inform them so that they do not get involved in it? It is very good to hear what the Attorney-General is saying, but what is the Government doing to inform Kenyans about the existence of this fraudulent company?

**Mr. Wako:** As I have said, we have already prosecuted the directors involved and all the offices have been closed. The only one that was remaining, according to my records here, was Webuye, which is now closed and the officers who were working there have been prosecuted and convicted. What else could the Attorney-General do?

**Mr. Kiunjuri:** Mr. Deputy Speaker, Sir, could the Attorney-General tell this House whether this company was legally registered and under what statute were they supposed to operate?

**Mr. Wako:** Yes, they were registered under the Companies Act by Gazette Notice No.8099 of 2000 dated 8th December, 2000.

**Mr. Deputy Speaker:** Next Question, Mr. Obwocha, for the second time!

*Question No.425*

LIQUIDATION OF STALLION INSURANCE COMPANY

**Mr. Obwocha** asked the Minister for Finance:-

- (a) under what circumstances Stallion Insurance Company Limited was placed under liquidation;
- (b) who the liquidators are; and,
- (c) what the current status of the firm is in terms of assets and liabilities.

**The Minister for Finance** (Mr. Obure): Mr. Deputy Speaker, Sir, I apologise for coming late. However, I beg to reply.

(a) Stallion Insurance Company Limited was placed under liquidation after it was found to be insolvent and could not meet its obligations to policy holders and the general public in respect of admitted claims and judgement debts.

(b) Mr. Marshall Osanya, who was the statutory manager, was appointed by the court to be the liquidator of the company.

(c) As at 31st December, 2000, the total assets for the life fund amounted to Kshs179,628,889. Out of these assets, property worth Kshs95.2 million was charged to Giro Bank. The liquidator is in the process of transferring the life fund to another active insurer. The general insurance business is insolvent and the amount of assets can only be ascertained after the liquidator has finalised his report.

**Mr. Obwocha:** Mr. Deputy Speaker, Sir, I asked this Question because of the case of Yuvensia Nyaboke Yaro *versus* John Josephat Mbaka, Kisii CMM No.545 of 1994, policy No.93/20081/403/02103. The Minister has said that the life fund liabilities are worth Kshs179 million. How could they place an insurance company under liquidation without ascertaining the total assets and liabilities? Could he tell this House the total assets and liabilities to convince us that this company was supposed to be placed under liquidation? When will this lady be paid?

**Mr. Obure:** Mr. Deputy Speaker, Sir, as I said, the company was placed under statutory management on 8th December, 2000. It was found that the company had grossly violated Section 41 with regard to its insolvency margin. The general insurance business was insolvent to the tune of Kshs258 million. This was done after a thorough audit by Deloitte and Touche in accordance with Section 9 of the Insurance Act, when it was established that the company was insolvent to the amount I just quoted, of Kshs258 million. Secondly, when it was established that the company had failed to meet its obligations to the Kenya Revenue Authority to the tune of Kshs1.4 million as well as to a number of other creditors including various claimants. As I said, the life fund has an amount of Kshs179 million and this is being transferred to another active insurer to manage. If the lady hon. Obwocha mentions held a life assurance policy, that will then be taken over by this new company. Also, depending on maturity of that particular policy, the lady could

expect to be paid under this arrangement when the company takes over the life assurance policy.

**Mr. Muiruri:** Thank you, Mr. Deputy Speaker, Sir. The question of liquidation in the insurance companies and various organisations has become a standard practice. This company was put under liquidation on 8th December, 2000, which is about two years ago. What action is he going to take either to revive the company or pay the policy holders? How long is this going to continue, another two years or ten years?

**Mr. Obure:** Mr. Deputy Speaker, Sir, as I said, there are two aspects. One aspect is the life assurance business; the other is the general insurance business. I have just said that the statutory manager had made a report which gave a very gloomy picture of the affairs of the company. He strongly recommended that the company be wound up. This was subsequently established to be the case after the audit by Deloitte and Touche. The question of revival of the general insurance business does not, therefore, arise because the court has ruled that the company be put under liquidation.

I do not want to agree with Mr. Muiruri that appointment of liquidators is a common phenomenon. We know that a number of insurance companies are going through a lot of difficulties and this is partly the reason why we took a number of measures in the recent Budget to raise the capitalization levels and bank deposits of the Central Bank of Kenya for all insurance companies that brokers, who are intermediaries between the general insured public and the underwriters themselves, be required to make more prompt payments. Therefore, we reduced the credit period from 60 to 30 days to try and strengthen insurance companies' cashflow. We also require that site inspection be carried out more regularly in order to give early signals on the state of affairs of any insurance company.

We also require that companies and insurance companies now submit their returns on a quarterly basis in addition to the annual reports. We hope that the question of liquidators being appointed will be reduced and that, generally, the status of insurance companies will be strengthened.

**Capt. Ntwiga:** Mr. Deputy Speaker, Sir, I agree with Mr. Muiruri that this liquidation problem is all over the country. Today in the morning I had a similar problem concerning a farmers' society in Chuka, in my constituency. How long has this liquidator been in position and how long will he take to liquidate this insurance company so that the insurers can be paid their dues? How long has he been there and how long will he be there?

**Mr. Obure:** Mr. Deputy Speaker, Sir, I said in my earlier response that the statutory manager was appointed on 8th December, 2000. He has virtually completed his work. The only thing remaining is the life fund. I am aware that they have lodged documents in my office for approval to be able to transfer these funds to another active life assurance company. So, the process will come to conclusion any time now.

**Mr. Thirikwa:** Out of curiosity, I would like to know the solution offered to the policy holders when an insurance company is put under liquidation?

**Mr. Obure:** Mr. Deputy Speaker, Sir, it depends on which policy holders we are talking about. If it is the life assurance policy holders, this portfolio is managed under a separate fund. That is precisely why the two have been separated. There are strict rules governing the management of that fund. Therefore, those will be protected under that. This is why there is this amount being transferred to the new company to manage. In this particular case of Stallion Insurance, the general insurance business had assets worth Kshs236 million while liabilities stood at Kshs787 million. This means there was a gross shortfall in this particular case. Policy holders under this portfolio will be handled in accordance with the relevant law. A lot of times many of them will lose and this is why we are strengthening our laws to ensure that we protect such policy holders.

*(The Attorney-General held consultations  
at the Civil Service Bench)*

**Mr. Deputy Speaker:** Order, hon. Attorney-General! If you want to hold a lengthy conversation, you should retire to the back Chamber. Those are strangers.

Proceed, Mr. Obwocha.

**Mr. Obwocha:** Mr. Deputy Speaker, Sir, the Minister talked about the liabilities of this company under the life fund and the general insurance business. He is not talking about what the company owns. We want to know the total asset position of the company to be able to advise even our constituents who are asking about their policies and so on. I want to clarify that the case I mentioned arose from an accident that happened and that is why it is in the chief magistrate's court. It has got nothing to do with that lady having a life insurance policy. So, she is asking about what was awarded to her by the court. I want to know the total asset position of this company.

**Mr. Obure:** Mr. Deputy Speaker, Sir, I gave those figures earlier and I said that there is a credit amount of Kshs171 million on the life fund which is being transferred to the new active assurance company. On the other hand, an audit was carried out and it was established, as a matter of fact that this company had a deficit in terms of assets

exceeding liabilities to the tune of Kshs258 million.

**Mr. Deputy Speaker:** Mr. Mwakiringo's Question for the second time!

*Question No.361*

DELAY IN SALARY PAYMENT TO KR EMPLOYEES

**Mr. Mwakiringo** asked the Minister for Transport and Communications:-

(a) whether he could explain why there is constant delay in payment of salaries of the Kenya Railways Corporation every month; and,

(b) what urgent measures he is taking to ensure that the employees get their pay promptly.

**The Minister for Transport and Communications** (Mr. Mudavadi): Mr. Deputy Speaker, Sir, may I apologise for not having been available to answer the Question, the first time it was asked. However, I beg to reply.

(a) The delay in the payment of monthly salaries of Kenya Railways employees is as a result of inadequate revenues realised by the corporation. These revenues are not able to cover the corporation's current expenditure and accrued debts. This problem has persisted forcing the management to delay the processing of payments for essential items such as fuels, salaries as well as servicing its debts.

(b) The following urgent measures have been taken and others are in the process of being implemented to ensure that the employees get their pay promptly. First, the corporation is implementing a rationalization programme aimed at reducing its costs. The programme is funded by the Government of Kenya and has targeted 2,000 members of staff for retrenchment this year. The corporation has also put in place strategies that are aimed at improving the quality of service offered to customers to secure their confidence and these include making the railway mode of transport more cost effective, timely and reliable.

Secondly, we are aggressively trying to attract more business with a view to increasing the tonnage moved by railways from 2.4 million tonnes to 3 million tonnes by the end of this financial year. These measures are currently being implemented and positive results are beginning to show by way of improved business performance. In the long run, these measures will enhance the ability of the corporation to meet its obligations on a timely nature and also make payments to employees on time.

**Mr. Mwakiringo:** Mr. Deputy Speaker, Sir, it is a well defined answer. Part "b" of the answer says that the programme has targeted 2,000 members of staff for retrenchment this year. If the corporation is unable to pay salaries of the staff who are currently working, how will it pay the 2,000 retrenched who are to go this year?

**Mr. Mudavadi:** Mr. Deputy Speaker, Sir, for purposes of informing the House, since 1994, the Railways has been working on a retrenchment programme. Initially, that is in 1994, they had about 19,000 employees. They have so far reduced this staff by 5,677. We have been supported by the Government through the Department of Personnel Management to the tune of Kshs1.6 billion so that we can cover the 2,000 employees. Out of these 2,000 employees, already 670 have been retrenched.

**Mr. Mwalulu:** Mr. Deputy Speaker, Sir, we all know that railways could be one of the most popular and cheapest - in terms of maintenance - mode of transport in this country. Under what circumstances is it that it cannot collect sufficient revenue even to pay its staff salaries?

**Mr. Mudavadi:** Mr. Deputy Speaker, Sir, railways is also competing with the road transport. As I said, over the years, the railways had also accumulated very huge debts and also had a bloated staff complement. We are rationalising so that we reduce the number of staff and, at the same time, aggressive measures are being taken to market the services of the railways and also putting more locomotives on the track to increase its capacity to take more cargo and, therefore, enhance its revenue base.

**Mr. Mwakiringo:** Mr. Deputy Speaker, Sir, the Kenya Railways Corporation employees are suffering up to now. They are not being paid. The retrenched have also not been paid, and yet it has issued notice to all the staff staying in Kenya Railways Corporation's quarters to vacate, most of them by the end of this weekend. What action will the Minister take to ensure that these people are not evicted from their houses because they do not have money? This is because they have not been paid by the railways. Secondly, if the Kenya Railways Corporation cannot meet its obligations, why do they not liquidate it like the Kenya National Assurance Company?

**Mr. Mudavadi:** Mr. Deputy Speaker, Sir, the issue of eviction does not cover all railways employees. It covers a certain category of ex-employees. There is the category of those who have been retired and fully settled. There is also the category of those who have retired---

**Dr. Ochuodho:** On a point of order, Mr. Deputy Speaker, Sir. Is the Minister in order to mislead the House that the cadre that is being evicted are those who have been retrenched and have been paid their dues while we know



that there is a court order that they should not be evicted? Is he in order to mislead the House?

**Mr. Deputy Speaker:** Order! You are the one who is out of order! You are asking a question when you have risen on a point of order!

Proceed, Mr. Mudavadi.

**Mr. Mudavadi:** Mr. Deputy Speaker, Sir, as I was saying, there are also those who have retired but have remained in the houses because they are waiting to collect some modest amounts of money out of their package. They have received part of it, but there is a small amount which they have intentionally refused to go and collect, or failed to go and collect, in order to justify continuing stay in the houses. There are also some members of ex-employees who have passed away, but again, they have stayed in the houses again for other reasons. For example, they have failed to produce the necessary documents which relate to the administration of the estate and they are still in the houses.

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

**Mr. Mudavadi:** Mr. Deputy Speaker, Sir, if the hon. Member would listen, I am sure I will deal with the issue that he wants to raise.

There has also been a category of some of these members of staff who are supposed to have vacated, but they have now sublet their units of the railways. What has happened, as the hon. Member is suggesting, is that, indeed, there has been a cat and mouse game where some of the employees, in order to prolong their stay in the houses, have gone to the courts to try and prevent the railways from evicting them. Under these circumstances, the railways is going to court and if they win the cases, they would move ahead and deal with that. But where there are still issues pending--- Indeed, the Managing Director was in court only a few days ago. There was the issue of contempt of court against him, but it was ruled that he was not in contempt of court. So, this matter is being handled as fairly as possible.

*Question No.340*

PROVISION OF SANITARY FACILITIES TO AHERO

**Mr. Otita** asked the Minister for Local Government:-

- (a) whether he is aware that the population of Ahero Township is over 35,000 people;
- (b) whether he is aware that poor sanitary conditions in the town poses a serious health hazard to the inhabitants; and,
- (c) when the township will be provided with the modern sanitary facilities.

**The Assistant Minister for Local Government (Mr. Sirma):** Mr. Deputy Speaker, Sir, I apologise for coming late. However, I beg to reply.

(a) I am not aware.

(b) I am aware of the poor sanitary conditions in the town.

(c) Due to financial implication, it is not possible to construct a modern sewerage system in the town. However, I have advised the council to liaise with the Ministry to see how it can be assisted to improve the sanitary conditions through the LATF funds.

**Mr. Otita:** Mr. Deputy Speaker, Sir, it is surprising to note that the Assistant Minister is not aware of this population. First of all, could he tell this House which year and at what population figure was Ahero elevated to a town status? This is because there must be a condition for a small town or an urban town to be elevated to a town status.

**Mr. Sirma:** Mr. Deputy Speaker, Sir, towns are elevated on the strength of what facilities they are able to offer. In the 1999 population census, Ahero Town was having a population of 31,000 and had a growth rate of 4 per cent, which is very high. Mr. Deputy Speaker, Sir, at the moment, for Ahero, we could be talking of about a population to do with about 34,000. So, it is not over 35,000 as stated by the hon. Member.

**Hon. Members:** On a point of order, Mr. Deputy Speaker, Sir.

**Mr. Deputy Speaker:** Order, hon. Members! Look at the time! Questions by Private Notice!

QUESTIONS BY PRIVATE NOTICE

CAUSE OF MR. KAMAU'S DEATH

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

(a) Is the Minister aware that the body of the late John Kamau Evan was found dumped outside a bar at Rukuma Trading Centre on the morning of 8th June, 2002?

- (b) Could he inform the House the circumstances that led to Mr. Kamau's death?  
 (c) How many people have been apprehended in connection with his death?

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

(a) I am aware that the body of Mr. John Kamu Evan was found dumped outside a bar in Rukuma Trading Centre. Mr. Kamau's death was as a result of excessive drinking of *miti ni dawa* and hot drinks. Nobody has been apprehended. However, an inquest file No.7 of 2002 is still open and investigations are still on.

**Mr. Gitonga:** Mr. Deputy Speaker, Sir, the number of people dying from these killer drinks is going up by the day. About three years ago, a number of people died at Mai Mahiu and within Lari constituency as a result of these drinks. If nobody has been arrested as a result of these deaths arising from drinking of *miti shamba* and the other illicit drinks, why can the brewers of these drinks not be arrested?

**Mr. Deputy Speaker:** I think it will be fair to defer this Question and other Questions before we embark on the next Order.

*(Question deferred)*

#### ARMED ATTACK ON COUNCIL CHAIRMAN

**(Mr. Kiunjuri)** to ask the Minister of State, Office of the President:-

- (a) Is the Minister aware that the Chairman of Rumuruti Town Council was attacked by heavily armed gangsters on the night of the 11th June, 2002, at his home in Rumuruti?  
 (b) What action has he taken to arrest the people involved and further protect the lives of the people living in Laikipia?

*(Question deferred)*

#### DOUBLE REGISTRATION OF VOTERS

**(Mr. Thirikwa)** to ask the Attorney-General:-

- (a) Is the Attorney-General aware that the Electoral Commission of Kenya has registered over 266,000 voters twice?  
 (b) What action is he taking to ensure that their names are deleted from the voters' registers?

*(Question deferred)*

#### COMMUNICATION FROM THE CHAIR

##### PROMISE BY THE MINISTER FOR AGRICULTURE NOT HONOURED

**Mr. Deputy Speaker:** I stated this morning that the Minister for Agriculture should come to the House and explain why a promise made to the House in April has not been fulfilled, including a promise made only last week that some documents that were required as a consequence of a Question were not presented to the House yesterday as promised. Mr. Minister, would you like to tell the House what is happening?

**The Minister for Agriculture** (Dr. Godana): Mr. Deputy Speaker, Sir, I beg the indulgence of the House. I learnt of this directive from the Chair only when I came into the Chamber, that is why I had to consult with you. I understand that the directive was to my Assistant Minister, Mr. Sumbeiywo, and it is clear that he is not in town this week. I can only promise that I will personally take it up. I will look at the HANSARD, get the extracts and personally take it up and ensure that what can be laid on the Table of the House is done so. If it cannot be, satisfactory explanation will be given.

**Mr. Deputy Speaker:** I have deferred the rest of the Questions including Mr. Gitonga's. Hon. Members, the fault is actually yours, because hon. Members take forever to ask a single Question. You have been advised many times not to take more than four minutes on one Question. Now, I would like to inform you that, from now on, if you consume the four minutes in asking one Question, that will be the end of that Question.

Next Order!

### COMMITTEE OF SUPPLY

*(Order for Committee read  
being Fourth Allotted Day)*

#### MOTION

THAT MR. SPEAKER DO NOW LEAVE THE CHAIR

Vote 10 - Ministry of Agriculture and Rural  
Development

*(The Minister for Agriculture on 16.7.2002)*

*(Resumption of Debate interrupted on 16.7.2002)*

**Mr. Deputy Speaker:** Mr. Kimeto is not in? Proceed, Mr. Wamae!

**Mr. Wamae:** Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to this Motion.

First, I would like to say that the present Minister for Agriculture and the previous Minister have done very well for the people in the agricultural sectors, particularly in view of the fact that they have come up with new policies on coffee, tea and sugar. This is very welcome. We would like them to continue with that policy and even come up with new Bills on the pyrethrum and dairy industries. Both of these industries are in chaotic situations and we need to look at them to put them right. The other day there was a complaint from pyrethrum farmers, that they were not being paid properly. This was highlighted in the Press.

The dairy industry is also in chaos, particularly because of the importation of powdered milk, butter and other by-products. We were very disappointed that reputable companies like Spin Knit and Brookside have imported powdered milk instead of buying milk from the farmers. We had a lot of hope in those two milk processors, but they have let us down by importing milk. The farmers do not have any place to sell their milk. Furthermore, these processors have reduced the prices they offer to the farmers drastically from Kshs18 to Kshs8 or Kshs10 in some places per litre. This is very unfortunate. We hope that we will not have any more powdered milk imported into the country. We hope that KCC will start operating and the plant which produces powdered milk in Kiganjo will produce powder for the needs of the other industries that need it and, therefore, we do not have to import powdered milk or butter.

Mr. Deputy Speaker, Sir, Kenyan produced butter used to be the best butter in the world. We used to export it even to London and now we do not see it. We are instead importing butter. This is very unfortunate and I hope that the Minister will take action. We also hope that KCC 2000 in which farmers have paid money to buy shares and which has already been transferred from the receiver to a company will start operating and start competing with the other private processors in order to give the farmers a fair deal.

Mr. Deputy Speaker, Sir, if we want to reduce poverty in Kenya, the easiest way of doing it is by taking care of the dairy industry. If an ordinary old woman in the village with one or two cows can sell five or ten kilogrammes of milk, she can make enough money to live on. The dairy industry has been ignored for too long. How do we expect people in the Rift Valley and other places to live if the dairy industry, maize and wheat farming are not performing? How are we planning to reduce poverty when our agricultural sector is not performing? This can only increase poverty. The easiest way to reduce poverty is to deal with the dairy industry. We also hope that studies are being done by KARI and other institutions to start mini dairy processing units in the villages, where the commercial processors are not available. That way we can reduce poverty considerably. We should also explore possibilities of exporting dairy products in the COMESA region and other areas.

Mr. Deputy Speaker, Sir, I always get surprised because South Africa is not a member of the COMESA region, yet their dairy products are in Kenyan supermarkets like Uchumi and Nakumatt. How do these goods come to Kenya and yet we are not able to export any of our products to South Africa? Can we not maintain a *quid pro quo* situation where we only import their products on condition that we also export Kenyan products like tea, coffee and others? They are not willing to buy from us, and yet we seem to be very eager to buy from South Africa who are dumping their products in our local market. I hope something will be done very soon in that respect.

Mr. Deputy Speaker, Sir, there is a bit of chaos in the coffee sector. We thought we had formalised problems in the coffee sector, but I do not know whether it is taking too long for the Coffee Board of Kenya, as a regulator, to start operating. I hope the Minister will make sure that it starts operating so that they can appoint a marketing agent. We should liberalise this area and have a number of marketing agents who can go to the coffee farmers and compete in doing the marketing.

We also need to have a marketing department within the Ministry of Agriculture and Rural Development. Although we have liberalised the marketing of all products, we need some units to do research and to explore possibilities of new markets like Russia and other countries, for our products, where we can sell our tea and coffee where the ordinary marketing agents are not able to explore. For example, in the tourism sector, tour companies are doing marketing and yet we have the Kenya Tourist Board which gets funds from the Government also doing the same. We should, therefore, also have a unit within Government to help farmers market their products and explore new markets.

Mr. Deputy Speaker, Sir, I, together with many other hon. Members of Parliament are disappointed to see the very meagre resources which have been given to the Minister for Agriculture. I thought the Minister for Agriculture is strong enough to argue his case with the Minister for Finance, together with the young Turk, Minister for Rural Development, but they seem to have failed miserably to put a good case for their Ministries to get enough resources to operate. Instead of fighting in Western Kenya, the Minister for Rural Development should fight in the Treasury and get more funds for his Ministry. The Kshs8 billion is peanuts for the Ministry of Agriculture which is the mainstay of our economy on which 80 per cent of our population depends on. Why do we have to spend Kshs14 billion on the Department of Defence, Kshs3 billion for the National Intelligence Security Service and Kshs17 billion for the Provincial Administration and the Police Force? This is as if we are at war. We are giving all the money to security arms of Government. To maintain security, we need productive sectors of the economy to grow. So, we need more resources for agricultural development.

Next time, I hope the Minister will get double the amount he has been allocated in the current Budget, so that the Ministry of Agriculture and Rural Development can move forward. We need agricultural extension and veterinary services officers to go and visit livestock farmers, which they are not doing at the moment. In Nyeri, for example, a new skin disease for cattle has cropped up and nothing has been done by the Department of Veterinary Services to deal with that situation. The Minister should look at that very urgently. Maybe the Ministry does not even have the drugs to cope with that animal skin disease which is now affecting cattle in Mathira, some parts of Nyeri and many other places in Central Province. We will support the Minister if he comes here with a request for more resources, because this Ministry, the Ministry of Tourism and Information and the Ministry of Trade and Industry are the reproductive Ministries, and we must help them if we are going to develop this country and reduce poverty. If we do not help these Ministries, we are not helping ourselves.

Mr. Deputy Speaker, Sir, there are things which should not happen in this country like irresponsible importation of sugar. I hope we have had the last. But we must also take into account that there are industries which require white sugar which is not being produced in this country. What will the Minister do about this sugar which is not being produced within COMESA countries? The importation of this sugar should not be 100 per cent duty free like for confectionaries and soft drink industries. I think the Minister will have to look at this critically. I hope Miwani Sugar Company continued producing this sugar because it was the only sugar company which was producing white sugar before it was placed under receivership. Could the Minister make sure that those machines are transferred to Mumias Sugar Company or to any of these sugar companies which are operating so that we produce white sugar here to cater for our local requirements? We are now importing white sugar for soft drink industries from South Africa at very high prices. Why can we not produce white sugar here? This is something which we hope the Minister will look into.

Mr. Deputy Speaker, Sir, horticultural farming is very important. We were a bit delighted when the Ministry installed coolers in Sagana and Mwea. But why have those coolers not started operating? The Government has invested in those coolers. They are very beautiful. I have gone inside and seen them, but they have not been operating for nearly a year. Could they be put in operation because they are not helping anybody now? They are white elephant projects. If they were operational, naturally, they would help horticultural farmers in those areas. The Government has already borrowed money and invested in those coolers.

Mr. Deputy Speaker, Sir, with these few words, I would like to support the Ministry very strongly.

**The Assistant Minister for Education, Science and Technology (Mr. Awori):** Mr. Deputy Speaker, Sir, I want to support this Vote by discussing just two points. The first one is on food security. In the Ministry's budget, there is a lot of money set aside for training. What we need really is to train extension officers to look at various soil textures so that the crops which are grown in various areas are suitable for those areas. I want to single out, particularly Busia District and the lake region where maize is being grown. In those areas, you cannot get more than

eight bags of maize per acre. What are the extension officers doing? We know from time immemorial, that sorghum and millet are more suitable for those areas. If you grow sorghum, you will get 10 to 15 bags per acre, while millet will give you 12 bags per acre. From simple arithmetic, we know that a bag of millet will give you Kshs3,000. So, if you multiply Kshs3,000 by 12 bags, you will end up with Kshs36,000 per acre. When you grow maize, you will get eight bags which you will sell at Kshs400 per bag which will give you a paltry Kshs3,200. Why are the extension officers not actually encouraging farmers in those areas to grow the correct crops?

Mr. Deputy Speaker, Sir, Busia District and the lake region are suitable for cassava and groundnuts cultivation. These are crops that are very badly required. I recollect that India was a net importer of rice for many years. But they took a calculated decision to revolutionize the situation. They looked very carefully into this and they did a research and managed to find the correct variety of rice and concentrated on it. Today, India is a net exporter of rice. Let us utilise the money that is in the Budget for training to send extension officers to India and other countries so that they can see how these countries manage their agriculture. I do not think it helps us very much if we take top officers in the Ministry on trips to other countries to see how things are done and yet when they come back to Kenya, all they do is go back to their offices. Let us send officers from the grassroots level who are working with the farmers to those countries. We can utilise agriculture to reduce poverty which we discuss all the time. We want to have the maximum utilisation of our land. Alternatively, with regard to the lake region, we could even go further and discuss what the Minister for Rural Development mentioned. He talked about fish farming. If we find that an acre of land can only give us Kshs36,000, then we turn it into a fish pond. It could probably give us Kshs50,000. Let us try to learn to utilise our land to the very maximum.

Of course, all these things require water; water is plenty; water is life. I will confine myself to Busia District and the lake region. For a long time water has been an enemy; it has not been friendly to our people. Many times, people in Budalangi and Nyando are thrown out of their homes because of flooding. Why do we not conserve that water so that we can utilise it to produce what we need? Irrigation is extremely important. It should be an integral part of our agriculture. If we use irrigation, we will be able to maximise production.

Mr. Deputy Speaker, Sir, rain comes at a particular time and all the water goes back into the lake. The lake does not need that water. Let us try and utilise that water by constructing dams. For example, about 5,000 years ago, people in Sri Lanka constructed what they call water tanks. In fact, these tanks are "big man-made lakes". These helped them to grow crops all the year around. I would like us to do that.

Mr. Deputy Speaker, Sir, my second point is on the cash crops. Again, I will confine myself to Busia District and the lake region. I have been told that the Minister who is very capable has solved the problem of coffee and tea by bringing in here Bills on those crops. Why can we not also ask him to do the same for our crops? Recently, we entered into the AGOA agreement. This agreement is not helping us at all. It is helping foreigners who have come here and set up factories in the Export Processing Zones (EPZ). What we need now is to concentrate on cotton properly. Giving farmers new seeds is not helping them at all. I know the Minister stated he has increased the production of cotton from zero to 28,000 bales in the year 2002 and then 40,000 bales in the year 2003. That is fine. But why did the cotton industry in this country fail? It failed because of lack of a viable market. By continuing to increase the production of cotton without taking care of its marketing, the cotton industry in this country will completely collapse. Right now, the few farmers who are growing it are being exploited by cotton ginners in various places.

Mr. Deputy Speaker, Sir, I would like to urge the Ministry of Agriculture and Rural Development to look at cotton as a complete package. We would like funds to be sourced in the same manner the STABEX funds were sourced. If we sourced funds, for example, Kshs100 million for one of those districts, all we need is Kshs1 billion to upgrade the cotton, till the land, mechanise the area completely, go into bush clearing, buy insecticide to kill the insects which stain cotton, look at the transportation of the finished product, storage of cotton and rehabilitation of the ginners.

Mr. Deputy Speaker, Sir, finally, we should also have money that we will use to pay the farmers. We want a whole package and not a half-hearted thing of giving the farmers the new cotton planting seeds.

*(Applause)*

Still on cotton, we would like proper research and development stations to be established. Cotton takes five months to mature, from the time you plant it to the time you pick it. Why is this the case? If research could have been carried out, by now cotton could be taking three months to mature. If we had done that, we would have had, at least, three crops in a year and we would own cotton and the Africa Growth Opportunity Act (AGOA) would make sense. This is because we would set up other factories and own them. The question of price would entirely depend on us. We would regulate the price of cotton because we own it. We would turn it into yarns and in turn produce the textiles which are required for export and the AGOA would make sense. All this entirely depends on utilising irrigation,

which has been discussed in this House many times. I cannot understand why to date we have been unable to abrogate the agreement which takes all our water to Egypt.

Mr. Deputy Speaker, Sir, with those few remarks, I support the Motion.

**Mr. Ndicho:** Thank you, Mr. Deputy Speaker, Sir. I am an agriculturalist by profession. We were taught that agriculture is about crops and livestock. The technical definition of agriculture, we were taught, was the practice of dealing with land in order to produce crops and livestock in the most economical method.

The current Government of the Republic of Kenya found out that agriculture was the backbone of this country's economy. We do not know what happened to the Government that it broke that backbone of our economy, by not being serious about programmes on agriculture in this country.

Why does the Government not give priority to this sector, which is the backbone of our economy? I agree with the rest of the hon. Members who have contributed to this Vote that the amount of money that has been allocated to the Ministry that holds the economy of this country is insignificant. This money cannot sustain the programmes that the Minister has put in place. So, it will be prudent that the Minister for Agriculture tells the Minister for Finance that his Ministry should be allocated the highest amount of money.

Mr. Deputy Speaker, Sir, if I could start with livestock, I would like the Minister to tell us and livestock farmers in this country what the Government policy on cattle dips is? This is because, today, livestock farmers lose a lot of their animals because of ticks and other pests. The cattle dips project which was vibrant some years ago has collapsed. Today, not only do our cattle die, but even the destruction of hides by the ticks cannot be over-emphasised. These ticks make the quality of the hides to be poor so that when they are taken to the market, they fetch very little money. While still on that aspect, we would like the Government to protect the livestock farmers by controlling the hide industry. Today, the hide industry is not run or manned by Kenyans. This is an industry which is managed by foreigners, who buy hides from our farmers at a very low cost. These foreigners process the hides and make leather products. I would like to inform this House that even a Maasai or Somali farmer cannot afford to buy a leather jacket because it is more expensive than the one cow that he sold. So, it is incumbent upon the Government to make sure that this industry is manned by Kenyans.

Mr. Deputy Speaker, Sir, I would like to enjoin myself with the rest of the hon. Members who have said that the Kenya Meat Commission (KMC) should not be based only in Nairobi. The Government should establish abattoirs in all the areas where cattle are reared.

Milk is another product of great concern. The only problem in Kenya about milk is that the areas where this commodity is produced have got very bad roads. There is no way this milk will be transported from the farms to the consumers. I would like to call upon the Inter-Ministerial Committee where the Ministry of Agriculture and Rural Development works with the Ministry of Roads and Public Works to improve the roads in Nyandarua District. I was an agricultural officer in Ol-Kalou 20 years ago. The biggest problem we faced in that area was how to transport milk from the farms to either Nakuru Town or Nairobi City. Twenty years down the line, I hear the hon. Members from that area complaining about the same roads. So, if the Government or the Minister is really concerned about milk reaching the market, let the roads in those areas be done.

On extension services, I would like to point out that millions of shillings have been allocated to research stations to carry out research work on crops and livestock, but there are no extension officers. The Government phased out these officers. How does the Government expect the results from the research stations to be transmitted to the farmer? There is no agent to take the data and the researched information to the farmer. If those officers were retained by the Government, maize and cotton production in this country would have increased. So, let there be harmonisation between research stations and a transmission agency to the farmer.

The cut-flower industry is also booming in this country. We are happy that this industry has created employment opportunities where cut flowers are grown. But the people who work in these flower farms are exploited by the foreigners who have come to exploit cheap labour in this country. We have raised this issue with the Minister but he has done nothing. I have visited cut-flower farms and I have been impressed by one farm called "*Valentine Flowers*" in Kiambu where the workers are happy. This flower farm is owned by an African. If you visit a flower farm in Thika called "*Thika Nurseries*" which is owned by a Lebanese, you will find that he insults our people a lot. This foreigner refuses to pay them their salaries and beats up some of the workers when they go to demand their salaries. This is the case, and yet this guy makes a lot of money from cut-flowers.

The Government should also exploit bee-keeping industry, which is a promising industry. This is because the bee farmers are left alone. It is high time the Government took bee-keeping as an important industry.

Mr. Deputy Speaker, Sir, yesterday, the Shadow Minister for Agriculture referred to a trade dispute between Kenya and Egypt about rice. I was just about to inform him that controversy between Kenya emanates from the fact that under the COMESA rules, no country is allowed to sell produce to another country unless that produce is from a member state. But what happened here - and the Government knows it because the Minister for Trade and Industry,

Mr. Biwott tried to address it but he was defeated - is that Egypt imports rice from countries like Java, Malaysia, Hong Kong, Korea and China in the Far East. That rice is repacked as produce from Egypt. When Kenya realised that, they refused to buy that rice because it was not the product of Egypt. When they refused to buy that rice, the Egyptian Government retaliated by not buying our tea. But because Kenya was desperate to sell its tea, they gave in. So, the rice that is sold in this country as a product of Egypt is from the Far East. That is not in the COMESA rules. The Shadow Minister for Agriculture ought to have known that!

**Mr. Ndwiga:** On a point of order, Mr. Deputy Speaker, Sir. That is a fact and we have said it in this House before. My friend here is learning some of these things.

**Mr. Deputy Speaker:** What is your point of order?

**Mr. Ndwiga:** My point of order is that hon. Ndicho should, perhaps refer to the records of this House. We have said that before in this House!

**Mr. Ndicho:** That is not a point of order!

Mr. Deputy Speaker, Sir, I was just being good to my hon. friend, Mr. Ndwiga. We thank the Minister for Agriculture for standing firm with regard to coffee matters. We are happy that we have been able to reform the coffee sector. We want coffee to be managed professionally and the relationship between the farmer and the people who are marketing the coffee should not be subjected to political interferences. Let the coffee farmer enjoy the way he used to enjoy in the 1960s, 1970s and early 1980s. We are happy that the Minister was able to discern where the problem was. There were agents, brokers and middlemen who interfered with the marketing of coffee. When the Coffee Act is trying to rectify that, the same people are using proxies through elections so that they can have their people in the coffee marketing business. But those of us from the coffee-growing areas have stayed firm with the Minister for Agriculture and those people should stay out of the coffee marketing business. The coffee farmers and the economy of this country should benefit from the coffee business, the same way the tea farmers have benefited. We really thank the Minister for his stand on these issues. He has gone into the annals of the history of coffee farmers as one person who has helped them very much and on their behalf and my own behalf, because I am a coffee farmer, I sincerely thank him.

With those remarks, I beg to support.

**Dr. Omamo:** Thank you very much, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute. I am going to restrict my remarks to three areas. The first area is to thank the Minister for Agriculture. The second area will be to point out some matters related to policy which need some correction. In the third area, I will end up with a common call.

Firstly, I would like to thank the Minister for Agriculture for the way he presented the Vote of his Ministry. In all fairness, the Minister really tried during the last financial year and produced the Tea Act, the Coffee Act and the Sugar Act. We were able to see the Coffee Act and the Sugar Act moving together. The Ministry has surely done very well in promoting new attempts to engage in agricultural extension services. There are new attempts to improve on the old method and to me, these are commendable.

Having said that, I would like to persuade the Minister that the area which requires deep thought in policy formulation is in irrigated agriculture. How many times shall we persuade the Ministry to make deliberate move to push our agriculture from rainfed to irrigated agriculture? Yesterday, I listened to the Minister for Agriculture while he was moving the Vote of the Ministry. My ears are not bad. I listened carefully but he never mentioned anything about irrigation! If he did, I did not hear it! That is the area that will save this country; that is the area that will improve our production. Name the crop, give it sufficient water and the production will go up!

Mr. Deputy Speaker, Sir, in the Development Estimates here, I can see that Bura Irrigation Scheme has been allocated Kshs16 million. I thank the Minister for that! That is very good, but it is an improvement on an old scheme! We would like to see new initiatives in other areas. I will give the Minister examples of areas where new initiatives are required. The Almighty God created hillocks along the Lake Victoria shore from Sio Port down to Muhuru Kadem. The hillocks of Odiado, Ramogi, Utonga, Usenge, Homa, Min Aloo, Kaksingri and other hillocks along the lakeshore were created by God could be the best units for pumping water from Lake Victoria to the top of those hillocks; and the water would trickle down by gravity for irrigation. For how long shall we persuade or try to persuade the Ministry to consider this option? When we look at the Development Estimates, nothing like that appears! We should put our heads together. We cannot allow river water to flow into Lake Victoria, proceed to Sudan and to Egypt while we do not tap it ourselves and make use of it for irrigation. Having said that, I would like to particularly thank the Minister for his move in inaugurating the Kenya Sugar Board. I would like to persuade the Minister that the Kenya Sugar Board which is supposed to help the Ministry in formulating the policy for sugar production should be left alone to do its work.

I do not understand why the Minister should allow his Assistant Minister to suggest in broad daylight that Miwani Sugar Factory grazing zone and Muhoroni Sugar Factory grazing zone should produce cane only to be processed at Chemelil. I have no quarrel with Chemelil Sugar Factory. But as we are talking now, Chemelil Sugar

Factory does not have the "teeth" to bite additional volume of sugar-cane from the Muhoroni and the Miwani zones. This is a wrong policy! Let the Minister think about it, smoke over it, if he is smoker, and reject it!

Mr. Deputy Speaker, Sir, the Minister was right when he suggested that we should take the production of cotton seriously, and I agree with him. But, I would like to summarize it that, the production of cotton, other things being equal, will only be improved when we take the initiative to increase the size of the cotton plot. That is number one. Number two, that is when the farmer can see good returns from his cotton plot. Until and unless we do this, we shall go nowhere! We should go for bigger sizes of plots; bigger equipment to cultivate these bigger plots; go for bigger harvesting and picking equipment. That is the only way we can benefit from the Africa Growth and Opportunity Act (AGOA). Without doing these things, we can never benefit from the AGOA market at all.

Mr. Deputy Speaker, Sir, I would also like to persuade the Minister to tackle the question of tsetse fly and tick-bone disease menace very seriously.

*(Mr. Odoyo crossed the Floor to the Opposition side without bowing)*

**Mr. Deputy Speaker:** Order! Mr. Odoyo, you must go to the Bar!

*(Mr. Odoyo went to the Bar and bowed before crossing the Floor)*

**Dr. Omamo:** Mr. Deputy Speaker, Sir, when he goes to the Bar, I hope he will not meet tsetse flies there to bite him. He should be saved the bite of tsetse flies!

*(Laughter)*

Mr. Deputy Speaker, Sir, we should be saved from the bite of tsetse flies. We should tackle the problem of ticks very systematically. I think it is the SAPs arrangement that stopped and which made the Government to stop running cattle dips to be moved to private sector, and this should be revised.

I would also like to suggest that fishing through ponds should be encouraged. I fully agree and support my friend hon. Moody Awori's suggestion that we should have more fish ponds for fish farming. But at the moment, fish ponds are not doing as much as they should. I am thinking about the one at Kibor, in Muhoroni, my own Constituency. If you go there, you cannot see any fingerling at all. The equipment is there, but there is nothing to talk about.

Finally, I would like to appeal to the Minister to think again and find another way of encouraging artificial insemination in areas like Busia, Siaya, Bondo, Homa Bay and Migori; where this service was affected by change of policy under SAPs followed by a full stop on Government direct services to support artificial insemination.

With those few remarks, I beg to support.

**Mr. Thirikwa:** Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to this Vote.

I come from Nyandarua, an agricultural area, where two agricultural activities are very important. One of these activities is pyrethrum production and the other is the dairy farming.

About three years ago, there was a vibrant and a very aggressive campaign by the Pyrethrum Board of Kenya (PBK), in trying to encourage farmers to increase the acreage on pyrethrum production and the farmers responded. Some farmers increased their pyrethrum acreage by fivefold.

In the year 2000, farmers were paid Kshs30 per kilo of pyrethrum; but last year, they were paid between Kshs3 and Kshs4. The explanation given by the PBK was that they had not been able to market the pyrethrum they had received from farmers. I really encourage the Minister and his proposal that the pyrethrum sector be liberalised. But I think it is too late! We needed to liberalise this sector alongside other sectors. Any player who is willing to go out and look for pyrethrum market needs to be encouraged. But currently, it is only the PBK which markets pyrethrum in this country. If you went to Nakuru today, the argument they give all the time is that, they are holding too much stock and, therefore, they are not able to pay the farmer. I think it is time we introduced other agents who can go out of this country and market pyrethrum products. Otherwise, if we are not doing that much more quickly, farmers are already threatening to uproot the pyrethrum crop because they are not being paid. Therefore, I would urge the Minister to move a little bit quickly to do whatever it takes to make sure that this sector is liberalised and everybody allowed to do this business.

Having said that, I want to talk about an agricultural activity that I know has been assisting farmers and that is



dairy farming. The dairy farmers are in problems because of one thing; out of the milk that is produced in this country, the Kenyan market can only absorb 40 per cent, leaving 60 per cent of raw milk that cannot be converted into anything. This problem is compounded by the fact that, powdered milk is being imported from South Africa. I agree that if we increase duty on milk importation from South Africa, possibly we will do much better. But I happen to know that the milk farmer in South Africa is heavily subsidised by the Government and because of that subsidy, the South African milk farmers are always competitive. Even if you increase the duty on imported milk, they will always compete with the milk farmers in this country.

*(Loud consultation)*

Mr. Deputy Speaker, Sir, there is a lot of noise from the Front Bench.

**Mr. Deputy Speaker:** Order! Do you want us to swop places? Do your job and I will do mine! Proceed!

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

**Mr. Deputy Speaker:** Order! Mr. Munyasia, I will not allow you to start talking before you reach the microphone. You are totally out of order!

**Mr. Munyasia:** Mr. Deputy Speaker, Sir---

**Mr. Deputy Speaker:** Sorry, I will not allow you!

Proceed, Mr. Thirikwa!

**Mr. Thirikwa:** Mr. Deputy Speaker, Sir, I was only trying to alert you that there is a lot of talking from hon. Members seated on the Front Bench.

**Mr. Deputy Speaker:** I have heard them also.

**Mr. Thirikwa:** Mr. Deputy Speaker, Sir, the only way we can utilise the balance of the 60 per cent of raw milk that we cannot consume locally is by going to the institutions that were deliberately made to collapse by the Government.

Mr. Deputy Speaker, Sir, everybody knows that I happened to serve in the KCC boards. I am talking about this out of knowledge and bitterness that the KCC was deliberately made to collapse by the Government for certain interests that have now allowed certain cartels to do milk business in this country. Milk is a high turnover business and nobody pays for it. All you need to do is to go by the countryside, collect the farmers' milk---

**Mr. Kihoro:** On a point of order, Mr. Deputy Speaker, Sir. I did not understand the speaker on the Floor when he talked about a cartel. Could he be called upon to clarify whether that cartel might involve some Members in the Front Bench?

**Mr. Thirikwa:** Mr. Deputy Speaker, Sir, my interest is not to name names! My interest is to say what is the truth. The truth of the matter is that today, if you have the records right, you only need to know who operates which dairy industry and who owns which company. You only need to know who owns Spin Knit Dairies, Brookside Dairy Industries, Molo Line, Premier and others. Those were people who served in the Government and because the Kenya Co-operative Creameries (KCC) was a threat in the milk industry, they deliberately made the company to collapse, so that they could be able to do business. I wish to propose to the Minister that unless and until we are able to open Kiganjo Factory to dry our milk, Kitale Factory to make butter, Nakuru Factory to make ghee and Nairobi Factory to make cheese, 60 per cent of milk in this country will always go to waste. Somebody would argue: "Why am I saying this industry was deliberately made to collapse?"

Mr. Deputy Speaker, Sir, the problem started with one political illegal meeting at Nakuru. As a matter of fact, everybody knows - and many Members of the Front Bench attended that meeting at Nakuru - that, that meeting was attended by politicians and they pretended to pass a resolution dissolving the KCC as a company and placing it under the Co-operative Act. **The Assistant Minister for Education, Science and Technology** (Mr. Ojode): On a point of order, Mr. Deputy Speaker, Sir. Could the Member on the Floor declare his interest because he was once a director of KCC?

**Mr. Deputy Speaker:** He has already done that!

**Mr. Thirikwa:** Mr. Deputy Speaker, Sir, I have no business declaring my own interest because I have no interest. The KCC is no more and the farmers are suffering! Therefore, there would be no interest to declare! You cannot have an interest in a company that is non-existent! Therefore, I have no interest!

Mr. Deputy Speaker, Sir, the Kenya Commercial Bank (KCB) as a bank - and I want to say that from knowledge - at no time did it place the KCC under receivership! Immediately the meeting was called at Nakuru, we were called by the then Chairman, Mr. Nyakiamo, at the KCB building. We held the meeting under the chairmanship of Mr. Nyakiamo. The interest of the bank at that time was: Because the Government wanted to force itself into the KCC, they wanted to go there first and protect their interests. If you read the papers at all times, you might have read

somebody saying: "The KCC as a company owed the KCB as a bank Kshs1.7 billion!" The truth of the matter is that the KCC 2000 only paid Kshs400 million. Is somebody trying to tell me that the KCB as a bank wrote off Kshs1.4 billion of shareholders money? The truth of the matter is that, that figure was only given to prepare the farmers in that political meeting at Nakuru to accept that the KCC should be put under the Co-operative Act. What happened? The farmers were promised to be paid their dues but they were never paid. The company that was formed, that is KCC 2000, which was supposed to operate like the KCC---

Mr. Deputy Speaker, Sir, for your own information and information of the House, we have another company called KCC Holdings. I now understand that assets worth Kshs5 billion of the former KCC have been transferred to that company. That is theft! Who knows, who owns KCC 2000? Who knows, who owns KCC Holdings? How does the Kenyan farmer come into that? The dairy farmer is going to continue suffering until and unless we sit down and address things as they were, and do them correctly.

With those few remarks, I beg to support.

**The Minister of State, Office of the President** (Mr. ole Ntimama): Thank you very much, Mr. Deputy Speaker, Sir, for giving me this brief opportunity. First and foremost, I want to congratulate the Minister for Agriculture. He is a friend in the industry. I think we have a person who understands and who is brilliant enough to know the problems affecting the agricultural sector.

Mr. Deputy Speaker, Sir, it is very important to put it on record that agriculture is our economic mainstay in this country. If agriculture has to wobble, definitely our economy would be wobbling even more. It is important that all the agricultural sub-sectors should be looked into very carefully. Every sub-sector is very important to the economy of this country, whether it is milk, livestock, coffee or tea. It is important to look at agriculture as the mainstay of this country. It must be in everybody's mind--- I am sure the Government knows that.

We have had our problems, mostly human and a little bit of the weather but, definitely, our problem is that we have not addressed problems facing the agricultural sector. If we had done so, our economy would not be in the doldrums as it is today.

Secondly, there are many things that are happening in the world today. There is a terminology called liberalisation. There is another terminology called globalisation. Those are things that we must be careful about. On the thing called liberalisation, the West can afford to liberalise. But I do not know whether we are able to liberalise. We have been caught up in the web. We have been told: "Listen you people! There is a new wave of things and a new phenomenon called liberalisation." We have been caught up in the web unknowingly.

Mr. Deputy Speaker, Sir, take the example of wheat. It is interesting that even before you talk about the importation of wheat, which is done by unscrupulous businessmen who loot this country of millions of dollars, who do not even pay duty--- The wheat crop is being produced in a big way in the Rift Valley Province. We know we have nowhere to borrow money and the Minister, who is here, knows that. There is no more GMR and assistance from the Government to grow wheat. People struggle, sweat it out, eke their livelihood, sell their livestock and everything to get fertilizer and other things to produce wheat. When they have produced wheat and ready to sell, they are told: "Oh! We have imported cheaper and better wheat and there is no way you can sell your wheat!" That is a very interesting thing! It is a simple fact that we are subsidising the American farmer! We are actually alienating our own farmers. Is that what is called liberalisation? If that is what is called liberalisation, let us have nothing to do with it. It is definitely marginalising our farmers at the expense of the American farmers. The American and Canadian farmers are protected by their own governments. They cannot bring in wheat from outside when they know they have wheat to sell. Definitely, it would be cheaper because of mechanisation and assistance given by the Government to those farmers.

Mr. Deputy Speaker, Sir, this is a very serious situation, and we should change the policy and protect our wheat farmer. Let us not import any wheat at all, especially during the time of harvesting. Even a child knows that doing so is tantamount to "killing" our own farmers. How do you start importing wheat during the month when everybody in the North Rift and lower Maasailand is harvesting wheat? It is terrible. Even a child would know that there is something wrong with the system.

This trend must be corrected if the economy of this country has to develop, and if the farmer has to be supported by the Government. After protecting all these unscrupulous fellows, some of whom are not Africans, we are told: "Ooh, we are sorry; we have raised duty on imported wheat". Who pays that duty? We know that it is not being paid, and the wheat continues to come into the country. How is the farmer in Eldoret and lower Maasailand going to check and verify that a certain person has paid duty on the wheat he imports? No such duty is paid. Everything is done unscrupulously.

I am also a wheat farmer. I represent quite a number of wheat farmers in this House. We have been suffering a lot. The Government should subsidise wheat production costs of the Kenyan farmer rather than those of the American farmer. The story is the same when it comes to rice and other commodities. It is only a few people who are being enriched while the farmer continues to be alienated. I think this is a very serious affair.

Mr. Deputy Speaker, Sir, I know that Kenya is a signatory to the Common Market for Eastern and Southern African (COMESA) Treaty. I was the Minister for Transport and Communications when the process of creating the East African Community and the COMESA was started, to try and see to it that trade between the more than 20 member nations of COMESA goes on smoothly. However, we must scrutinise further the COMESA initiative. Just the other day, Tanzania pulled out of COMESA. Maybe, somebody will tell us why Tanzania found it fit to do so. I really do not know its reasons. All I know is that Tanzania has totally pulled out of COMESA.

If we are talking about developing the industries in this country, then the agro-based industries must be given priority. You cannot industrialise any country unless you start by developing agro-based industries such as food processing. From experience, I can tell you that a lot of COMESA countries are exporting a lot of substandard goods into this country, including those from their own agro-industries. Consequently, our food processing industries have been killed. We should, therefore, try to develop the agro-based industries in this country.

Mr. Deputy Speaker, Sir, before my time runs out, I would like to talk about the place I come from. I come from Narok North, where we have the Mau Plateau, which has a very high potential for agriculture. First of all, we have no roads. So, we cannot move our wheat and barley to the market. If we had the infrastructure, and we were to develop the agro-based industry, we would put up a big vegetable processing plant in that area for the packaging of all kinds of vegetables, including cabbages. We could dry up and package vegetables and export them. I know that the Naivasha vegetable processing plant has gone under. I do not know why. Maybe, Kinangop is no longer producing enough vegetables, but we in upper Maasailand could do a lot.

Some people think that we are normally playing around when we say that some parts of this country have been marginalised, alienated or left behind by the rest of the country. This is a typical example. We have an area with a very high agricultural production potential, but nobody wants to invest his money there because the area has no infrastructure. At one time, somebody challenged me outside Parliament. He asked: "Why can Mr. ole Ntimama not construct the road between Mau Narok and Nakuru?" It is the Government which constructs roads, and not a Minister. Even though I was once Minister for Transport and Communications, I could not operate the equipment that is used to make roads. I could not do anything. These are matters for the state.

If we have to improve agriculture, definitely, the infrastructure in some of these areas must be looked into. For the last 40 years, when this country became independent, the Mau Narok-Nakuru Road has been on the drawing board. However, somebody managed to loot and "eat" the money allocated to that road, or he did some substandard work. This is very serious. So, I am saying, please, let us look into the issues of liberalisation, globalisation and infrastructure, if we have to develop.

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

**Mr. Wamalwa:** Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to make one or two observations on this extremely important Ministry of our Government.

Mr. Deputy Speaker, Sir, the mainstay of the Kenyan economy is agriculture. It supports over 70 per cent of the people in terms of livelihood and work. I think the Ministry of Agriculture and Rural Development should be given tremendous prominence and support in budgetary allocations.

For agriculture to succeed, there has to be constant and continuous research. New varieties of high-yielding and fast-maturing crops must be researched all the time and the results supplied to the farmer in order to increase production and efficiency. This is what makes me feel very sad. We had a very sound agricultural research policy in the past years. There were many research farms, some of which have been given away. One wonders; if your economy is based on agriculture, and agriculture would thrive only when there is sound research, and you go ahead and give away the research farms; I think this is a case of cutting your nose to spite your face.

Today, most of the land of the research station in Kitale has been given out to people. It has not been given to poor people but rather to people who own land elsewhere. So, there is no land for isolation of agricultural experiments. As a result, maize production in the North Rift is beginning to fall. For instance, this year, no farmer grew seed maize in the North Rift. So, you begin to wonder: "Are we going forward or are we backsliding into oblivion?" The Ministry must come up with serious strategies to revive research in agriculture. There was a time when this country used to export pasture seed to Australia, the United Kingdom, Canada and the United States of America. Today, there is no growing of pasture grass in this country. People just grow whatever they need, but there is no serious growing of pasture grass in this country today.

When we talk about the beef and dairy industry, we must realise that a lot of it depends on the feeding of cattle. Dairy and beef cows must be fed properly, and yet today pasture farming in this country is something of the past. Nobody bothers about it any more. I congratulate the President for realising, rather belatedly, that all the agricultural research land was practically gone, and issuing an order that people vacate it. But one would like to see some action. Good intentions alone are not enough. A statement was made that people who have allocated themselves land belonging to research stations should give it back to the stations, but nothing has happened. Maybe, I would be

better off now addressing myself to the incoming Government to do something about this. The current Government seems to be a Government that is tired and since it knows it is going out, it does not seem to give a damn any more.

Mr. Deputy Speaker, Sir, how can a country that depends on agriculture deny the farmer access to credit? How will the farmer buy inputs whose prices are ever going up, for example, fertilizers, diesel and seeds, when there is no funding scheme for the Kenyan farmer today? The Kenyan farmer, as a matter of fact, is a slave. He is supposed to farm using money from his own pocket, and even when it comes to marketing, he has no help whatsoever from the Government to market his cereals.

I experienced something really tragic at the beginning of this year. In the past, when we were serious about agriculture, there were very many marketing centres. Almost every sub-location had a maize buying centre, and farmers did not have to travel very far to sell their maize to the National Cereals and Produce Board (NCPB). Farmers were free to take five or ten bags of maize to the Board. Today, marketing centres have been reduced to about two in every district. So, now it means that for a farmer to market this crop, he must hire a lorry to deliver his cereal to the marketing centres. The worst centre in the North Rift that I observed was Moi's Bridge Centre. I used to drive past people on a long maize marketing queue at Moi's Bridge Centre on Mondays when I came to Nairobi. I would stop and talk to some of them whom I knew. One Monday, I stopped and talked to a man who I knew and when I returned on Friday, the same man had moved one mile on the queue. I stopped and asked him whether that was his second or third trip to the centre. He told me that, that was the same trip he had made on the previous Monday.

So, here is a farmer, who has grown his maize without any funding or credit from anybody or has bought fertilizer and has done his best, but to market his produce becomes the biggest problem in his life. So, he stays for a whole week on the queue and when he is paid, he ends up paying nearly all the money to the owner of the lorry he used to transport his maize to the centre. I do not think I am exaggerating when I say that the farmer in Kenya today is a slave. I do not think we are taking the farmer seriously. Whatever we do in this country and whichever way we want to develop, we must revive the agricultural sector. Now, everybody has a mobile phone and can watch the various television stations, but still the people must be fed. One of the leaders of the French Revolution said: "Defy a man with a full stomach. Do not defy a hungry man because he will eat you up".

So, what the Government does or fails to do, it must make sure of one thing, that the population is fed. It can get away with anything else after that. In this country today, you look at the fate of the farmer and you wonder what has happened. Agricultural shows used to be show pieces for the whole of Africa. Kenya was so advanced. Today, if you go to the agricultural shows and look at the standard of production and the quality of our cattle and other produce, you will find that it is a case of ever falling standard.

We need to revive our economy by strengthening the agricultural sector. Forms of credit must be found. Lines of credit must be extended to the farmer, otherwise, we are deceiving ourselves by thinking that we shall achieve food self-sufficiency in this country. The only crops that, for a very long time now, we have known we cannot produce sufficiently are wheat and sugar-cane. But we do not seem to be doing anything to achieve self-sufficiency in this area. I listened to the Minister, who is a very able Minister; he is a man I respect very much and I know that is doing his best. But I did not hear him give any new guidelines as to how we can achieve self-sufficiency in the production of sugar and wheat. Shall we continue to import sugar and wheat for ever?

Mr. Deputy Speaker, Sir, I want to talk about the Kenya Meat Commission (KMC). If the dairy farmer says the situation is bad, the beef farmer says it is even worse. Once upon a time, we had a very efficient marketing system. We had holding grounds for the pastoralists who brought their cattle to Nairobi. There were very clearly marked holding grounds for the KMC. Today, all that land has been grabbed. Even the land around the KMC has been grabbed, and we are still talking glibly of re-opening the KMC. Are we serious? Today, the beef farmer has to find a market for his beef, and whatever price he can manage, is what he will take. We need to reconsider our strategies for achieving self-sufficiency in a number of sectors. We must see what we can do to help the sugar-cane farmer to produce even more cane, so that we become self-sufficient in sugar production, and we do not use the shortfall in the sugar production to allow people to import for profits rather than import because there is a shortfall.

With those few remarks, I beg to support.

**Capt. Ntwiga:** Thank you, Mr. Deputy Speaker, Sir.

I agree with the previous speakers that this Ministry is the mother of all Ministries. It has been allocated a very small percentage of the nation's Budget and this amount of money cannot help the country come out of the problems it is facing at the moment.

My worry is that, even after having been allocated about Kshs8 billion, almost Kshs7 billion will go to Recurrent Expenditure and only about Kshs1 billion will go to Development Expenditure. This shows that the Ministry's priorities are upside down. Kshs7 billion will be spent on Recurrent Expenditure, which means that it will be spent to supervise expenditure of Kshs1 billion. How will officers spend Kshs7 billion to supervise the expenditure of Kshs1 billion? This Ministry should have been allocated more money if we are to achieve the objectives of the Poverty

Reduction Strategy Paper, which we formulated the other day. We spent a lot of our time formulating this Paper and it is up to this Ministry to implement its recommendations. You can see the kind of money the Ministry has been given to alleviate poverty.

Unless we rehabilitate the agricultural sector, we will talk about poverty eradication here day in, day out, every year, but we will not make any progress. If we revive the agricultural sector, we will reduce the poverty level in our country. I remember very well that in my area, we had presented to us a Paper on poverty eradication, which indicated very clearly that unless water from Mount Kenya, which flows into the Indian Ocean, is tapped and made use of, we will not achieve food self-sufficiency in this country. Unless we can put into use the water and land that is there, then there is no poverty reduction we can talk about. However, we find that in this Budget, there is nothing which has been allocated for micro-irrigation projects. So, you wonder whether we shall ever achieve poverty reduction in this country. This is because nothing is being addressed by this Ministry. So, in next Parliament, which I believe I will be a Member of, I would wish to see this Ministry being given more money than either the Office of the President or National Security Intelligence Service so that we can come out of this cocoon.

Mr. Deputy Speaker, Sir, we have the technocrats from the Ministry in this House and I believe they have travelled round the world. They are engineers and so on and have seen what other countries are doing. There is an example in America of the Tennessee Valley Authority and we have got so many river authorities in this country. If the technocrats have not visited the Tennessee River Authority, then let them go there and see what is happening. We have got many rivers in this country and they should be blocked various stages. You then create dams along several rivers. You then create micro-irrigation schemes along those valleys or rivers. You generate power using the same river. You construct roads across the other side. You then practice afforestation. In other words, you will find there will be a green revolution in this country if these technocrats can advise the Ministry properly, however, little the money it has been allocated. They should put it into proper use just like my friend, hon. Dr. Omamo said, but I sympathise with him very much because he was a Minister in this Government for many years, but he did not do anything about his Lake Victoria area.

Mr. Deputy Speaker, Sir, I am saying that this Ministry must be considered very seriously note so that it can solve its problems. I have a contention here on the revival of KMC and the AFC Sessional Papers which were brought here the other day about writing off the AFC loans and reviving KMC. I have no quarrel whatsoever about the revival of KMC, but for what? It is just a shell! I live there. Those are just pieces of iron. What will you do with the revival of such a project? I wonder whether the animals will be brought there by helicopter. I do not hate the pastoralists, but the revival of KMC is not genuine. So, something must be done about this. This Ministry should also consider writing off the loans owned by the coffee farmers. I brought a Question here in the morning about one of the coffee societies in my constituency and this is the Chuka Farmer's Society. It owes the Co-operative Bank Kshs170 million and due to the crop failure in the previous years, where can these farmers get this kind of money to repay back the loans? I am appealing to the Departmental Committee on Agriculture, Lands and Natural Resources when it will be bringing the Sessional Paper here to consider writing off the loans owed by the coffee societies to the Co-operative Bank amounting to around Kshs8 billion in the whole country so that the farmers can also have feel relieved and go back to their farms for that matter.

Mr. Deputy Speaker, Sir, I also have a quarrel with the Minister on the importation of agricultural goods from South Africa which is not a COMESA member in this case. South Africa is using Mauritius as a conduit to import its goods into this country and, therefore, dump them here and in the process deny our farmers access to the local market. You cannot imagine such a thing. So many hon. Members have talked about it. That practice must be stopped if we have to help our people. I believe this country - and most of the hon. Members will agree with me - is a "small Heaven" because of the abundant resources it has. Land, water and human resources are there, but how do we utilise them to fight poverty? This Ministry must lead us in doing this. This Ministry should do it. It is its responsibility to lead us in utilising human resources which are all over, but are idle. I call upon the next Government to combine this Ministry of Agriculture and Rural Development with the Ministry of Water Development. If they can be combined then there will be proper co-ordination and we will solve the problems facing this country. I congratulate the Minister since he has tried his best and I support him fully.

I beg to support.

**Mr. Murathe:** Mr. Deputy Speaker, Sir, I just want to basically paraphrase three things: One, the fact that the agricultural sector recorded growth that shows that something is happening and the Ministry should be commended. Two, the issue of food security in this country is a priority. A nation that cannot feed itself is a nation that is doomed. Emphasis must be put in place on the plans, strategies and funding of the food security for this country. Three, there are institutions and parastatals under this Ministry which are guzzling millions of shillings per year. There is the Ewaso Nyiro Development Authority. Some are in the rural and arid areas. Some are looking after 17 camels. These are establishments which cannot even pay for their power bills, petrol or salaries. There must be some deliberate

restructuring in this Ministry to get rid of these parastatals whose time is over. They have outlived their usefulness.

The need to allocate more resources to the Ministry of Agriculture cannot be overemphasized. There is need to coordinate the activities of this Ministry with other relevant Ministries, like my colleague has said. There is also need to support the strategies coming out particularly under the Kenya Rural Development Strategy which is focusing on issues like water harvesting techniques and the resources necessary to make sure that people are able to grow food in a sustainable manner.

Mr. Deputy Speaker, Sir, the reforms that are being carried out in the various sectors within the Ministry of Agriculture are going on, particularly in the livestock, dairy, cotton and pyrethrum, and they must be speeded up. I do not know whether we have time during the life of this Parliament, but if it is possible, we should prioritise some of these sectors that impact directly on the people. We shall be dealing with the Vote of the Ministry and I do not know whether it is possible to find a way of increasing the funding to the Ministry.

With those few remarks, I beg to support.

**Mr. Deputy Speaker:** Mr. Minister, it is time to reply.

**The Minister for Agriculture** (Dr. Godana): Thank you, Mr. Deputy Speaker, Sir. At the outset, I wish to thank all hon. Members who have contributed to the debate over the last two days. They have been many from both sides of the House, and generally, we have seen a lot of sympathy for the Ministry. I am sure my colleague, the Minister for Finance, has heard.

Mr. Deputy Speaker, Sir, the Budget for the current financial year has been as a result of activity-based work planning, which seeks to allocate resources on the basis of core poverty programmes. Obviously, some budget figures have been reduced, while others have been increased. I wish to thank all hon. Members for the support they have given to the Ministry through their contributions. I am sure the Ministry of Finance too does understand the importance of Agriculture, as the core Ministry, in terms of the economic livelihood of this country. Unfortunately, economic conditions in the country did not allow for the kind of massive increase in budgeting that we had sought. However, I think I should not fail to mention the fact that there was a modest increase of Kshs398 million over last year's budget; a 5 per cent increase.

Mr. Deputy Speaker, Sir, the Ministry will continue to review the relevant policies as a means towards promotion of agriculture, livestock and fisheries development in the country as called upon by circumstances arising from the global economy. Hon. Members will note that over the past one year, my Ministry has made concerted efforts, as I emphasized in my own original speech while moving this Motion, in streamlining of the tea, coffee, horticulture, milk and fish industries in addition to revitalising or taking steps towards the revitalization of the co-operative movement. Besides, commodity specific policies, the Ministry is in the process of, as I said again in my original speech, finalising the long-term Kenya Rural Development Strategy, which is aimed at identifying opportunities that support income generation in rural areas.

On farm inputs, I know quite a number of hon. Members have talked on this subject. As I stated when I moved the Budget, the Ministry will continue to liaise with other line Ministries and also strengthen the regulatory and production institutions under it in order to ensure that only recommended high quality seeds and other farm inputs are availed to the farmers. I think this is a matter on which we will need the support of all hon. Members and all citizens of goodwill. As a people, we must take the responsibility of blowing the whistle on suspected peddlers of fake and substandard products. I think hon. Members would help a lot if they too took the responsibility of educating the public in their numerous public rallies to be wary of get-rich quick quacks who have contributed a lot to losses by farmers through the supply of fake or substandard products. In line with this, the Ministry is now planning to establish a veterinary drugs inspectorate body to undertake close supervision and constant inspection of drugs being availed to farmers. A common problem has arisen because people sell diluted or expired drugs sometimes fitted with new labels. For this, I think we need to enhance professional supervisory capacity. That is what we are in the process of doing.

Several hon. Members lamented about the lack of, in their view, proper promotion of cotton. I think the Ministry deserves to be commended because the production of this crop, as I said yesterday, had come to nil over the years. It is not easy to convince farmers to take up production on lines where they had abandoned it for years. In fact, when we distributed free seeds, many farmers in some of the cotton growing areas took the seeds and planted them. Some planted only some of the seeds and waited to see whether those who planted would get a market for their crop. Because those who planted got a market, production in the second year shot up in the first year from zero to 28,000 bales. In the second year, it shot up to more than 40,000 bales. This year, we expect it to double again.

Mr. Deputy Speaker, Sir, on sugar, I think I have said all that needs to be said. Firstly, we are happy that the new Sugar Authority has assumed office. We have launched it and it has been given very clear instructions on what to do. It is already studying its mandate and I believe it is being led by a Chairman who has worked in the sugar industry, himself, as a professional for not less 27 years. We have every hope that it will carry out its responsibility. I want to emphasize that we are not against the development of the sugar industry. It is far from it.

Dr. Omamo, as a former Minister for Agriculture in particular during the formative years of a clear sugar development policy, will definitely understand that the development of the sugar industry here was not on the basis of commercial attraction to investors moving around. The Government had to go out of its way to lure investors by offering generous incentives. That is why the Government became a partner in each and every sugar mill in this country. Unfortunately, a lot of mess has taken place and some of these factories like Miwani, which is the oldest in this country having been started in 1922, is not operational. If it is feasible to bail them out, they will be bailed out. If it is not, we will, as a very responsible Government in consultation with stakeholders, take the next course of action.

Mr. Deputy Speaker, Sir, on livestock, again, a lot has been said about the Kenya Meat Commission (KMC). As I said, the Sessional Paper is before the House and without pre-empting or anticipating debate on that Paper, let me emphasize that here too, as in the case of the Agricultural Finance Corporation (AFC), I think there has to be a cut-off point. If terrible mistakes or misdeeds were done in the past, do we say, let those continue or do we try to salvage what we can? I think that is the principle behind our move to have the few institutions restructured. I hope Parliament and the Committee which is considering this, will see the issue before them from a positive angle.

The Kenya National Livestock Marketing Council (KNLMC) - I hope I said this in the course of my original speech while moving the Motion - will soon come up with strategies to improve access to both local and international market. We believe there is still room for livestock products and live animals in certain parts of the world.

Mr. Deputy Speaker, Sir, while taking note of the good intentions of hon. Members who raised issues on the construction of the Dagoretti Abattoir, the Government can only assist the owners of abattoirs with new designs to make them meet export standards. I, however, fear that the land for accommodating extra facilities in some of these private abattoirs may not be there. I hope it will be understood that we cannot compromise the standards especially when we are looking at the export market. A number of hon. Members expressed concern over *tse tse* fly control in Western Kenya, Teso, Bungoma, Busia, Siaya and Bondo Districts. These districts are covered by the Farming In *Tse Tse* Fly Controlled Areas Project which is financed by the European Union and implemented by the Organisation of African Unity through its International Bureau on Animal Resources office. The objective of the project is to encourage farmers in these areas to participate in basic agricultural activities in addition to enlisting community participation in controlling *tse tse* flies through integrated activities like the use of traps, spraying of cattle with Decatex and the introduction of targets to attract the flies. The project encourages communities to destroy or minimise the *tse tse* fly habitat.

A number of hon. Members also talked on the dairy sector, lamenting on the situation in which we find ourselves. The Ministry will continue to strengthen the Kenya dairy board to ensure that consumers are supplied with dairy products which are fit for human consumption. After moving my vote yesterday, hon. Members raised the issue of importation of milk powder and I think a number of hon. Members dwelt on this subject today also. During dry periods the country is in deficit of milk which, therefore, means that we require powdered milk to be reconstituted into liquid milk. This is what the KCC used to do. When the KCC was operational, it used to process liquid milk during certain intervals of the year, into powder milk and then reconstitute the same during the dry season when the supply of fresh milk was severely reduced. In addition to the need for powdered milk for reconstitution, the country also requires strategic reserves of between 6,000 and 7,000 metric tonnes of powdered milk for use during such drought periods as the one which we suffered just over a year ago as well as in case of other calamities.

We also need powdered milk for other manufacturing processes such as baby food formulas and so on. Currently, there is no milk processor with facilities to convert liquid milk into powder milk. Only the KCC had that facility and the two factories which were making powder milk are now closed. We can only hope that the new KCC will start operations fast. We have made it very clear that we would wish to see them give priority to those powder milk manufacturing plants as they open new factories. In view of the foregoing, hon. Members will agree with me that before the KCC resuscitates the powder milk processing factories, we have no alternative at the moment, but to revert to strictly regulated importation.

As regards the recent incident of importation of milk powder, I want to emphasise that the Ministry of Agriculture and Rural Development did not give the "No Objection" certificate. While it is understood that hon. Members and indeed, members of the public are disturbed, I think the relevant departments will have to be held responsible. If incidents like these were investigated from the point of arrest down to the point of importation and individuals who allow these to pass through to customs were dealt with, perhaps, people will think twice about engaging in this kind of activity.

In addition to this, the Kenya Dairy Board is under instructions to monitor the availability of different dairy products in the country to facilitate regulation. Further, we have imposed a 60 per cent duty on all imported dairy products, except milk powder for manufacture of infant or baby food. I think that is the best we could do. We have really protected the dairy farmer. The Ministry will continue to strive to create a suitable environment for fisheries development so as to provide a consistent source of income and adequate food to the community in the traditional fish

producing areas and introduce the industry to other areas in the country. There was an hon. Member who wondered where some of those laboratories and fish landing bays went to. He is not here now, but I am sure that if he knows the geography of the Lake Zone and he really goes round to check, he will see the fish landing bays have been improved.

On horticulture, an hon. Member wondered why HCDA has not activated the cooler plants in Sagana, Mwea and other places. Plans to open these plants are at an advanced stage. The HCDA has already begun to be actively involved with the exporters who are buying produce from small-scale farmers. It is getting contracts from exporters who will soon enable us to open both the Sagana and Mwea facilities. For the moment the HCDA is tracking products from those areas in represented tax because the supply so far is not much or the contractors are not asking for much to justify the operation of those facilities. A number of hon. Members, including Mr. Wamalwa, lamented about the loss of research land. Let me say on a positive note that we are in a process of urgently securing title deeds for all agricultural research land for our various scientific and agricultural research institutions.

The Kenya Agricultural Research Institute has already acquired 72 title deeds, most of them for small plots, but 25 of them for large research plots. Some former research land in Kitale, Embu, Tigoni and Naivasha has been allocated for other purposes, but the fact of the matter which hon. Members need to appreciate is that the law of this country, as it is today, is that the Commissioner of Lands has authority to allocate any Government land. The Ministry of Agriculture and Rural Development, as a department or Ministry of Government cannot have title deeds on pieces of land because all Government land resides in the Government through the Commissioner of Lands. We are trying to do the next best thing, to enable those institutions which have legal personalities separate from the Government to own property, and actually acquire title deeds.

**Mr. Ndwiga:** On a point of order, Mr. Deputy Speaker, Sir. The Minister is misleading the House because some of the issues raised here by hon. Members include land which belongs to bodies like the Kenya Meat Commission and KARI in Kabete which own land in Thika and Molo. That is not Government land. He is misleading the House.

**The Minister for Agriculture** (Dr. Godana): Mr. Deputy Speaker, Sir, the hon. Member must have had difficulty understanding what I said and for his benefit I want to repeat. The Ministry of Agriculture and Rural Development, as a department of Government does not have and cannot get title deeds as a Ministry to any land under its care. Land which is under the Ministry of Agriculture and Rural Development, like land under any other Ministry, is Government land. The authority to allocate it for other use, individuals, companies, corporations or other public bodies resides with the Commissioner of Lands. The correction we are trying to bring in with regard to research lands is that we are now pushing the various agricultural research institutes which have been incorporated as separate legal entities from the Government with capacity to own and dispose of property to actually get the title deeds, then those lands will be outside the reach of the Commissioner of Lands.

As regards the land for the KMC, Mr. Ndwiga, as a Member of the Departmental Committee on Agriculture, Lands and Natural Resources, knows that the matter is before the Committee. Again, it was not a case where the Ministry of Agriculture and Rural Development gave away the land. In one case - and he raised a Question regarding this - the bank which held the land as security surrendered the title deed to the Commissioner of Lands who decided, therefore, in exercise of his powers under the law, to allocate it. You cannot blame the Ministry for this.

Mr. Deputy Speaker, Sir, I have taken note of the sentiments expressed over the sad state of the co-operative movements in the course of this debate and which hon. Members continue to express repeatedly in this House. As I promised you, we have already drafted the Bill and passed it to the Attorney-General. We think that any time it is coming out. I will be glad if hon. Members will also lobby the Attorney-General on my behalf. He is my friend, but---

The Ministry is also developing a micro-finance policy paper to support the initiative of financing farmers through rural SACCO societies and other rural-based micro-finance organisations. I fully agree with those who have spoken here on the subject. I think one of the major problems facing the farmer is the lack of affordable credit, particularly after the sad fate which met the Agricultural Finance Corporation (AFC). The study which we are conducting aims to see how we can encourage and speed up the establishment of the rural financial sources for farmers. It is designed precisely to deal with these problems.

Mr. Deputy Speaker, Sir, quite a number of hon. Members lamented on the clear lack of what they called "guidelines on irrigation" in the proposals for the Budget. Let me state that the Ministry recognises the important role that irrigation can play in agricultural development, especially in arid and semi-arid areas. Indeed, in other countries, we have more or less exhausted the exploitation of high potential areas for farming, unless we want to eliminate the last remaining acres of forests. There is no room for us to expand agricultural production through expansion of the acreage under the land which can support rain-fed agriculture. Indeed, already major stakeholders, particularly in the tea industry, are beginning to complain seriously that as forests have diminished, the rainfall patterns have begun to see new patterns in rainfall regimes in their areas. They have seen rivers drying up. I was in one of the major estates in Kericho. Elephants have begun to get through the forests and into tea zones, thereby bringing both climatic change as



well as deteriorating environment both for man and wildlife; enhancing conflict between land users.

Currently, the Ministry in conjunction with JICA is working on a project or coming up with an appropriate small-holder irrigation guidelines, a training masterplan for irrigation and drainage staff and a framework for the formation of water users association. The fact is that as we liberalise agriculture and, indeed, this is the trend elsewhere, farmers, through water users associations, have to take the responsibility of managing irrigation infrastructures into their hands in a managed manner, not in the manner that people in Mwea were deceived by some poor opinion leaders to run into. I understand now that they are regretting of what happened. I know that they are regretting because one time I stopped there and the people mobbed me. They knew it was the car of the Minister for Agriculture. I thought that they were going to lynch me, but they were very friendly. I asked them: "Do you want Government back?" They said: "Yes; please today." But I told them: "But you chased the Government away!" They said that we were misled by politicians; "tulidanganywa." So, I think it was a good lesson in a sense that people realised that you cannot have irrigation unless you have a well established system of management.

Finally, in the same connection, people talked about the Nile waters, which is a subject in which in many ways is very dear to me as a person. It is a pity I think that upstream riparians have always talked about owning the waters which they cannot use. Very soon, I think there will be very little water which the law will allow you to take out of your own contribution because the lower riparians are maximising their extraction and you will not be able to interfere with the established uses when you come to regulate it under an international treaty. I hope the same sentiments will be expressed when my colleague from the Ministry of Environment and Natural Resources presents his Budget so that they can, perhaps, come up with a workable and faster water instructions plans. It is now my hope that hon. Members are satisfied with my response and I urge them to approve the Kshs8,146,542,760 for the Vote of the Ministry of Agriculture and Rural Development.

I beg to move.

*(Question put and agreed to)*

*[Mr. Speaker left the Chair]*

#### IN THE COMMITTEE

*[The Temporary Deputy Chairman*

*(Dr. Anangwe) took the Chair]*

Vote 10 - Ministry of Agriculture and Rural Development

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, I beg to move:- THAT, a sum not exceeding Kshs4,073,271,380 be issued from the Consolidated Fund to complete the sum necessary to meet expenditure during the year ending 30th June, 2003 in respect of Vote 10 - Ministry of Agriculture and Rural Development.

Vote 10 - Ministry of Agriculture and Rural Development

*(Question proposed)*

#### VOTE R10 - RECURRENT EXPENDITURE

SUB-VOTE 100 - GENERAL ADMINISTRATION AND PLANNING

**Mr. Muithia:** On a point of order, Mr. Temporary Deputy Chairman, Sir. You read the total Vote of the Ministry of Agriculture and Rural Development as Kshs4 billion, on which page is that? Is it the total sum for both the Recurrent and Development Votes?

**The Temporary Deputy Speaker** (Dr. Anangwe): It is. Confine yourselves to issues raised on page 359 to 362.

*Head 191 - Agricultural Attaches' Offices*

**Mr. Ndwiga:** Mr. Temporary Deputy Chairman, Sir, could the Minister explain what plants and equipment he is buying for agricultural attaches and also tell us where those agricultural attaches' offices are located?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, this is really a routine provision in the Budget every year [**The Minister for Agriculture**] for the purchase of office equipment, for example, computers, furniture and other items without which any officer cannot work. I think this is a routine every year. We have agricultural attaches in a number of cities, for example, London and Rome.

**Mr. Murathe:** Mr. Temporary Deputy Chairman, Sir, is it in order for the Minister to tell us that they factor figures in the Budget as a matter of routine? Figures should be specific requirements for specific agricultural attaches for specific equipment.

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Murathe, I think all these are aggregate figures in the Development Estimates. When it comes to an item like 220, it is an aggregate figure which is a summation of any budgetary allocations or details that would sum up to these figures that they have given. So, unless you are asking for a full list that enables the Minister to reach at these particular figures, are you being fair in the kind of request you are making? Could you clarify?

**Mr. Murathe:** Mr. Temporary Deputy Chairman, Sir, if I had a budget or a proposal to spend so much money, I should for example, indicate that I will buy a computer for the Attaches in Rome and Japan. That is what the Minister should explain, and yet he says these are routine figures that are factored in the Budget.

**The Temporary Deputy Chairman** (Dr. Anangwe): Dr. Godana, the clarification that is being sought is in order to give an understanding of how that figure has come about.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, I would like to emphasise that when I said it is a matter of routine, I was sure Mr. Murathe knew something about budgeting. In fact, there is focus for the next two, three to four years. There are certain line heads where you have to have a provision, because if anything, we are behind schedule. For example, the purchase are computers and faxes for our agricultural attache's office in London. Some of these equipment were stolen following a break-in.

**Capt. Ntwiga:** On a point of order, Mr. Temporary Deputy Chairman, Sir. The problem is in the wording that the Minister has used. That it is a matter or routine. Routine means ordinary things. Could he withdraw that word. We are annoyed about it.

**The Temporary Deputy Chairman** (Dr. Anangwe): Well, meanings are in people. He may not have used that particular phrase to signify what you may have understood. But in respect to Mr. Murathe's question, I think he has given adequate information and I hope Mr. Murathe is satisfied.

**Ms. Karua:** Mr. Temporary Deputy Chairman, Sir, on Head 191, Item 360 - Transfers Abroad to International Organizations, I would like the Minister to explain what these expenses are. Is it that we are paying some monies to international organizations, or what transfers are these? Are they in respect of staff, and if so, why are we paying? This is on page 361, Head 191, item 360. We would like to understand what transfers these are. Whether they relate to staff or fees being paid to organizations.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, these are payments to IFAD and the International Grain Council.

*(Heads 190, 191, 193 and 195 agreed to)*

*(Sub-Vote 100 agreed to)*

#### SUB-VOTE 101 - REGULATORY MANAGEMENT OF INPUTS AND OUTPUTS IN AGRICULTURE AND LIVESTOCK

*Head 240 - Kenya Plant Health Inspectorate Service*

**Mr. Khamasi:** Mr. Temporary Deputy Chairman, Sir, under Head 240, Item 192 - Kenya Plant Health Inspectorate Service, in the previous year they had Kshs100 million allocated for that expenditure and now the Minister is asking for Kshs120 million which includes an additional Kshs20 million. I would like the Minister to explain why he requires an additional Kshs20 million under this item.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, this has been necessitated by an increase on personal emoluments in annual salaries and house allowances for all KEPHIS staff.

*Head 407 - Animal Production Farms*

**Mr. Khamasi:** Mr. Temporary Deputy Chairman, Sir, I refer the Minister to page 365, Head 407 on Animal Production Farms. There is a substantial increase on Items 000 and 050. Is it because the Ministry is in the process of employing more personnel? Could the Minister explain the reason for this increase from Kshs5,120,000 to Kshs1.2 million on personal emoluments and house allowance? I have got more issues to raise.

**The Temporary Deputy Chairman** (Dr. Anangwe): Order! Let us deal with one item after another for the purposes of discussing it exhaustively.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, the change in the figure is because of the deployment of some staff from Heads 266 to 407. We have not employed new staff, neither are we in the process of doing so. We can notice that this has resulted in a **[The Minister for Agriculture]** lower figure under Head 266 and a high figure under Head 407.

*Head 445 - Meat Inspectorate*

**Mr. Khamasi:** Mr. Temporary Deputy Chairman, Sir, if you look at page 366, Head 445, Meat Inspectorate, Item 000 - Personal Emoluments, we have got a very big shortage of personnel in this department. Here, I can see the Ministry has increased the amount from Kshs39 to Kshs81 million. This increase is more than double. Could the Minister confirm that this is because they want to double the manpower in that particular department? Why is it so?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, again, it is because of the combination of salary increments and deployment of staff from one department to another. There is no increase as such.

*Head 407 - Animal Production Farms*

**Mr. Ndwiga:** Mr. Temporary Deputy Chairman, Sir, under this Head, Item 157, Purchase of Animals, I notice that there is an increase of 100 per cent from Kshs400,000 to Kshs800,000 for purchase of animals. Could the Minister confirm if these are animal production farms? Are they producing or buying animals? What is happening? What are they doing in these farms?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, we are doing both. Much as we produce animals, we are also buying certain brands of breeds for the purposes of production. The figure, though doubled, is a paltry sum. Yes, it is a 100 per cent increase, but it is not a colossal figure.

*(Heads 229, 240, 266, 324, 407, 445,  
446, 478, 481 and 549 agreed to)*

*(Sub-Vote 101 agreed to)*

SUB-VOTE 102 - PROMOTION OF AGRICULTURE AND LIVESTOCK PRIVATE SECTOR DEVELOPMENT

*Head 532 - Fisheries*

**Ms. Karua:** Mr. Temporary Deputy Chairman, Sir, I refer the Minister to page 375, Head 532, Item 121 on Telephone expenses, I notice that last year, the fisheries department spent Kshs2.2 on telephone services. During the current financial year, they expect to spend Kshs1 million and during the next financial year they project to spend Kshs1.2 million. I notice this is a reduction. Is the Minister satisfied that there is proper use of telephone in this Ministry? This expenditure is too high as compared with expenditures of other departments. What business is the fisheries conducting on telephone which makes their expenditure two or three times more than the rest of the departments?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, I thought Ms. Karua would commend the Ministry for reducing telephone allocation by 50 per cent. I think we have instituted very stringent controls on telephone use. There is a ceiling even for the Minister. Every line of the Ministry has a ceiling of expenditure. We have really cut down our expenditure on telephone.

I can assure you that I will not even exhaust my ceiling. We know how hot and sensitive issues are in the Fisheries Department. We have people out in the field in Kisumu and Mombasa. In Nairobi, we have to deal with donors and so on. I do not think the 50 per cent reduction still leaves it too high.

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Minister, the question which Ms. Karua raised was: Indeed, there is a reduction of 50 per cent, but still the Fisheries Department will spend Kshs1 million. This is still too high for one department. I do not know which one she was comparing with, but that was the gist of the matter.

**Ms. Karua:** Mr. Temporary Deputy Chairman, Sir, I compared Fisheries Department with other departments. If you check the other Heads, telephone services are not exceeding Kshs300,000. But in Fisheries Department, they expect to spend Kshs1 million on telephone services. This is three times more than that of other departments. This is still a matter of concern.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, partly, this is because we have to clear pending bills for 2001/2002 financial year. Much as we have instituted stringent controls, we are liable on established obligations.

*Head 548 - Deep Sea Fishing*

**Mr. Ndwiga:** Mr. Temporary Deputy Chairman, Sir, I refer the Minister to page 379, Head 548, Deep Sea Fishing, Item 000 - Personal Emoluments. Why is there such a hefty increase from Kshs172,418 to Kshs 839,194? On the same Head, Item 110, on Travelling and Accommodation Expenses, why is there an increase from Kshs100,000 to Kshs240,000? Who is the Ministry paying the travelling and accommodation expenses for the deep sea fishing?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, we have got marine experts who do policing work in our exclusive economic zone. Sometimes, these experts spend nights in ships, but the huge increment is on account of upgrading of staff. We want to have much closer supervision and motivate people.

**Mr. Munyasia:** Mr. Temporary Deputy Chairman, Sir, on Head 425, Item 000 - Personal Emoluments, the increase is almost ten times. What has necessitated this huge increase? Personal emoluments have increased from Kshs869,722 to Kshs4,058,184.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, this is the increase on the combined salaries and allowances. This is particularly as a result of shifting of staff from some Heads to new Heads. We have not employed any new staff.

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, on the same Head, why do we have the National Poultry Development Services in Kenya, if we import eggs from South Africa?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, there are some officers in the Livestock Department whose responsibility is to carry out development of poultry.

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, that is the reason why I am asking where they are located.

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Minister, Mr. Angwenyi wanted you to cite examples. Where is the project located?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, there are poultry production officers in some of these districts. Do the hon. Members want me to mention these districts?

**Hon. Members:** Yes!

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, I know these officers are not in Marsabit, but they are in Nyeri, Kisii, Kakamega and Kirinyaga. If the hon. Members visited the Ministry of Agriculture and Rural Development offices at the district level and requested to be shown the officer who deals with poultry, they will be shown the officer.

**Hon. Members:** On a point of order, Mr. Temporary Deputy Chairman, Sir.

**The Temporary Deputy Chairman** (Dr. Anangwe): Hon. Members, I think you would only be able to pin down the Minister on this matter if it was in the Development Vote. But now this matter is about personal emoluments or staff who are in offices. I do not know how far you will go in soliciting---

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, if I could respond to the issues raised by the hon. Members, my colleague, Col. Kiluta, has said that these officers are in his constituency. They are staff dealing with different departments and sub-departments in every office of the District Agriculture Officer and Livestock Extension Officer. If the hon. Members went to their respective districts and demanded to know the officer who deals with poultry, they would know who they are. So, there is no mistake here.

**Mr. Kuria:** Mr. Temporary Deputy Chairman, Sir, we have heard the Minister talk of transferring staff. From which Vote has he transferred the staff? Where did he transfer this money from?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, from Item 000 - Personal Emoluments.

**Mr. Munyasia:** On a point of order, Mr. Temporary Deputy Chairman, Sir.

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Munyasia, the Minister is responding to a point of order.

**Mr. Munyasia:** No, the hon. Member was just asking a question.

**The Temporary Deputy Chairman** (Dr. Anangwe): Just hold on, Mr. Munyasia! The Minister has not yet responded to Mr. Kuria's question. Let us have one question at a time. Mr. Minister, where have you extracted the additional money from?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, I will refer the hon. Member to page 370, Head 305. For example, Personal Emoluments have gone down, and it is not because we have sacked people. So, this expenditure is spread all over. If you can remember, there was a question I was asked earlier on about massive change by Mr. Khamasi and I responded to it. This is the same thing.

**Mr. Munyasia:** On a point of order, Mr. Temporary Deputy Chairman, Sir. Is the Minister not misleading this House when he says that the Poultry Development Services are located in the districts when the Item we were asking about is described as "National Poultry Development Services"? This book is very clear. If something is located at the district level, it points out, for example, District Livestock Services and Provincial Livestock Services. Head 425 talks about National Poultry Development Services. So, this is what we are asking the Minister to point out for us. Where is the National Poultry Development Services?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, the hon. Members should not be misled by the title. The title "National Poultry Development Services" was adopted when we decided, as a matter of policy, to pay more attention to poultry services. This does not mean that the National Poultry Development Services exist at the headquarters. For that service to be effective, we have to go down to the grassroots level.

**Hon. Members:** On a point of order, Mr. Temporary Chairman, Sir.

**The Temporary Deputy Chairman** (Dr. Anangwe): Hon. Members, we have a long list of Heads and I have a responsibility to manage time!

**Mr. Ndwiga:** Mr. Temporary Deputy Chairman, Sir, what we want to know and the Minister is not telling us is: Where is the National Poultry Development Services? If the Minister does not have them in Garissa, I do not have them in Embu and they are not in Kirinyaga, where are they? He is asking us to vote money to his Ministry.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, they are in Embu.

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Minister, let the hon. Member finish. In order to allay these concerns, all the hon. Members want is for you to demonstrate that, indeed, we have the National Poultry Development Services. That is all.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, I am a bit constrained. I cannot lay on the Table of this House the National Poultry Development Services Officers who work in Embu. But I know that these officers are there. These officers are part of the Ministry of Agriculture and Rural Development staff in every district.

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, the Minister has said that these monies have been transferred from Head 305. That is not true! The amount under that head has increased from Kshs3.6 million Kshs4.06 million. Could the Minister explain to us where this money will be spent?

**The Temporary Deputy Chairman** (Mr. Anangwe): I think the Minister gave a satisfactory answer with reference to those items.

**Mr. Angwenyi:** But he was talking about Kshs100,000 while the increase is about Kshs5 million!

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, I would like to seek your indulgence first. Please, ask the Minister to answer those questions in low tones. Reason prevails rather than shouting up. The National Poultry Development Services Department is described as "national" but he has said that it is based in the districts. The increase under that head is Kshs4 million. The personal emoluments have been increased from Kshs800,000 to Kshs4 million and house allowances have been increased from Kshs556,000 to Kshs2 million. So, we are entitled to a sober explanation. Do not just shout. Tell us what it is.

**The Minister for Agriculture** (Dr. Godana): If he has difficulties in understanding, then it may be necessary to shout so that he can understand better. I insist on what I said. The reason for the increase is a combination of increments of salaries and house allowances, as well as transfers from other heads; those include Heads 305, 478, 236 and Head 265.

#### *Head 995 - Grants to National Irrigation Board*

**Ms. Karua:** Mr. Temporary Deputy Chairman, I would like to refer you to Page 380, Head 995, Item 306.

That is a parastatal, but I notice that the amount has reduced drastically from Kshs154 million to Kshs32 million during this financial year. Could the Minister explain for what reason the National Irrigation Board is being supported? We expect it to levy a charge on the farmers wherever it is being of service.

**The Minister for Agriculture** (Dr. Godana): I would have expected Ms. Karua to congratulate us for that massive saving of public funds. The National Irrigation Board (NIB) has been scaled-down, but we have not wound it up. We still need money to pay some of the retrenchees and the remaining staff.

#### *Head 996 - Bura Irrigation Scheme*

**Mr. Khamasi:** Mr. Temporary Deputy Chairman, Sir, my question is of a general nature and I would like the Minister to respond to it.

This scheme was established for cotton production. I can see that the gross expenditure under that particular head was Kshs26 million during the last financial year.

During this financial year, the Minister is asking for Kshs30 million. Did we really spend Kshs26 million on Bura Irrigation Scheme? What did we do with that money? Could he also explain the reason for that?

**The Minister for Agriculture (Dr. Godana):** Mr. Temporary Deputy Chairman, Sir, I believe that we did spend the money. The funds were used initially to produce cotton *inter alia* on a 65 hectare-parcel of land; cotton seed, vegetables, maize and other food crops for tenants in the land. The scheme is still heavily infested by the shrub known locally as *Mathenge* which interferes with water flow in the canals, thereby reducing water flow to farmers. The funds are also used to treat water for domestic use by tenants on the scheme as well to repair the running of machinery, water pumps, generators and vehicles. All those operations consume a lot of money.

It is my humble request that the House supports me in this endeavour.

**The Temporary Deputy Chairman (Dr. Anangwe):** Hon. Members, we have a lot to cover and I think the questions you have raised are adequate.

**Mr. Michuki:** Mr. Temporary Deputy Chairman, Sir, I want to revisit the provisions for the NIB which was raised by Ms. Karua. I do not think the Minister gave good reasons. When a Sub-Vote runs down from Kshs154 million to Kshs32 million, it does not necessarily reflect efficiency. It may be that services which were being provided, have been withdrawn.

Mr. Temporary Deputy Chairman, Sir, the Minister should be able to explain the underlying reasons as to why the amount has gone down by so much. We are not saying it should not be reduced, but we want to be satisfied that whatever the Kshs154 million was doing is actually being achieved despite the reduction.

**The Minister for Agriculture (Dr. Godana):** Mr. Temporary Deputy Chairman, Sir, Mr. Michuki should have been here to contribute to the main debate on the Vote of this Ministry. I would have responded accordingly. This is not a place for explanation of issues of this nature. After all, everybody knows what happened to the NIB. It is not carrying out the work which it was carrying out some years back. It is not there in Mwea Irrigation Scheme, for instance. We have correspondingly reduced our staff in that scheme. We only have a skeleton staff in that scheme and we do not need more than Kshs32 million to pay the current staff and also pay some arrears to the retrenched.

**Ms. Karua:** Mr. Temporary Deputy Chairman, Sir, I am concerned that the Minister keeps on talking about paying staff at the NIB. Since when did the exchequer start paying staff in parastatals? They are supposed to generate their own money to pay salaries!

**The Minister for Agriculture (Dr. Godana):** Mr. Temporary Deputy Chairman, Sir, well, Ms. Karua has heard me say time and again that the bulk of the Development Vote of my Ministry goes to parastatals. We are the parent Ministry and we must address some of their problems. It is true that the NIB was supposed to get money from tenants, but she also knows what happened, in Mwea; for instance, there are no payments coming in from farmers to the NIB. While we review the entire national irrigation policy and redesign the management of these irrigation schemes, we should continue having the NIB in place. We budgeted for Kshs154 million because we had to make special provisions for payment to a large number of retrenched. There are certain arrears which were carried over. We are taking care of that now, together with the salaries of the skeleton staff.

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, the Ministry is moving the wrong direction when it should be expanding irrigation schemes in order to provide enough food for this country. We are voting so much money for whatever items that may be remaining! Could he tell us of one respective irrigation scheme in the country where such money has been used?

**The Temporary Deputy Chairman (Dr. Anangwe):** What is your question?

**Mr. Angwenyi:** Since we are voting so much money on irrigation, could the Minister tell us of one respective irrigation scheme in the country where the money has been used?

**The Minister for Agriculture (Dr. Godana):** Mr. Temporary Deputy Chairman, Sir, I think the hon. Member is out of order because he is raising a point of debate and not seeking a clarification on any particular Head. Those are issues we dealt with in the general debate!

**The Temporary Deputy Chairman (Dr. Anangwe):** Hon. Members, I think we have to move. I am sorry, I am a time manager and, I can see we are going to be overwhelmed by lack of time.

*(Question put and agreed to)*

*(Heads 305, 306, 425, 462, 463, 465, 466, 532, 534, 537, 539, 548, 995 and 996 agreed to)*

*(Sub-Vote 102 agreed to)*

SUB-VOTE 103: FACILITATION AND SUPPLY OF AGRICULTURE AND LIVESTOCK EXTENSION SERVICES AND EXTENSION RESEARCH

*Head 224 - Provincial Livestock Production Services*

*Head 232 - District Livestock Production Services*

**Mr. Kuria:** Mr. Temporary Deputy Chairman, Sir, on page 382, Heads 224 and 232, if you look at Provincial Livestock Production Services, and the District Livestock Production Services, you can see that the figures at the top have been increased by almost double. But, if you check on the district livestock services, you will find that the figure has been reduced. Is the Minister transferring officers from the districts to the provinces?

Mr. Temporary Deputy Chairman, Sir, if you look at house allowances, as the Minister says, you can see that the figure has been increased from Kshs10 million to Kshs16 million. How is this increase determined at the districts? How is the Minister increasing some allowances at the provincial level, while others in the province and the district are not increased?

**The Minister for Agriculture** (Dr. Godana): Mr Temporary Deputy Chairman, Sir, again, the matter is explained by the transfer of money between various heads as a result of rationalisation of Vote Heads, allocations for livestock production, which has gone up by Kshs10 million in 2002/2003. There was no allocation of these items, for instance, during the year 2001/2002. The total number of officers in the district has not reduced. In fact, it has increased. But at the provincial level also, it increased from 133 to 186, that is an additional of 53 persons. There was a category of officers who were upgraded from Job Group H to Job Group J, during the year 2001, as a result of the implementation by the recommendations of the Kipkulei Commission.

*Head 202 - Agricultural Department Headquarters*

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, I want to refer the Minister to page 381 on Item 303 - Grants to Cotton Lint Marketing Boards (CLMB) for salaries and statutory reductions of Kshs8.9 million.

**The Temporary Deputy Chairman** (Dr. Anangwe): Yes, what is your question?

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, the question is that, statutory deductions are normally part of salary payments. When you pay a salary, part of that salary goes to statutory deductions. So, the salary and statutory deductions are never separated! So, there is something being hidden here and the Minister should tell us whether the CLMB was not paying statutory deductions to various organisations. This is because statutory deductions are: PAYE, NHIF and NSSF. I hope he has understood what I mean.

**The Minister for Agriculture** (Dr. Godana): Could the hon. Member repeat his question, please?

**The Temporary Deputy Chairman** (Dr. Anangwe): No! The question is simply. Ordinarily, you do not differentiate between salaries and statutory deductions because they are integral part of the salaries, but here you seem to have differentiated them from salaries, yet they are statutory deductions. What is it that you have in mind which, ordinarily, is not done?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, the Cotton Lint and Marketing Board, as hon. Members know, is kind of moribund. We are, as part of the sector reform, in the process of restructuring it. Now, the Board received deducted money from salaries, but did not pay the officers who were required to be paid. So, the Ministry has now to provide for that by making good those payments, which the Board failed to hand over.

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, that is actually what I was trying to bring out. I have brought the rat out of the hole. Then, action should be taken against those who are responsible for not remitting those statutory deductions, because where did the money go to? This is because once you pay somebody a salary, the statutory deductions are set aside.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, there are two types of action which can be taken against such people. If the money was diverted to private use, it is criminal! If on the other hand, the money went through the hole into the account of an organization, because of its own financial problems, obviously, you cannot make somebody personally reliable beyond, perhaps, relieving him of the job when you carry out the restructuring exercise. Part of the restructuring process, actually, involves what we have done with the boards, by doing away with those who we think cannot deliver, and provide for a new institution.

**Mr. Munyasia:** Mr. Temporary Deputy Chairman, Sir, on page 382, allow me to draw the Minister's attention to heads 224 and 232. Head 224 is on Provincial Livestock Production Services and Head 232, District Livestock Production Services. On Item 000, in both cases, at the provincial level, the Minister considers it wise to increase the personal emoluments by Kshs9 million, from Kshs14 million to Kshs23 million, and at district level, he reduces that figure from Kshs73 million to Kshs69 million.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, I have already replied to that question!

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Munyasia, the question had already been asked by Mr. Kuria and the response had been given.

**Mr. Munyasia**: Mr. Temporary Deputy Chairman, Sir, I was going to make the point that we know the people who actually do the work are at the district level, and I was wondering what wisdom---

**The Temporary Deputy Chairman** (Dr. Anangwe): By and large, an answer has already been given.

*Head 639 - District Agricultural Extension Services*

**Ms. Karua**: Mr. Temporary Deputy Chairman, Sir, I am interested in items 121 and 194, on page 396 - Head 639, Telephone Expenses. You will note, unlike in the other departments which we have finished with, there is an increase on telephone expenses from Kshs6.6 million last year, to over Kshs10 million, this financial year, rising to Kshs11 million during the 2004/2005 financial year. I would like the Minister to explain whether the rule against excessive use of telephone is not applying to the Agricultural and Livestock Extension Services Department.

On Item 194, training expenses have doubled. I would like to know where the training is being done and who is being trained.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, if I may start with the last one, extension staff are continuously engaged. That is one of the core roles of the Ministry. They are continuously engaged in training, both junior staff and farmers. They organise workshops, farm visits, seminars, demonstrations and what have you.

Mr. Temporary Deputy Chairman, Sir, as regards the telephone bills, there is an increase. But I would like to assure the House that we have the same concern to limit that expenditure. The ceiling applies to all offices and there is no departmental exception. The reason for the increase is because we have decided to clean the books by clearing the arrears of telephone debts occasioned when there were no ceilings.

**Mr. Obwocha**: Mr. Temporary Deputy Chairman, Sir, on page 385, Head 238 - Headquarters, Horticultural Crop Production Services, Item 191 - Horticultural Inspection Expenses - Kshs115 million, what is the logic of collecting Appropriations-in-Aid (A-in-A) fees for horticultural inspection and spending it on the same, rather than collecting that money and spending it only on the horticultural production services? You are spending it only on one issue of inspection.

**The Minister for Agriculture** (Dr. Godana): What is your quarrel?

**Mr. Obwocha**: My quarrel is that you are collecting fees for inspection and using it on the same! What is the logic? We would expect you to collect that money and then spend it on horticulture as a whole!

**The Minister for Agriculture** (Dr. Godana): The money is collected by--- Look! The operating policy is that every sector should pay for its own upkeep. I think it is right and proper that what is paid for by horticultural farmers by way of the service be spent to meet that expense. That is the whole logic even in the deductions on tea, coffee and what have you! I do not get what you are asking!

**Mr. Obwocha**: That is what I am asking! You are just repeating what I am asking! What I am asking him is this: If you collect the fees, it is supposed to be spent on the whole of the horticultural services like emoluments, telephones and other expenses. Now, you are collecting it and spending it again on inspection only! That is what I am asking. Why is that?

**The Minister for Agriculture** (Dr. Godana): How does he say that? What is the page? Is it page 385?

**Mr. Obwocha**: Yes. It is Head 238. Just look at it first, Mr. Minister!

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Obwocha, I am in the Chair! You have ignored me and you are communicating directly with the Minister!

**Mr. Obwocha**: Through you, Mr. Temporary Deputy Chairman! Through you, I would like to ask the Minister this--- Please look at those figures. On Item 191 - start from the bottom, that is Item 651 - we have fees for Horticulture Inspection. You are collecting Kshs115 million under A-in-A. Now that you have seen it, I would like to ask the following: You are collecting Kshs115 million from horticultural inspection fees and using it on horticultural inspection expenses only. The fees are enough to take care of all the other expenses under the horticulture heading.

**The Minister for Agriculture** (Dr. Godana): The money is collected by the Kenya Revenue Authority (KRA) and the fees goes to the Government. It is collected by the KRA.

**Mr. Ndicho**: On a point of order, Mr. Temporary Deputy Chairman, Sir. The Minister is saying: "I think that money goes to the KRA!" Are you thinking or you know?

**The Minister for Agriculture** (Dr. Godana): I know!

**Mr. Angwenyi**: Mr. Temporary Deputy Chairman, Sir, just by the way, it does not matter who collects the money. It should be applied like Mr. Obwocha was saying. But my question is on page 391, Head 408. Where do we have rural dairy services? There are no rural dairy services where I come from. Where are those services provided



and why are they not provided in my place?

**The Minister for Agriculture** (Dr. Godana): I know that there are rural dairy services in all the dairy producing areas.

**Mr. Angwenyi:** We all like to support the Minister, but he knows very well that I come from a dairy producing area and we do not have those services. I am just saying the truth.

**The Minister for Agriculture** (Dr. Godana): I am sure there are dairy staff of the Ministry of Agriculture in his area.

**The Temporary Deputy Chairman** (Dr. Anangwe): Hon. Members, it looks like we may go beyond 6.30 p.m. and this, being an allotted day, we are allowed to go on until 7.00 p.m. We should be conscious of the fact that time is limited and I would request that, as much as we may wish to exhaust the subject, and you are free to do so, let us also be conscious that we have to manage time.

*(Heads 202, 224, 232, 235, 236, 238, 255, 260,  
265, 280, 286, 291, 408, 477, 513, 543, 634,  
635, 638, 639, 660, 661 and 699 agreed to)  
(Sub-Vote 103 agreed to)*

**Mr. Angwenyi:** Mr. Temporary Deputy Chairman, Sir, since it looks like you want us to approve the entire expenditure today, why can you not move all the Votes and we vote for them without discussing them?

**The Temporary Deputy Chairman** (Dr. Anangwe): Order! We have some order and we do not just change the rules because they fit in.

#### SUB-VOTE 104 - INFORMATION MANAGEMENT FOR AGRICULTURE AND LIVESTOCK SECTOR

*(Heads 198, 257, 258, 259, 261, 467,  
468, 471, 472, 473, 474, 636, 637,  
642, 645 and 759 agreed to)*

*(Sub-vote 104 agreed to)*

#### SUB-VOTE 105 - MONITORING AND MANAGEMENT FOOD SECURITY

*(Heads 502 and 503 agreed to)*

*(Sub-Vote 105 agreed to)*

#### SUB-VOTE 106 - CROP AND LIVESTOCK DISEASES AND PEST CONTROL

##### *Head 290 - Artificial Insemination*

**Mr. Khamasi:** Mr. Temporary Deputy Chairman, Sir, for a long time, artificial insemination services have been lacking in this country.

**The Temporary Deputy Chairman** (Dr. Anangwe): What Item are you referring to, Mr. Khamasi?

**Mr. Khamasi:** Mr. Temporary Deputy Chairman, Sir, I am referring to Item 150, Purchase of Supplies for Production. I am wondering why the provision for this Item has been increased from Kshs2 million in the previous Budget to Kshs5 million in the current Budget.

Also, under Head 431, Provincial Veterinary Services, the provision for Item 065, Medical Allowance, has been increased from Kshs292,000 to Kshs4.5 million. Something must be wrong somewhere. Could he explain this massive increase under this Item?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, the provision under Head 290, Item 150, Purchase of Supplies for Production, is partly for payment of pending bills. Also, we felt that last year's allocation under this Item was too little. So, we have included an extra amount of money, which will be used for the purchase of liquid nitrogen.

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Minister, you have not explained the massive increase in medical allowance provided for under Item 065, Head 431.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, this was as a result of reduction of allocation under Head 426, and a transfer of that amount to Head 431.

**Mr. Murathe:** Mr. Temporary Deputy Chairman, Sir, regarding the Minister's explanation on the allocation to Item 150 of Head 290, the bills to be settled must be specific. I hope the Minister has not fallen for routine inclusion of monies. Is it possible for him to say which bills are supposed to be paid from this provision?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, the allocation caters for pending bills. If the hon. Member wants me to bring copies of the bills here, and if the rules allow it, I will do so on another day. But, really, I want to appeal to hon. Members to understand me, so that we can get over with this business.

**Mr. Michuki:** Mr. Temporary Deputy Chairman, Sir, could the Minister clarify why he had to provide for pending bills in a subsequent Budget? That expenditure ought to have occurred in what we call "the excess Vote", which is dealt with by the Treasury rather than the Ministry. Could he explain why he had to go back to the Budget instead of following the usual excess Vote procedure?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, again hon. Michuki is raising issues of debate on a matter of policy. We have done this before; we have dealt with such issues this way.

**Mr. Michuki:** Mr. Temporary Deputy Chairman, Sir, I am seeking clarification.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, this is what I am doing.

*(Heads 230, 233, 290, 426, 431, 432, 437,  
447, 448, 490, 551, 552 and 553  
agreed to)*

*(Sub-Vote 106 agreed to)*

SUB-VOTE 107 - PROTECTION OF NATURAL RESOURCE BASE FOR AGRICULTURE AND LIVESTOCK

*Head 254 - Farm Management Development*

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, on page 423, Item 191, we have Miscellaneous Expenses, Fertilizer Clearance - Kshs46 million. Why has the Ministry asked for Kshs46 million to clear fertilizer when we know that clearance cost should be included in the cost of fertilizer? Why should this amount of money be set aside?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, this amount of money is for fertilizer under the Japanese KR II Programme. The clearance is done by the recipient country.

**Mr. Murathe:** Mr. Temporary Deputy Chairman, Sir, the Minister needs to clarify that point again. This fertilizer is sold through tender to the highest bidder. Is there a way in which the Ministry recovers the cost of clearance, so that it is not passed onto the taxpayers?

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, unless the hon. Member wants us to add the cost to the price of the fertilizer. The agreement with the donor is that the money realised through the tender goes into a special fund in the Treasury, which is a revolving fund.

*Head 247 - Agricultural Mechanization Services*

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, under this Head, there is an increase in the gross expenditure. It has increased from Kshs77 million last year, to Kshs101 million this year. This is an increase of Kshs23 million. I would like the Minister to explain whether he will employ new members of staff. Even under the Item on personal emoluments the allocation has increased from Kshs25 million to Kshs31 million. There are so many increases and the Minister has asked for an additional Kshs23 million. So, there must be something happening here. The Minister should explain this increase.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, that is exactly what I said. There have been salary increases, increases on allowances and also certain transfers from certain heads to other heads.

*(Heads 228, 246, 247, 250, 254, 449,  
451, 452 and 561 agreed to)*

*(Sub-Vote 107 agreed to)*

SUB-VOTE 108 - REGIONAL DEVELOPMENT

*(Heads 455, 473, 707, 944, 945, 989,*

*992, 993 and 994 agreed to)*

*(Sub-Vote 108 agreed to)*

SUB-VOTE 109 - DEPARTMENT OF REGISTRAR OF CO-OPERATIVE SOCIETIES

*Head 709 - District Co-operative Administrative Services*

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, on Item 100, there is an increase from Kshs3 million to a whopping Kshs35 million. Also under Item 110, which is Travelling and Accommodation Expenses, the money has increased from Kshs1.6 million to a whopping Kshs25 million. There must be something happening here. There is something that has necessitated this increase and this House is entitled to an explanation.

Could the Minister explain these increases? In fact, if you see the total net expenditure it has increased from Kshs116 million to Kshs231 million.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, last year that department more or less survived without any allocation apart from getting salaries allocation and I think it worsened the problem of operations of the Co-operatives Department. We made a case that in order to resuscitate this department we have to have proper allocations. Of course, there are increments of salaries and house allowances which have also contributed to this.

**Mr. Obwocha:** Mr. Temporary Deputy Chairman, Sir, there is the specific one - Transport Operating Expenses - which must relate to vehicles. You must talk about vehicles. You cannot talk about salaries only.

**The Minister for Agriculture** (Dr. Godana): Mr. Temporary Deputy Chairman, Sir, we must have to rehabilitate all the vehicles in the districts. The Co-operative Department and societies vehicles in the districts have been virtually been grounded and we have made a case considering complaints made even in this House about ineffective co-operative supervision. We have decided to request for money as a priority for this Department.

*(Heads 587, 589, 705, 706, 708,  
709, 710 and 711 agreed to)*

*(Sub-Vote 109 agreed to)*

*(Vote R10 agreed to)*

VOTE 10 - DEVELOPMENT EXPENDITURE

**The Temporary Deputy Chairman** (Dr. Anangwe): We are now on the Development Expenditure, Page 120.

SUB-VOTE 100 - GENERAL ADMINISTRATION AND PLANNING

*(Heads 190, 192 and 193 agreed to)  
(Sub-Vote 100 agreed to)*

SUB-VOTE 101 - REGULATORY MANAGEMENT OF INPUTS AND OUTPUTS IN AGRICULTURE AND LIVESTOCK

*(Heads 407, 481 and 490 agreed to)  
(Sub-vote 101 agreed to)*

SUB-VOTE 102 - PROMOTION OF AGRICULTURE AND LIVESTOCK PRIVATE SECTOR DEVELOPMENT

*(Heads 237, 238, 463, 465, 532, 533,  
534, 537, 995 and 996 agreed to)  
(Sub-Vote 102 agreed to)*

SUB-VOTE 103 - FACILITATION AND SUPPLY OF AGRICULTURE AND LIVESTOCK EXTENSION SERVICES AND EXTENSION

## RESEARCH

*(Heads 193, 225, 241, 246, 260,  
271, 408 and 424 agreed to)*

*(Sub-Vote 103 agreed to)*

## SUB-VOTE 104 - INFORMATION MANAGEMENT FOR AGRICULTURE AND LIVESTOCK SECTOR

*(Heads 259, 261, 467, 468, 471, 472,  
473, 642, 645, 759, 760, 761,  
763, 764 and 765 agreed to)*

*(Sub-Vote 104 agreed to)*

## SUB-VOTE 105 - MONITORING AND MANAGEMENT OF FOOD SECURITY

*(Heads 491 and 508 agreed to)*

*(Sub-Vote 105 agreed to)*

## SUB-VOTE 106 - CROP AND LIVESTOCK DISEASES AND PEST CONTROL

*(Heads 447 and 448 agreed to)*

*(Sub-Vote 106 agreed to)*

**Ms. Karua:** Mr. Temporary Deputy Chairman, on page 139, Head 707, Item 317 - Catchment Conservation and Dam Maintenance---

**The Temporary Deputy Chairman** (Dr. Anangwe): Which page are you referring to?

**Ms. Karua:** I am on page 139.

**The Temporary Deputy Chairman** (Dr. Anangwe): We have reached page 138. We have not come to that.

## SUB-VOTE 107 - PROTECTION OF NATURAL RESOURCE BASE FOR AGRICULTURE AND LIVESTOCK

*(Heads 246, 250, 451 and 909 agreed to)*

*(Sub-vote 107 agreed to)*

## SUB-VOTE 108 - REGIONAL DEVELOPMENT

*Head 707 - Tana and Athi Rivers Development Authority*

**Ms. Karua:** Mr. Temporary Deputy Chairman, I am seeking clarification from the Minister on page 139, Head 707, Item 317 on Catchment Conservation and Dam Maintenance. I want to understand what the Ministry of Agriculture and Rural Development has got to do with the Tana and Athi Rivers Development Authority (TARDA) and these dams. I thought it was under the Kenya Power Lighting Company and the Ministry of Energy. However, I am on page 139, Head 707, Item 317 on Catchment, Conservation and Dam Maintenance. I want to know the link between that Authority and the Ministry of Agriculture and Rural Development.

**The Temporary Deputy Chairman** (Dr. Anangwe): Mr. Minister, what is it that you do in respect of that?

**The Minister for Agriculture** (Dr. Godana): This is money paid by the KENGEN and the KPLC. You will appreciate that it is offset by an equal amount shown under A-in-A to show that it comes from those organisations.

*(Heads 455, 707, 944, 945, 989,  
992, 993, and 994 agreed to)*

*(Sub-Vote 108 agreed to)*

SUB-VOTE 109 - DEPARTMENT OF REGISTRAR OF CO-OPERATIVE SOCIETIES

*(Heads 708, 709 and 711 agreed to)*

*(Sub-Vote 109 agreed to)*

*(Vote D10 agreed to)*

*(Question put and agreed to)*

*(Resolution to be reported without amendment)*

*(The House resumed)*

*[Mr. Deputy Speaker in the Chair]*

## **REPORT**

VOTE 10 - MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

**Dr. Anangwe:** Mr. Deputy Speaker, Sir, I beg to report that the Committee of Supply has considered the Resolution that a sum not exceeding Kshs4,073,271,380 be issued from the Consolidated Fund to complete the sum necessary to meet the expenditure during the year ending 30th June, 2003, in respect of Vote 10 - Ministry of Agriculture and Rural Development and has approved the same without amendment.

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

**The Minister for Environment** (Mr. Kamotho) seconded.

*(Question proposed)*

**Mr. Ndwiga:** Mr. Deputy Speaker, Sir, we do hope that the Minister has taken cognisance of the issues raised by hon. Members at this stage, and that he will endeavour to improve services, particularly extension services and that next year we shall see an appropriate budget. We hope the Minister will take some of these Estimates to the relevant Departmental Committee on Agriculture, Lands and Natural Resources and discuss with it so that we can jointly approach the Ministry of Finance and Planning for adequate allocation.

*(Question put and agreed to)*

**Mr. Deputy Speaker:** Order, hon. Members! It is now time for the interruption of business. The House, therefore, stands adjourned until tomorrow Thursday, 18th July, 2002, at 2.30 p.m.

The House rose at 6.55 p.m.