

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 12th May, 1999

The House met at 2.30 p.m.

(Mr. Speaker in the Chair)

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.145

RETENTION OF PERMANENT SECRETARIES/ PARASTATAL CHIEFS IN CIVIL SERVICE

Mr. Speaker: Is Mr. Ojode in this House? He is absent and, therefore, we will move to the next Question by Mr. Kombo.

Mr. Kombo: Mr. Speaker, Sir, although I have not received a written answer from the Minister, I will ask my Question.

Mr. Speaker: By the way, what is happening with written answers to Questions?

(Mr. Kombo was given a copy of the written answer)

Mr. Kombo: Mr. Speaker, Sir, it is now that I am receiving a written answer.

Question No.046

TOTAL AMOUNT OF GOVERNMENT PENDING BILLS

Mr. Kombo asked the Minister for Finance:-

- (a) the total sum of unpaid bills owed by Government Ministries to public concerns for goods and services procured as at 31st January, 1999;
- (b) whether he could avail a list consisting of a breakdown of the outstanding amounts in excess of Kshs250,000 by Ministry, and where applicable by Department; and,
- (c) which public bodies, i.e; companies, corporations and individuals, are represented by the outstanding unpaid bills.

Mr. Speaker: Is there anybody here from the Ministry of Finance to answer this Question? Who has

given Mr. Kombo a copy of the written answer? Very well, let us move to the next Question.

Question No.169

UTILIZATION OF DISTRICT EDUCATION FUND IN IJARA

Mr. Werah asked the Minister for Education and Human Resource Development:-

- (a) whether he is aware of the existence of a compulsory contribution in Ijara Constituency known as the District Education Fund; and,
- (b) whether he could explain how the Fund has been utilised since its inception.

The Assistant Minister for Education and Human Resource Development (Mr. Awori): Mr. Speaker,

Sir, I beg to reply.

(a) I am aware that there is a District Education Board Fund, which was established in 1996 by the District Education Board (DEB), in which all pupils are currently required to contribute Kshs50 not only in Ijara Constituency, but in the whole of Garissa District. This Fund is, however, not compulsory but it was approved in a DEB meeting which was held on 19th March, 1996, for the purposes of supplementing Government funds in the improvement of education in the district.

(b) Out of the total of Kshs1,039,000 raised between the period April, 1996 and 1999, Kshs1 million was used for a variety of educational activities, programmes and services in the district. These were supplementing the Government's efforts.

Mr. Werah: Thank you, Mr. Speaker, Sir. I do not actually accept the answer the Assistant Minister has give this House. This is so because I have cases of several students who have been sent away from schools in my constituency. Therefore, could the Assistant Minister clarify the issue to this

[Mr. Werah]

House by telling us the truth?

Mr. Awori: Mr. Speaker, Sir, I had an opportunity of discussing this answer with the hon. Member and I assured him that if he witnessed that, let me have the names of the students and the schools where they are and then instructions will be given to the headmasters to re-admit the children. This is so because the contribution is voluntary and not compulsory.

Mr. Kanyauchi: Thank you, Mr. Speaker, Sir. What my friend has asked is something which happens all over the Republic and not just in his constituency. For instance, in my own constituency, which is called Gwasi, there is a compulsory levy of Kshs100 which is charged on every child. Is the Assistant Minister aware that this is a form of tax? If he is aware of that, what kind of tax can anybody levy without passing through this august House?

Mr. Awori: Mr. Speaker, Sir, it is not a tax as such. This is an arrangement where leaders in various districts, who want to improve the standards of their education sit together and agree on a certain levy. I can assure the hon. Member for Gwasi that in the areas where schools excel every year they do this. This is meant to help the children to improve their standards of education. Obviously, the leaders can sit back and say that everything will be done by the Government, and naturally the standards of education will come down and these leaders will be blamed.

Mr. Werah: Thank you, Mr. Speaker, Sir. I want to know from the Assistant Minister whether the purpose of this Fund is to improve the standards of education in my constituency or any other constituency in Garissa District. If that is the case, why is it that we always take the last position in the national examinations?

Mr. Awori: Mr. Speaker, Sir, it is very difficult for me to answer him without spending some part of my life in the area to find out the reasons why schools in Ijara constituency, or North Eastern Province, take the last position in the national examinations. It could very well be that there are some constraints, such as the question we dealt with yesterday of understaffing and negative attitude towards education by some parents. There are many reasons why students from certain areas do not perform very well.

Mr. Angwenyi: Mr. Speaker, Sir, the Assistant Minister has said this is a voluntary contribution. Could he give a directive here today that no student would be expelled from school for being unable to pay this voluntary contribution?

Mr. Awori: Mr. Speaker, Sir, in fact, the Head of State is on record as having stated that no child, either at primary or secondary level, will be expelled from school for not having paid a voluntary levy. He is on record and I can confirm in this august House that no student should be expelled for failing to pay a voluntary contribution.

Question No.058

DESTRUCTION OF MT. ELGON FOREST

Mr. Munyasia, on behalf of **Mr. Wamunyinyi**, asked the Minister for Natural Resources:-

- (a) whether he is aware that some individuals continue to cut down indigenous trees at Mt. Elgon Forest;
- (b) whether he is further aware that this process is interfering with the natural forest regeneration and the essential process of hydrological cycle; and

(c) if the answers to "a" and "b" above are in the affirmative, what steps he is taking to save the situation.

The Assistant Minister for Natural Resources (Mr. Lengees): Mr. Speaker, Sir, I beg to reply:-

(a) I am not aware that some individuals continue to fell indigenous trees in Mt. Elgon Forest. What I am aware of is that the communities living adjacent to Mt. Elgon Forest have over the years utilised forests as a source of food, firewood, construction, medicine and basketry. This type of forest utilisation is in line with the Government policy which allows local communities to benefit from resources that they jointly manage with the Government.

(b) I am not aware that the process is interfering with the natural forest regeneration and the essential process of hydrologic cycle. In fact, studies show that forest regeneration is enhanced through opening of forest canopy. As for hydrologic cycle and waterflow regimes, I have no data to support the argument. If the hon. Member has any information on hydrologic cycle, he can share it with the Members.

(c) My Ministry will continue to conserve and manage all natural forests, including Mt. Elgon, in a sustainable manner. Besides, participatory management with the adjacent communities will continue to be encouraged. This way, illegal activities in the forests will be eliminated.

Mr. Munyasia: Mr. Speaker, Sir, I am surprised that the Assistant Minister says he is not aware that trees are being cut in Mt. Elgon Forest. The rivers that stem from Mt. Elgon are threatened from both sides; the Ugandan side and the Kenyan side. The councillors in Mt. Elgon County Council have shared part of the forest between Lwakhakha River and Malakisi River and we, who enjoy the waters of these two rivers, are threatened with the prospects of these rivers drying up. So, now that I have given the Assistant Minister the information that the councillors from Mt. Elgon County Council have shared up the area between these two rivers, what action is he going to take to ensure that this exercise stops, to save those rivers?

Mr. Lengees: Mr. Speaker, Sir, as per the information available, we have no information of rivers drying up because of the cutting down of the forest.

Mr. Kapten: Mr. Speaker, Sir, the Assistant Minister is mis-informing this House. Last month, lorries from Raiply, a timber factory in Eldoret, were impounded by Mt. Elgon County Council because those lorries were ferrying trees; Elgon Teak, which had been cut from Mt. Elgon Forest. Is he aware that this company from Eldoret--- And I wish to add that the highest authority in this country has shares in Raiply. Is the Assistant Minister aware that Elgon Teak trees from Mt. Elgon are being cut and taken to Eldoret for timber?

Mr. Lengees: Mr. Speaker, Sir, I think that is a speculation. I am not aware that Raiply is ferrying trees from Mt. Elgon Forest. What I am aware of is that Raiply Company has been licensed to cut trees from some forests in Kenya and for a long time, they have felling trees of a particular age and not all the trees.

Mr. Wanjala: Mr. Speaker, Sir, is the Assistant Minister aware that when Mt. Elgon District was created, the people who were displaced to create room for the district headquarters were not compensated and now, they have instead been allocated part of Mt. Elgon Forest?

Mr. Lengees: Mr. Speaker, Sir, if any re-settlement exercise was done in Mt. Elgon Forest, it was way back in 1990, compensating some of the local communities there, not anybody from outside that area.

Dr. Omamo: Mr. Speaker, Sir, this Mt. Elgon area houses Elgon Teak which is a rare tropical timber known in the international trade as Noliondo, meaning Mt. Elgon specific. If it is true that this timber, Elgon Teak is being poached, without the knowledge of the Ministry and it is a rare timber and it is very special, because when it is used for flooring, it is very special, could the Assistant Minister assure the House that the Ministry is going to take steps to go to Mt. Elgon and check that Elgon Teak is being left intact? This is because, if it is not being left intact and it is cut, and even if a new one is to grow, it will take 300 years to mature for harvest. Can the Ministry assure the House that they are going to check that Elgon Teak is not poached until it disappears from Kenya?

Mr. Lengees: Mr. Speaker, Sir, while thanking the Member for that very good supplementary question, we have no information so far, whether the Elgon Teak is being poached. To-date, it is still intact in Mt. Elgon where it is found. As I said earlier, my Ministry will continue to manage and conserve our natural forests, including Mt. Elgon. In any case, I assure the House that we will have to check again and protect the Elgon Teak.

Mr. Munyasia: Mr. Speaker, Sir, could the Assistant Minister assure this House that he is going to order that the settlements that are being made in this forest are stopping immediately ? I have given him information that it is being settled in as we are speaking now. The councillors have given themselves portions there and they are clearing them.

Mr. Lengees: Mr. Speaker, Sir, when I came to this House, I was fully aware that there are no squatters within Mt. Elgon Forest. I have told the House that the last time some parts of the forest were given out was in 1990, not now. So, there is no use of us re-checking that.

Question No.073

IRREGULAR PLOT ALLOCATIONS IN MALINDI

Mr. Badawy asked the Minister for Local authorities:-

(a) whether he is aware that the plots M3 and M3A in Malindi Town were allocated irregularly by the Municipal Council of Malindi in 1992; and,

(b) what the Ministry has done to assist the residents of the said plots who are facing imminent eviction by the council.

The Minister for Local Authorities (Prof. Ongeru): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that plots M3 and M3A in Malindi Town were allocated irregularly by the Municipal Council in 1992.

(b) The Ministry is not aware of any residents of the plots who are facing imminent eviction by the council and, therefore, the issue of assisting them does not arise.

Mr. Badawy: Mr. Speaker, Sir, in my earlier Question in November, 1995 on the same scheme the then Minister committed himself to saying that in fact they had allocated 411 plots in accordance with the council resolutions and Ministerial approval. In the same answer the Minister tabled a list of 910 allottees as at 9th November, 1995. I would like to ask the Minister where and when these 499 additional allottees were allocated land, under what council resolutions, under what Ministerial approval and under which minutes of a district plot allocation committee. I have the information and I can lay it on the table.

Prof. Ongeru: Mr. Speaker, Sir, I am fully aware that in 1991 the municipal council of Malindi bought 300 acres of land for development purposes for the municipality. Consequently, those who were staying there were 261 needed to be settled in smaller holder plots in Malindi. Apparently, there was immense interference and also by some politicians who flooded the area. The Ministry in 1992 in replying to a Question by the hon. Member decided to sub-divide these plots in to squatter plots to accommodate 900 people. The allottees who were given these plots instead of staying in the plots sold out the plots and then re-entered in to those other plots that had not been dished out. Consequently, there are now over 4000 settlers in that area. My Ministry and certainly the municipality are---

Mr. Badawy: Mr. Speaker, Sir, I still maintain that the Ministry and the council approved 411 plots only contrary to the list of 910 provided by the Ministry which the Minister now reiterates. My question is: Under what resolution of the council and under what Ministerial approval and under which minutes of the District Plot Allocation Committee were these additional 499 plots which according to my information the municipal chief officers sold receiving money under the table for the rest of the plots and that the official price was between Kshs5,000 and Kshs35,000. Under what council resolution were these deals conducted and where are these funds?

Prof. Ongeru: Mr. Speaker, Sir, at the expense of repeating myself, in 1991 there was a request from the Municipal Council, Malindi to the Ministry to allow them to sub-divide the plots in to small holdings. They received the authority of the Ministry of Local Authority vide letter No.C/114211/20 of 18th June, 1991. As for the second issue of money being received under the table, I am aware that there were some complaints from the people of Malindi that some officers, including some politicians, had received money under a separate account which was hidden somewhere. It was said that the amount involved was Kshs6 million. That was the allegation. That touched on the former Clerk and the former Treasurer. I have since then sent extraordinary inspection team to be able to ascertain the veracity of the is matter and when that report will be made available to me I shall accordingly deal with that second issue that the hon. Member has raised.

Mr. Badawy: Mr. Speaker, Sir, I am very grateful to the Minister for admitting that there were underhand deals by his officers and by some politicians as he implied. But my question is: I have a record of an identification exercise carried in conjunction with the Municipal Council of Malindi, the provincial administration, the squatters of the scheme. I have with me here a list of 1066 registered genuine squatters and yet the municipal council went ahead and allocated 910 plots in excess of the existing plots. How does the Minister intend to solve this problem when he says the municipality does not intend to evict squatters and yet the council has gone ahead to allocate when there are 1066 registered squatters?

Prof. Ongeru: Mr. Speaker, Sir, my Ministry deals with informal settlements. It certainly does not deal with the settlement of squatters because that is a different exercise altogether and the boundaries of the municipality and the function of the---

Mr. Badawy: On a point of order, Mr. Speaker, Sir. I quite agree that his Ministry does not settle

squatters but this particular scheme was intended to be a squatter settlement and I have documents to prove that the ---

Mr. Speaker: Order! Mr. Badawy, you are now giving a counter-argument. That is not a point of order. Could you finish that answer Prof. Onger

Prof. Onger: Mr. Speaker, Sir, I have a list here of 900 allottees each having a quarter acre plot. There is a limit to which you can squeeze people in any given plot. The only way it can be so is through an influx of settlements of people to form the informal settlement like the type we have in Mathare and in the other places. The original purpose for the municipality in buying the 300 acres was to plan for the future development of that municipality. It now appears that it wants to be turned in to a settlement scheme which is contrary to the principle of running the municipalities and towns.

Question No.176

FORCED RETIREMENT OF MS. FLORENCE NAITORE

Mr. Kiunjuri asked the Minister for Labour:-

- (a) whether he could explain why Ms. Florence Naitore, Clock No.829, who was working at the Mount Kenya Safari Club was retired before attaining the mandatory retirement age; and,
- (b) when she will be paid her retirement benefits along with compensation for the five years she lost as a result of her forced retirement.

The Assistant Minister for Labour (Mr. Ethuro): Mr. Speaker, Sir, I beg to answer.

(a) Ms. Florence Naitore's services were terminated by the management of Mt. Kenya Safari Club on 31st December, 1997 after working there for a period of six years. According to the management the contract was terminated upon attainment of the retirement age. She disputed that age and produced records which showed that she was 45 years according to her National Identity Card. The management then sought the assistance of a specialist to determine the true age of Ms. Naitore. Information so far has not disclosed the specialists finding.

(b) Ms. Naitore's case was reported to the Labour Office, Nanyuki on 21st April, 1999 and is still pending. However, once the findings of the specialist are out, the parties should be able to resolve the question of her terminal dues as provided for in the Collective Agreement between the employer and the union.

Mr. Kiunjuri: Mr. Speaker, Sir, I am surprised that the Assistant Minister has the answer which I also do not have. However, could the Assistant Minister promise this House that after thorough investigation is done we shall be given the correct position on this matter, the age of this woman and when she will be paid?

Mr. Ethuro: Mr. Speaker, Sir, this case was reported to the Labour Office on 21st April, 1999. So, the case is pretty current and we are waiting for the findings of the specialist because I do not think that our Ministry is in a position to determine the exact age of the lady. Once we find that, we will be able to resolve it according to the collective agreement between the union and the employer.

Mrs. Ngilu: Mr. Speaker, Sir, before any employer recruits an employee, he establishes the age of that employee. This is also clearly shown in every Kenyan's national identity card. How come Ms. Naitore is being subjected to scrutiny of her age when she has already been retired?

Mr. Ethuro: Mr. Speaker, Sir, the lady has an identity card. But by the time she was contracted for employment, somehow, the employer did not use that but that is the document she is now using to dispute her age. We will go by the age on the identity card. So, I want to assure this House that the Ministry is undertaking thorough investigations to determine the case because the union is also involved.

Mr. Ndicho: Mr. Speaker, Sir, the Ministry of Labour is letting down the workers of this country. It is not helping the workers at all as they are being exploited by their employers. They have been sacked left-right-and-centre, without being paid their benefits. Is the Ministry satisfied that it is impossible to tell the difference between a lady of 45 years and another one of 55 years? The Assistant Minister is telling this House that this lady was retired when she attained the mandatory retirement age, which is 55 years. A 45 year old lady is a girl while a 55 year-old lady is a woman. So, is the Ministry satisfied that, that reason is satisfactory by itself?

Mr. Speaker: Mr. Ethuro, was Naitore a girl or a woman?

Mr. Ethuro: Mr. Speaker, Sir, the hon. Member is putting me in a very awkward situation. I wish I could give my preferences, but I cannot because I do not have a parameter. But we will go by what the employee stated at the time she was looking for employment. Now that she has adduced evidence through her identity card, we are satisfied that she is 45 years old. This is why we have enlisted the help of a specialist to determine her correct

age. As far as we know, if her age is 50, 55 or 45, we will go by that age.

Mr. Murungi: Thank you, Mr. Speaker, Sir. I think as far as the normal practice is concerned, the age stated in the identity card is conclusive evidence of the age of a person. Since this lady has produced an identity card which shows that she is 45 years old, what kind of specialist is the Ministry consulting to determine her age? What is the name of the specialist? What are the professional qualifications of that specialist and when was the specialist appointed and on what basis?

(Applause)

Mr. Ethuro: Mr. Speaker, Sir, just before I answer that specific question, it would be good to advise the House that the Ministry of Labour is there to maintain industrial harmony. So, we will look at both sides of the story; that of the employer and the employee. I think it is important to ensure that there is fair play being practised. The specialist is known as Dr. Burt. Doctors usually do this kind of work. We are normally not there when the employees are being contracted by their employers until a dispute comes to us and this is when we start looking into all the relevant issues. The pertinent issue here is that, Ms. Florence Naitore has produced an identity card showing that she was born in 1952. So, the correct age should be 45 years. But the other party in the dispute is the employer who would like to determine separately the age of this woman. As I said, the case is current. It was only reported to the Labour Office in Nanyuki on 21st April, 1999. It has not even lasted for a month. I hope hon. Members will be satisfied with this answer. I think the one who brought the Question was satisfied that, as long as we follow this process, this matter will be determined to its logical conclusion.

Mr. Otula: Mr. Speaker, Sir, now that the Ministry has failed to determine the age of this particular lady, can the Assistant Minister assure this House that he is going to order the Mount Kenya Safari Club to reinstate this lady and pay her all her dues?

Mr. Ethuro: Mr. Speaker, Sir, suffice it to say that, if we determine beyond any shade of doubt that the age of the lady is 45 years, in harmony with the Collective Bargaining Agreement, she will be paid accordingly. But if the age is determined to be 55 years or more, the steps to be taken are very clear in the Collective Agreement and we will go by that.

Mr. Speaker: Order! I think we have gone out of purpose as far as this issue is concerned.

Mr. Kiunjuri: On a point of order, Mr. Speaker, Sir. The Assistant Minister has said that the doctor who is going to determine the age of that lady is Dr. Burt and everybody in Laikipia District knows that Dr. Burt is the consultant of Mount Kenya Safari Club. This means that there will be no independent report on this issue. Secondly, the same management of Mount Kenya Safari Club last week dismissed all the trainees who have been working there for the last five years. Could this Assistant Minister assure this House that he will order for the statutory and minimum payment of the salaries plus arrears for the five years the workers have been working for the Club?

Mr. Speaker: Sorry! Sorry, Mr. Kiunjuri! I think you should concentrate on what is before the House. Those other employees of five years are people we do not know. Those are strangers! What was your point of order about Naitore?

Mr. Kiunjuri: Mr. Speaker, Sir, you gave me a chance to raise one point and I have more than five points to raise, that is why I am getting confused. I would like to know whether we will get an independent doctor to determine the age of that lady. Secondly, what is the position of those people who have been working for five good years as trainees? What kind of training were they getting for fives and yet they were dismissed last week without payments? Could the Assistant Minister explain to this House what is going on with the management of Mount Kenya Safari Club?

Mr. Ethuro: Mr. Speaker, Sir, I think you have saved me on the second point; about the management trainees whom I am not aware of because that issue was not before us. But about Ms. Florence Naitore and Dr. Burt whose is being consulted by the management; it is clear that the doctor is for the Mount Kenya Safari Club. So, that is their side of the story. What we are hoping is that, Dr. Burt will agree with the age on the identity card of the lady. In the unlikely event of a dispute, then we have other ways of verifying the true age of the lady and we will act. But it might be good to explain that the terminal benefits had actually been calculated but Ms. Naitore did not want to take them until the age differential is determined. Thank you.

Dr. Kulundu: On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to imply that there are no doctors in the Ministry of Labour, when in fact, in the Division of Occupational Health, you have six specialists who could be used to verify the age of this lady?

(Applause)

Mr. Ethuro: Mr. Speaker, Sir, I never said or implied that there are no doctors in the Ministry of Labour. What I said is that the Ministry of Labour is going by the identity card to dispute that age. So, we are giving them the first chance to prove otherwise. And I said, in the unlikely event of the age being different from the 45 years age, then we will resort to our normal channels.

Mr. Speaker: Mr. Muchiri's Question!

Mr. Muchiri: Mr. Speaker, Sir, I do not have a written reply to this Question.

Question No. 190

HARASSMENT OF MATHARE 4A RESIDENTS

Mr. Muchiri asked the Minister for Public Works and Housing:-

(a) whether he is aware that since 1990 when the Mathare 4A Upgrading Project was started, the area residents have been complaining of the violation of their constitutional rights, unlawful eviction and demolition of their properties, both by the provincial administration and the staff of the project; and,

(b) if the answer to "a" is in the affirmative, whether he could ensure alternative site is available for the displaced Kenyans.

Mr. Speaker: Order! I think it is getting a little distressing. I am being distressed by the fact that every hon. Member standing to ask a Question complains that the written reply has not been given. That is distressing. It is the right of every hon. Member asking a Question to get a written reply in good time. Will this be ensured that it happens in future! I will be very, very unkind to this lapse of hon. Members complaining all the time that they are not given what they are truly supposed to receive. It makes the work of the House meaningful. When hon. Members get the answers they prepare properly to ask supplementary questions. So, can we not have this again. Who is this culprit now?

An hon. Member: They are not there!

Mr. Speaker: Where is the Ministry of Public Works and Housing?

Dr. Ochuodho: On a point of order, Mr. Speaker, Sir. Given that your sentiments have been expressed in this House before, especially last week, you called upon these Ministers to make sure that we get the written replies, but they seem to be more pre-occupied with the succession game than preparing these answers. Now, that this seems to continue, we need your guidance; what action are you going to take to ensure that written replies are given?

Mr. Speaker: The hon. Ochuodho must know that I do not intend to make empty threats. I have already revealed my teeth. So, it is up to whoever does not want to get bitten to comply with my threat. So, if they are not there, we will skip that for now. Mr. Obwocha!

Question No. 057

MISUSE OF FUNDS BY KFF SECRETARY-GENERAL

Mr. Obwocha asked the Minister for Home Affairs, National Heritage, Culture and Social Services:-

(a) whether he is aware that on March 24th, 1998, A.F.C Leopards club compensated Shabana F.C. Kshs300,000 in respect of their former coach;

(b) whether he is further aware that the KFF Secretary-General, Mr. Sam Nyamweya converted the money into personal use and gave out his personal cheque No.247406 dated 24th March, 1998 for Kshs300,000 which bounced; and,

(c) if the answers to "a" and "b" above are in the affirmative, what steps is the Ministry taking to recover the money from him and what disciplinary action is contemplated against him.

The Assistant Minister for Home Affairs, National Heritage, Culture and Social Services (Mr. Marrirmoi): Mr. Speaker, Sir, I am requesting that this Question be deferred, because I have no answer.

(Loud consultations)

I want to provide you with proper answers.

Mr. Obwocha: On a point of order, Mr. Speaker, Sir. I would like you to make a ruling in view of what we think is going to happen tomorrow; whether there will be Question Time or not. My interest in this Question is the refund of this money, and since I have got a written reply from him which is unsatisfactory, I would like to give him the evidence. That is, the cheque number and the letter written by Shabana F.C. so that he can bring a good answer.

Mr. Speaker: Order! Until we get the Question on the Floor, he is asking that it does not get to the Floor. So, right now, the Question is not on the Floor. But I encourage you to move next to him and give that evidence. Therefore, I will defer this Question to tomorrow afternoon. So, will you get prepared for tomorrow afternoon? You can walk to him and solicit evidence.

The Assistant Minister for Home Affairs, National Heritage, Culture and Social Services (Mr. Marrimoi): Mr. Speaker, Sir, we will do that.

Mr. Speaker: For the second time, Mr. Ojode!

Mr. Ojode: Mr. Speaker, Sir, I wish to apologise for coming late. I too have not received the written reply.

Question No. 145

RETENTION OF PERMANENT SECRETARIES/
PARASTATAL CHIEFS IN CIVIL SERVICE

Mr. Ojode asked the Minister of State, Office of the President:-

(a) how many Permanent Secretaries and parastatal Chief Executives have attained the mandatory retirement age of 55 years;

(b) whether he could table the names of the said officers and explain what special skills these public officials possess to justify their retention in the Service; and,

(c) how much money is paid as their monthly emoluments.

Mr. Speaker: First of all, where were you?

Mr. Ojode: Mr. Speaker, Sir, I was in court and you know it!

Mr. Speaker: Mr. Ojode, you are late, you owe a duty to the House to explain where you were. I do not know where you go. And if you play around, I may say that the House will not hear your Question.

Mr. Ojode: Mr. Speaker, Sir, I thought you asked me where I was and I said that I have a court case with the former PS, Ministry of Health. In fact, yesterday I informed you that there is a court case going on between myself and the former PS, Ministry of Health.

Mr. Speaker: So, you do not want to apologise to the House for being late?

Mr. Ojode: I have done that, Mr. Speaker, Sir.

Mr. Speaker: Very good! Mr. Sunkuli why did you not give him a written reply?

The Minister of State, Office of the President (Mr. Sunkuli): Mr. Speaker, Sir, I would like to apologise to the House that I did not give him the written reply. It must have been an oversight, but I must apologise, and we take your threat seriously. I hope you do not begin with me today.

Mr. Speaker, Sir, I beg to reply.

(a) Two Permanent Secretaries and 14 parastatal Chief Executives have attained the mandatory retirement age of 55 years, as of May, 1999.

(b) The officers have been at the helm of institutions or parastatals which are currently undergoing restructuring and/or privatization, and for the sake of continuity in management through the critical stages in these organizations, the Chief Executives have been retained in the service on contract.

(c) The monthly emoluments of both Permanent Secretaries and Chief Executives of parastatals are not confidential. They are in the public domain, in that, in the Annual Recurrent Estimates approved by Parliament, all the annual approved budgets of each parastatal do contain this information.

Mr. Ojode: Mr. Speaker, Sir, you have heard what the hon. Minister is having as his reply. For part "b", I asked the Minister to table the names of the said officers, but he has not said anything about it. For part c---

Mr. Speaker: Why do you not first of all ask him why he has not tabled?

Mr. Ojode: Mr. Speaker, Sir, could the Minister table the names first, and then you give me another opportunity now to ask for part "c".

Mr. Sunkuli: Mr. Speaker, Sir, I did not table the names, because I wanted the guidance of the Chair, taking into account the fact that these are Kenyans who are not in this House to defend themselves.

(Loud consultations)

Dr. Kituyi: On a point of order, Mr. Speaker, Sir. Since these days every person's pay-slip is written on the age, for example, on Mr. Masya's pay-slip: "You are now 55 years---" What is so secret about age that you cannot mention it here?

Mr. Speaker: By the way, why pick on that name?

(Laughter)

Mr. Sunkuli: Mr. Speaker, Sir, even my own pay-slip reads that I am 49 years old, yet I am 38 years old.

Mr. Ojode: Mr. Speaker, Sir, I seek the indulgence of the Chair to order the Minister to table the names as I requested.

Mr. Speaker: Mr. Sunkuli, is the tabling of those names a threat to national security?

Hon. Members: No! no!

Mr. Sunkuli: Mr. Speaker, Sir, I asked for your guidance, whether it is not in contravention of our Standing Orders to discuss personalities who are not here to defend themselves.

Mr. Speaker: Order! Order! I do not think it is defamatory of anybody saying that you are 55 years old. Also, I do not think it is secret for anybody to be 55 years old. I do not think it hampers national security to be 55 years old.

Mr. Sunkuli: Mr. Speaker, Sir, in that case, I would request the Chair to grant me a week, so that I can table the names.

Mr. Kombo: On a point of order, Mr. Speaker, Sir. In his answer, the Minister told us that there are two Permanent Secretaries of this age. Now, he wants a week to table two names. Is he in order?

Mr. Sunkuli: Mr. Speaker, Sir, I did not ask for a week to table two names. I asked for a week to table the whole list.

(Several hon. Members stood up in their places)

Mr. Speaker: Order! Order! I think I have to strike the middle ground. Mr. Ojode, you wanted the names. Now, the Minister has promised to give you a comprehensive list.

Hon. Members: Tomorrow?

Mr. Speaker: Order! Order! I will generally defer the Question. Mr. Ojode, you can always get in touch with me if you think that a week, or two, is too long, but I will put the Question on the Order Paper as soon as possible.

Mr. Ojode: On a point of order, Mr. speaker, Sir. I asked for the Chair's indulgence with respect to this particular Question because I did not put this Question recently. The Question has been there since the last Session. I know that the Minister has the names; he showed them to me. Now, why can he not come out and table them? We should, for once, take Parliament as a serious institution.

Mr. Speaker: Order, Mr. Ojode!

Mr. Ojode: Mr. Speaker, Sir, I respect the Chair.

Mr. Speaker: Order! Order! Mr. Ojode, I think I have disqualified all the reasons the Minister had advanced for not tabling the names one-by-one, and I said that he will to table them. He just wants a little time, and I will give him that little time. So, I will defer the Question for a while.

[Mr. Speaker]

(Several hon. Members stood up in their places)

Order! Order, hon. Members! Normally, when an hon. Member seeks the indulgence of the House, for the benefit of the House, I think the House normally gives an indulgence. It is just a question of time.

Mr. Mutahi: On a point of order, Mr. Speaker.

Mr. Speaker: What is it, Mr. Mutahi?

Mr. Mutahi: Mr. Speaker, Sir, many a time, you have told us in this House that once a Question is put before the House, it becomes a property of the House. Now, you have just told the hon. Questioner that if he thinks

that the time that has been asked for by Minister is too much, the hon. Member should consult with you, and then you will see what action to take. We thought that the answer---

Mr. Speaker: Mr. Mutahi, I think you are right. Let me mend what I have said. I, now, order that the Question be put on the Order Paper within a very reasonable time.

Hon. Members: No!

Mr. Speaker: Order! Order! Yes!

Mr. Kapten: On a point of order, Mr. Speaker, Sir. The hon. Minister has told us about two names of Permanent Secretaries and four other names. He is now talking about a comprehensive list. Is that comprehensive list going to include all the names of the civil servants, or what does he mean by a "comprehensive" list?

Mr. Sunkuli: Mr. Speaker, Sir, the list will contain the names of two Permanent Secretaries and 14 parastatal chiefs.

Mr. Angwenyi: On a point of order, Mr. Speaker, Sir. I would like to get clarification from you whether this House is going to tolerate Ministers giving us frivolous answers, and yet they are spending public money in doing the business of this House? It would take about one minute to give a list of 15 names. He can even write the list right now.

Mr. Sunkuli: Mr. Speaker, Sir, I want to apologise to hon. Angwenyi for having given a frivolous answer, because he used to give very good ones. I asked for the indulgence of this House because hon. Members of this House want to know who these people are. I have said that I do not have the list. I have asked for time---

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

Mr. Speaker: Order! Order! If I may ask, what are we attaining by going in circles? Why do we not give the Minister the time he asked for, so that he can come back and answer the Question satisfactorily?

(Loud Consultations)

Order! Order! Hon. Members, you must realise that none of you is going to set the Order Paper from where you are sitting. So, I will defer the Question. It will be put on the Order Paper the soonest possible. Next Question!

An hon. Member: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: I am sorry!

(Question deferred)

Question No.046

TOTAL AMOUNT OF GOVERNMENT PENDING BILLS

Mr. Kombo asked the Minister Finance:-

(a) what is the total sum of unpaid bills owed by Government Ministries to public concerns for goods and services procured as at 31st January, 1999;

(b) whether he could avail a list consisting of a breakdown of the outstanding amounts in excess of Kshs250,000 by Ministry, and where applicable, by Department; and,

(c) which public bodies, i.e, companies, corporations and individuals, are represented by the outstanding unpaid bills.

The Minister for Finance (Dr. Maskhalia): Mr. Speaker, Sir, I may I request that, that Question be deferred.

An hon. Member: Why?

The Minister for Finance (Mr. Masakhalia): To enable me have more time to get the details needed, Mr. Speaker, Sir.

Mr. Speaker: What is your reaction, Mr. Kombo?

An hon. Member: That is outrageous!

Mr. Kombo: Mr. Speaker, Sir, I think this is outrageous. The Minister is asking for the deferment of this Question for the third time, now. Anyway, being a Luhya, I will bear with him.

Mr. Speaker: Very well, Question deferred.

(Question deferred)

QUESTIONS BY PRIVATE NOTICE

DISPLACEMENT OF BUDALANGI RESIDENTS BY FLOODS

Mr. Wanjala: Mr. Speaker, Sir, first, I wish to say that upto now, I have not been provided with a written answer.

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 River Nzoia in Budalangi constituency, Busia District, started flooding on 2nd May, 1999, and has displace many people?

(b) If the answer to "a" above is in the affirmative, what steps is he taking to control the floods, resettle the displaced and give relief food to the displaced?

The Minister for State, Office of the President (Dr. Anangwe): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that a small part of Budalangi Constituency called Sigili was flooded when water passed through a broken dyke. The water displaced 15 families and affected about 33 hectares of land. However, I am not aware that the bulk of Budalangi Constituency in Busia District is flooded.

(b) Steps are being taken under the *El Nino* Project to control the floods. The project has budgeted Kshs25 million for repair of the broken sections of the dykes, which will contain flooding whenever the river swells with water. It is one of the packages in the water sector of the *El Nino* Emergency Project to receive accelerated design by both *El Nino* Emergency Project and consultants, and approval by the World Bank for tendering. Presently, the contract for construction has been tendered, and is under valuation. Thereafter, it will be awarded to the suitable bidder for work to commence. Repairs on the affected sections may commence, probably, from July, 1999.

For the time being, we can talk of relief supply to the displaced people. However this is dependent on whether the Busia District Social Dimensions of Development Committee, of which the hon. Member is a member, requests for such assistance. However, the Government is closely monitoring the situation on a daily basis, and in case of any changes in the current situation, action to redress it will be taken effectively.

Mr. Wanjala: Mr. Speaker, Sir, the Minister answering the Question knows Budalangi; he was one time in that place. He saw how those people were flooded just right from October, 1997 and how they were suffering. It is a disaster that has stayed for more than 15 months and it has resulted into several problems. I am surprised to hear from the Minister that a section of Sigili is the only place which is affected, but the dyke was broken in several areas. The whole Constituency's six locations are flooded. I do not understand where the Minister is getting these answers from. Five schools are flooded and---

Mr. Speaker: You ask him questions, Mr. Wanjala! It is not debating time!

Mr. Wanjala: Mr. Speaker, Sir, it is a matter of concern since it is a disaster and it seems the Government is not taking serious steps to contain this. Can the Minister tell us what serious steps, he is taking to ensure that the people who are flooded are resettled and given relief food?

Dr. Anangwe: Mr. Speaker, Sir, it is true, I paid a visit to his Constituency and I did see camps of displaced people, but the information I have from the ground is that when the water subsided about 13,000 people went back to their homes. Now, I am hearing from him that in addition to Sigili other parts of the Constituency are, of course, flooded. Now it is his word against the reports I am getting from the ground. I am prepared to accompany him to his Constituency to see for myself and verify the extent of the flooding so that remedial measures can be put in place.

MONEY BORROWED FROM LAMU DISTRICT TREASURY

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

(a) Could the Minister inform the House how much money was borrowed from the Lamu District Treasury and the District Bursary Fund by the following:-

(i) Immediate former District Commissioner, Lamu

(ii) The immediate former District Officer 1

(iii) The immediate former District Officer, Lamu Division

(iv) The immediate former District Accountant, Lamu?

(b) Is he aware that due to the large sums of money so borrowed by these officers, all services at the District have ground to a halt?

(c) What urgent measures does the Minister intend to take, as a matter of urgency, to ensure that these amounts are recovered in full from the said officers and remitted back to the District Treasury so that the services can be resumed?

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, I beg to reply.

(a) The officers in question incurred imprests and IOUs amounting to a total of Kshs5,760,602 between July, 1997 and October, 1998. There is no evidence to show that the money for the District Bursary Fund was taken.

(b) I am not aware that the services have come to a standstill; operations are running as normal.

(c) There were four officers involved; two of the officers have been suspended and the matter has been handed over to the police for investigations and possible prosecutions. Two of the officers have been removed from the station and are elsewhere because the internal investigations established that these two officers were not involved, but were acting on the instructions of the District Commissioner.

Mr. Twaha: Mr. Speaker, Sir, I would wish to draw your attention to the fact that I too, have not received a written answer. But the hon. Minister has not answered part (c) of the Question. My Question was, what steps were being taken to have the money recovered and returned to the Treasury so that we can pay for the supply of foodstuffs and refuel the Government vehicles which are now not moving?

Maj. Madoka: Mr. Speaker, Sir, we wrote to the officers concerned, but they did not respond and that is why we have taken the matter to the police and I am sure they will be prosecuted.

Mr. Badawy: Mr. Speaker, Sir, it is very serious when suppliers have suspended taking any foodstuffs or medicines or anything else to the hospital and that is a fact. I do not think the Minister has answered the Question on the steps that he is taking to have the money recovered. Otherwise, can he tell this House that the Government is making arrangements to send some money to the District Treasury so that supplies can resume?

Maj. Madoka: Mr. Speaker, Sir, I confirm that we are making arrangements to make some funds available to ensure that the services do not ground to a halt.

Mr. Wamae: Mr. Speaker, Sir, this is a very serious matter and it is common not only to Lamu but to many other districts.

Mr. Speaker, Sir, in Nyeri there was Kshs4.5 million missing and the Treasury could not move. What is the Minister going to do to make sure all Treasuries imprests are refunded so that they can get a reimbursement from Nairobi on time? As a general policy, what is the Minister going to say so that the country can know how the Treasuries will operate?

Maj. Madoka: Mr. Speaker, Sir, there is a procedure how people should ask for reimbursement of the funds in the Treasury and that is clearly laid out.

Mr. Shidie: Mr. Speaker, Sir, District Treasuries have been corridors of corruption and they have made many Kenyans to suffer. Can the Minister consider dissolving District Treasuries so that each Ministry has its own accountants and financial controllers?

Maj. Madoka: Mr. Speaker, Sir, I note the Member's views.

COMMUNICATION FROM THE CHAIR

OUT OF ORDER TO ANTICIPATE DEBATE

Mr. Speaker: Order! I think that concludes our Question Time, although I had skipped hon. Muchiri's Question. I did not call it the second time round. I will order that it does appear on tomorrow's Order Paper. I do not know whether Mr. Muchiri is here, but he may be informed. I am sorry about it.

Hon. Members, on Tuesday, 4th May, 1999, the Member for Kitutu Masaba raised the issue of Members carrying debate outside this Chamber on issues which have been tabled before the House, and sought my considered ruling over the matter. As an example, he tabled a letter from a certain Centre for Governance and Development inviting him for "A Workshop on the Liberalisation and Restructuring of the Tea Industry at Tea Hotel, Kericho, from 6th to 8th May, 1999".

The first paragraph of the invitation letter stated, "The Centre for Governance and Development (CGD)

as a part of its strengthening of Parliamentary programme has organised a two-day workshop to discuss the recently introduced tea policy. The workshop will focus on the Tea (Amendment) Bill, 1999 and the Sessional Paper on the Liberalisation and Restructuring of the Tea Industry".

Both the Bill and the Sessional Paper had been tabled and, therefore, had been placed before the House. The Member for Kitutu Masaba sought to know my guidance whether Members of Parliament invited for the workshop will not be in breach of Parliamentary procedures and practices. The provision of Standing Order No.70 directs as follows:-

"It shall be out of order to anticipate the discussion of a Bill which has been published as such in the Gazette by discussing upon a substantive Motion or an amendment or by raising the subject matter of the Bill upon a Motion for the adjournment of the House".

"In determining whether a discussion is out of order on the grounds of anticipation, regard shall be heard to the probability of the matter anticipated being brought before the House within a reasonable time".

Hon. Members, in Parliamentary procedures, traditions and conventions, rulings of the Chair constitute part of the rules governing proceedings of the House.

These rulings of the Chair remain part and parcel of the House and entered by the resolution of the House. Consequently, on the 12th August, 1969, the Chair ruled and I quote:

"As stated in my communication of the 29th May, 1969 and 24th June, 1969, it is definitely improper and contemptuous of this House for hon. Members to carry on debate outside this House or to answer in the Press or publicly elsewhere anything that has been said by hon. Members in this House. What I said about carrying debate outside applies only to debate on substantive motions which results in a definite resolution. The subject matter of such debate indeed must not be discussed by hon. Members publicly outside the House while the debate is pending nor should there be any subsequent public comments by hon. Members outside the House. This challenges the ultimate resolution of the House. Whatever the nature of proceedings, things said by hon. Members in this House may only be answered by other Members in this House".

On 17th, October 1969, the National Assembly passed a resolution which in fact discouraged Members from extending debate outside the House. As you are all aware, the House is currently debating Sessional Paper No.2 of 1999 on the Liberalisation and Restructuring of the Tea Industry. I suppose that is what is on the Order Paper even today and the Tea Act Amendment Bill, 1999 has already been published and read a first time and committed to the relevant departmental committee for consideration. The issues to be discussed in the workshop are therefore before the House and hon. Members are expected to use the Floor of the House to deliberate on such documents.

However, may I hasten to ask members of the public and other interested parties who wish to discuss issues before the House with hon. Members, I encourage them to write to the relevant departmental committee through the Clerk of the House. They can also request to appear personally in person before these committees. It is also perfectly right for the members of the public to discuss, debate, comment and criticise whatever is pending before the House in order to influence the final decisions to be made.

Thank you. Mr. Criticos?

PERSONAL STATEMENT

NON-INVOLVEMENT IN THE OCALAN SAGA

The Assistant Minister for Health (Mr. Criticos): Mr. Speaker, Sir, I would like to make a Personal Statement. During our afternoon session on Wednesday the 5th, 1999, there was a serious allegation raised by hon. Kiraitu Murungi whose utterances could have grave consequences against me and my family. Hon. Murungi stated that: I was actually involved in the capture and extradition of Mr. Ocalan. That is according to the HANSARD and he proceeded in to name me. I would like to take this opportunity to categorically refute these allegations as there is no substance or evidence to indicate that, I was involved in any way in the Ocalan affair or any receipt of any money purportedly given to some Government officials.

It is without any doubt that, my country of origin which is Greece, acted out of character and to the disregard of the sovereignty of our country. It is unfair that, due to my ethnic origin, I should be victimised as I am

a Kenyan citizen and a duly elected Member of Parliament for Taveta. There should not be any issue raised of my patriotic stand towards Kenya and His Excellency the President which has been proven over the years. Taking into account last year's bombing of the United States Embassy from which we are still recovering in the August 7th bomb blast which was a cowardly act of international terrorism in international politics of which Kenya should never have been used as a platform, many innocent Kenyans died and any patriotic Kenyan would not have liked Kenyans to be involved in the Ocalan saga, considering the consequences which could affect our country thereafter.

I would therefore request a complete withdrawal from hon. Murungi and the comments from the Minister of State, exonerating me from this accusation.

Thank you.

Mr. Speaker: I am in a little problem because you rose on a Personal Statement. Under Standing Order No.69 it says that there shall not be any debate but I am not mindful of the fact that the allegations made by the hon. Murungi against the Assistant Minister, I have to say the least, are likely to be lethal. If we can understand what happens in the world of-- Well, I would not want to call that because I will also be making a judgment but you can understand the gravity of this matter and from the acts of Mr. Murungi and the Assistant Minister's speech, I think I can understand what is going on in your minds taking into account what happened to this country on 7th of August. I can understand what is going on in the Assistant Minister's mind and I am therefore inclined to ask the hon. Murungi to respond to what he has heard. Is there a Minister of State here? He is there and I would also like him to respond to what the Assistant Minister is saying, because it is a very serious issue. Yes, Mr. Murungi?

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. I have raised in this House before and I have stated categorically that, any Member or any constituent of mine from Juja either in this House or outside this House stands for my perception. Hon. Critics is my constituent and he approached me after the incident. Unfortunately, I was not in the House and he informed me that he was attacked and he expects me as his Member of Parliament to defend him. So, I am sounding a warning that, members of Juja Constituency should not be slighted in this House either in my absence or in my presence.

(Laughter)

Mr. Speaker: May I say this, Mr. Ndicho. Any constituent of yours who steps into this House ceases to be your constituent and becomes mine immediately and that includes your good self. So, every Member here is my constituent and I am more capable of defending them than you. Mr. Murungi!

Mr. Murungi: Thank you, Mr. Speaker, Sir. I am sure the hon. Member has read the HANSARD in full, because all I had sought to do on that occasion was to request the Minister to confirm or deny some rumours which mentioned my colleague as having somehow been involved. It was not a categorical statement implicating the hon. Member in any of those activities. All I needed was a confirmation or refutation of those rumours.

Mr. Speaker: Order! Mr. Murungi, there are certain things you play around with and, others you do not. For example, things that can cause immediate death or harm to health or make peace or war. You do not play with those things. Secondly, I have ruled here in the past that no Member is allowed to make rumours the basis of his or her argument. I have said in the past that rumours shall not be allowed to enter that door. In fact, what you did was to publicise a hitherto unheard of rumours. So, you are the rumour-mongers! So, can you withdraw that, please, unless you can substantiate?

Mr. Murungi: Thank you, Mr. Speaker, Sir. As a matter of fact, I did withdraw and apologised.

Mr. Speaker: Did you withdraw?

Mr. Murungi: On that day, it is in the HANSARD that I withdrew and apologised to the hon. Member. How many times is a Member of Parliament supposed to withdraw and apologise?

Mr. Speaker: Order! Order! I am sorry, I was not here and, if you did apologise, Mr. Murungi, that is sufficient and adequate. In fact, if I knew, then I would not have had it revisited, but as you understand, it is a very grave matter. Since now it is withdrawn and there is an apology, can that matter now rest there? Thank you, Mr. Murungi. I apologise, if it escaped my attention. It was not my intention to do so.

(Applause)

Mrs. Ngilu: On a point of order, Mr. Speaker, Sir. Now that you have warned us thoroughly that rumours should not enter this House, but you are also aware that we represent constituencies and when rumours come out

from the constituencies, they should be dealt with immediately. We have a very strong rumour at the moment in the country going on about the whereabouts the Head of State. You said that the Vice-President and Minister for Planning and National Development dealt with it, but he was so casual in saying where the Head of State is, on what business he is in, and that the whole country is also having the rumours. The rumours come in as a result of the Government not being transparent. We would not entertain rumours, but then let the Government be more transparent. Thank you.

Mr. Speaker: Order! Order! I do not understand how I can tell you to stop rumours and you bring it immediately. So, you are totally out of order! Next order.

MOTION

ADOPTION OF SESSIONAL PAPER NO.2
OF 1999: LIBERALISATION AND RESTRUCTURING
OF TEA INDUSTRY

THAT, this House adopts Sessional Paper No.2 of 1999 on the Liberalisation and Restructuring of the Tea Industry laid on the Table of the House on 8th April, 1999.

(The Minister for Agriculture on 4.5.99)

(Resumption of Debate interrupted on 11.5.99)

Mr. Speaker: Who was on the Floor? Mr. Lomada, are you still contributing?

The Assistant Minister for Finance (Mr. Lomada): Bw. Spika, nilikuwa katika hali ya kumaliza hotuba yangu. Nilikuwa nikiomba Kenya Tea Board pamoja na KTDA kuhakikisha kwamba wanasambaza ukuzaji wa majani chai kwa sehemu zingine ambazo mmea huu unaweza kufanya vizuri. Nilikuwa nimeuliza Wizara kuangalia sehemu ninayowakilisha, Sigor Constituency, kama vile Tarafa ya Lelani ambayo inafaa kwa ukuzaji wa majani chai. Ninajua kwamba nchi hii inategemea majani chai na pia wakulima wa majani chai wanategemea mapato kutoka majani chai. Kama itasambazwa mpaka eneo hilo, inaweza kusaidia wakazi wa sehemu hizo kujipatia mapato yao.

Bw. Spika, sitaki kuongeza mengi isipokuwa kuunga mkono Mswada huo. Asante sana.

Dr. Omamo: Thank you, Mr. Speaker, Sir, for giving me the opportunity to contribute. First of all, I would like to cite tea and tea industry as very important for Kenya. Tea as a crop would rank with coffee and sugarcane as major employers of wananchi in the rural areas. When we consider tea as a crop in our country, we should thank God because the Almighty God gave us Kenya, and Kenya has what I call "absolute advantages" for growing tea. Here in Kenya, we have got specific areas where tea can grow and where tea can be the only cash crop that can be grown for the benefit of the farming communities.

[Mr. Speaker left the Chair]

*[The Temporary Deputy Speaker
(Manyara) took the Chair]*

Mr. Temporary Deputy Speaker, Sir, right from the Coast Province, you find certain areas of Kenya with unique soil, unique soil structure, unique climate and unique rainfall which is good for tea. When you come to upcountry areas like Limuru and Kericho, they are ideal for cultivation of tea. I have said on many occasions during agricultural shows that Kericho as a district looks to me like the very "bathroom of God" where God takes bath everyday. There is so much rainfall there which is good for tea and as one would expect, it rains heavily and then sooner after the rains, there is dry sunshine. That rain sinks down in the deep red soil created by God, the kind of rain and sunshine that tea loves and the drainage that the roots of tea would really like because tea cannot withstand wet seat. This is the tea that we must popularise in Kenya. It is good for us that this industry was established relatively earlier on, but it is for us now to expand it and to liberalise it.

I want to talk about a few aspects of liberalisation which I think should be instituted. First, when tea was introduced in the African areas through the KTDA, a few years before Kenya became independent, this crop was restricted and the cultural standards that were insisted on were too restrictive. A time has come when we should through research work extend tea cultivation in slightly higher areas and also, in slightly lower areas. For

example, if you go to Uganda, you will find that in the same farm, there is sugarcane, coffee and tea. Here in Kenya we should expand our tea cultivation to areas which in the past were not allowed to cultivate it.

Mr. Temporary Deputy Speaker, Sir, I would particularly like to suggest to the Ministry that the time has now come when we must decide on some of these atomistic plots in Kisii highland and Othaya in Nyeri. The Hon. Mwai Kibaki is not here but the atomistic plots in Othaya which are too small for cultivation of maize should be under tea cultivation. Let them be permanently under tea cultivation because once you plant them with tea, they will be under it for about 100 years. This will be a much better way of utilising these atomistic plots. I am reminded of Maragoli in Western Province. You try to cultivate maize on them but they are too small. But if you plant tea and it is fully established, it will give a regular income to the farmers on a monthly basis. This will be a much better way of utilising these atomistic plots, with availability of excellent soils and climatical conditions for growing tea. If one asks me about the case of maize, I will tell him that it can also be grown in other areas. The farmers can use the money from tea cultivation to purchase maize from other areas.

The other point that I want to talk about is that in the mid 80s, the Government came up with Nyayo Tea Zones. In my opinion, the Nyayo Tea Zones should be scrapped. The idea at that time was that these Nyayo Tea Zones would be used as a belt to stop elephants from moving from the forests to "disturb" tea cultivation. Well, even if that was the case, in my opinion, the Nyayo Tea Zones, as an enterprise, have not worked well. In the era of liberalisation, the Nyayo Tea Zones should go to the tea factories. Let the Government stop meddling with the cultivation of tea. When they started it, two ministries were involved. We had the Ministry of Agriculture and then the Office of the Office of the President. Those of us who were there at that time were wondering and asking: "What is happening? Here we have Tea Zones!" One would have thought that they would be under the Ministry of Agriculture. But that was not the case. They were under the Provincial Administration. They made a mess of it and they should leave it! Other organisations can do it better. I will suggest that Nyayo Tea Zones should go to the factory areas which they are closed to.

Mr. Temporary Deputy Speaker, Sir, the other area is that the Kenya Tea Development Authority (KTDA), in its functions, has done a good job. But the time has come when the tea factories should be given more powers. Farmers should be empowered by not only taking charge of the factories but should also have a big voice in the board of KTDA. In this way, farmers will feel that they own the industry. This suggestion of having an expanded board but when you have other people being more than the tea growers is not fair. I think that should be looked into.

The other area where we should make improvements is marketing of our finished products. Right now, we do sell our tea through Mombasa auction. This tea is cheap in overseas when sold in bulk. I suggest that the time has now come when we should repackage a lot of that tea by ourselves within Kenya by employing Kenyans to do the packaging and then we sell the packaged tea overseas. That will give us more money and will also, more importantly, increase employment opportunities for our own labour force at home. The marketing of our tea should be more liberalised and Kenyans themselves should be in a position to look for more market overseas like in Eastern Europe. The United Kingdom is a traditional consumer of the Kenyan tea. But we have got to take more Kenyan tea to places like the USA and Canada. We have got to explore these other markets. In my opinion, let us package our own tea right here at home and then send it overseas.

Mr. Temporary Deputy Speaker, Sir, finally, I would like to suggest to the Ministry that the Kenyan tea, as a crop, has been static for quite a while. It is now the time for us to strengthen the research to support the tea industry. A research on leaves and the young bud that is being sold should be intensified to give us more clones that will grow faster and have higher cup quality to compete more effectively with tea from other countries. I have been to India and have tasted the Indian tea. I know how it tastes. It is less tangential than the Kenyan tea. I have also tasted the Sri Lankan tea while I was in India. It is again less tangential than the Kenyan tea. We can make our Kenyan tea even stronger through more research so that the clones that are best for Eastern Kenya are grown for Eastern Kenya and the clones that are better for Western Kenya are grown there. When you come to Western Kenya, we should intensify research so that we find clones that do even better in Kericho and Kisii so that we have intensified research to give us the best planting material for every District. In that way, we will have tea breeds giving us the best tea leaves for the best cup qualities.

Thank you, Mr. Temporary Deputy Speaker, Sir.

The Assistant Minister for Lands and Settlement (Mr. arap Leting): Thank you Mr. Temporary Deputy Speaker, Sir, for giving me a chance to contribute to this Sessional Paper.

Before I enumerate the points that I need to mention in support of this Sessional Paper, let me look critically at some of the points that I have extracted from the Sessional Paper itself. The Sessional Paper is well written, but definitely, it was written by the KTDA establishment. This is because it says all the "sweet things" that the KTDA has done. It is listing achievements which we know KTDA has achieved; it has done a lot in terms

of extending hectarage from 18,000 hectares in 1963 to 257,000 hectares in 1995. They have indicated that they have done well in tea roads, marketing and in the management of tea factories. But I thought the Sessional Paper should have also pointed out its failures. We know that the KTDA has been a very big establishment trying to run factories in the whole country from Nairobi. Definitely, there are problems that have occurred during the period of the administration of KTDA. For example, the campaigning of tea planting, to the best of my assessment, this has not been successful in all the districts and their transporting system has not been successful either. Some of the problems that the farmers have experienced when being served by the present KTDA is that some of their tea not being collected in time. So, KTDA has failed in several areas and yet the Sessional Paper has diplomatically avoided to mention. I thought the Sessional Paper should have looked at the successes and failures of the KTDA so that when we prepare the new policies, we will repair the pitfalls that had already been created by the out-going KTDA.

If the tea farmers were consulted, I am sure we would have had more frank disclosures of successes and the failures of KTDA than what we have been given at the moment. But as things stand, KTDA is writing a Paper to the Ministry of Agriculture and hence to us. There is a lot that has not been pointed out by the Sessional Paper regarding the failures and successes of KTDA. As I indicated earlier, tea planting has not been uniform throughout the country because of the enormity of the job. Naturally, if we have KTDA centred in Nairobi and it is managing several factories with various difficulties, one cannot claim that they can succeed 100 per cent. There have been complaints about misuse of farmers' money by the management of KTDA, but this has not been mentioned. I am not saying that they have misused it, but there has been a lot of talk about it in the past. The KTDA at present and in the future, if it is going to survive, will not necessarily succeed because just like all the other parastatals that service farmers, has that disease [**The Assistant Minister for Lands and Settlement**] where the farmer has very little say in the running of the affairs of the institution.

Mr. Temporary Deputy Speaker, Sir, although I support the Sessional Paper, I strongly believe that KTDA ought to be liquidated altogether; and those functions which it is trying to give to itself as a management agency should be transferred to the Tea Board of Kenya. We should expand and improve the Tea Board of Kenya so that the farmer has got less areas of consultation.

QUORUM

Mr. Kitonga: On a point of order, Mr. Temporary Deputy Speaker. I do not think we have a quorum in the House?

The Temporary Deputy Speaker (Mr.

Imanyara): Yes, I think hon. Members have chosen to go and drink tea rather than debate tea! So, let us call them in. Please, ring the Division Bell.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Imanyara): There is a quorum now. Proceed, hon. Leting.

The Assistant Minister for Lands and Settlement (Mr. Leting): I was saying that in order to minimise the burden borne by the farmers, the KTDA should be abolished and the duties it was to perform as an agency be transferred to an improved and funded Tea Board of Kenya. This will make the farmers deal with a few organisations. After all, the farmers will gain nothing by turning the KTDA into an agency. I do not see any benefit at all to the farmers. But there will be benefit if it is got rid of and everything transferred to the Tea Board of Kenya. Furthermore, it is said that the new KTDA will have directors elected on certain patterns. That pattern can lead to some areas being overly represented and others under-represented, thereby, creating some problems and dissatisfaction in some areas.

Mr. Temporary Deputy Speaker, Sir, the Tea Board of Kenya is proposed to have about 18 directors. I think the bigger the Board the more messy it will become. So, it looks as if the Minister will have to review the number of directors to sit in the Tea Board of Kenya.

Lastly, on the question of Nyayo Tea Zones, the original aim was to make the zone act as a buffer zone between the existing forests and possible encroachment by population expansion. But it appears as if that has not worked. I join other speakers by recommending that the role of the Nyayo Tea Zones ought to remain as an entity, but it should not be handled nationally. It should be dismantled and each of the zones be handed over to the remnants of the KTDA activities in the districts where they are located.

With those few comments, I beg to support the Paper.

Mr. Ndicho: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute to this very important Motion. I support this Motion by the Minister for Agriculture to liberalise and restructure the tea industry. The KTDA was formed in those early years as a tea development body. It was meant to teach Africans how to grow tea in this country. You will agree with me that over the years, the African tea farmers have learnt how to grow tea in a more better crop-husbandry methods than the people who introduced the tea. So, I wish to join the rest of my colleagues in calling for the abolishment of the KTDA. The KTDA---

(Mrs. Kittony fell as she was leaving the Chamber)

Sorry, Mr. Temporary Deputy Speaker, Sir, we have an accident in the House! You will agree with me that the KTDA served as what you may call a baby-walker. The baby can now walk and it is high time that the parent left the baby alone to walk on its own feet. So, we are supporting the Minister that it is now time in the history of this industry, to have the tea industry more liberalised and restructured.

Mr. Temporary Deputy Speaker, Sir, I would like to start with the auction of tea which is more restructured and liberalised. You find that tea is auctioned in Mombasa. This is about 500 or 700 kilometres away from where tea is grown. I call upon the Ministry or the Government to change the tea auction centre. It should be brought closer to farmers because one of the expenses incurred by tea farmers is transport. For example, tea is transported all the way from Kericho, Western Province, Central Province and Eastern Province to Mombasa by road. The cost of transport is shouldered by the farmers. Those people who buy tea at the auction centre in Mombasa should buy it in a centre that is nearer to farmers. By so doing, the transport cost will be off-loaded from the farmers and they will benefit for their tea.

Mr. Temporary Deputy Speaker, Sir, there are so many brokers in the tea industry. They are all eating the farmers. I think it is high time that the number of tea brokers was reduced considerably. We have so many brokers in tea industry. We have also influential personalities in this country who are involved in the auction of tea. It is not the ordinary farmers, but they are very senior personalities in this **[Mr. Ndicho]** country. I have seen a list of those tea brokers and if you can know who is who in that list, then you can see that there is a motive behind having that long list of brokers. The number of tea brokers should be reduced so that the money that is derived from tea can benefit farmers.

Mr. Temporary Deputy Speaker, Sir, farmers in this sector are heavily taxed when they buy farm inputs, for example, fertilisers. The role of liberalisation and restructuring is to allow them to purchase inputs from whatever source they deem suitable. This is where the KTDA is put in focus. We expect that the Minister for Agriculture will seriously liberalise the tea industry. For many years, tea farmers in this country have been exploited by directors of the KTDA. Those directors import fertilizers and other inputs at very considerable rates.

However, it is a pity that the same fertiliser is sold to farmers at very exorbitant prices. At the end of the day, the farmer cannot benefit from his tea. The benefits of tea liberalisation that the Minister is calling for should make sure that farmers reaps between 50 and 70 per cent of their crop. We will ensure that the farmer reaps as much as possible.

Mr. Temporary Deputy Speaker, Sir, on the Nyayo Tea Zones, all the tea that is grown from those zones is processed in private factories. The Nyayo Tea Zones do not even pay a single cent for their tea to be processed.

Although tea factories in those zones were built by farmers, they is forced to process tea from Nyayo Tea Zone. We know that those tea zones are privately owned. But tea from those areas are processed, packed and transported to Mombasa by those private factories. When it is sold, we do not know where the Nyayo Tea Zones proceeds go to. We would like the Minister to give an account of how much money has been realised from the Nyayo Tea Zones, how it has been utilised and who has been managing it since the establishment of these tea zones in this country. We demand to know because the tea produced by our farmers loses quality since tea from those zones is given the first priority. It has to be processed first before tea from other farmers is processed. As a result of that delay, our farmers lose a lot of money because the quality of their tea will be low. So, we demand as a matter of policy to be told by the Minister where those proceeds have gone to since the establishment of Nyayo Tea Zones in this country. What used to happen was that the Provincial Administration, regular policemen with guns and Administration Police officers escorted that tea from those zones to factories. When farmers saw the policemen in jungle jackets escorting tea to the factory, they wondered whether there was a war in those tea zones that the policemen had to escort captives to tea factories. This is misappropriation of resources. So, it is the responsibility of the Minister to answer Kenyans that question.

Mr. Temporary Deputy Speaker, Sir, I would like to praise the Minister because he has been responsive enough to the wishes of both tea and coffee farmers in this country. I particularly wish to commend him for the Coffee (Amendment) Bill that will liberalise the market of coffee. I would not like to talk about that Bill now.

He ought to tell us why he restricted the market of coffee and yet we wanted him to liberalise it fully. When you liberalise, it is like opening the whole door and you do not have to open it half. I hope the Minister will fully liberalise the tea industry other than what happened with coffee where it was restricted to four marketers and four millers. We would have wished that you fully liberalise it so that anybody who wants to involve himself in the tea industry can do so without any hindrance. It is our hope that when the tea industry is fully liberalised, each factory out of the more than 42 factories that we have in this country will be left alone to look for its own market in Eastern and Western Europe, America and so on. Let the tea factory have its own people to look for markets in Europe. When they look for a market for their tea, they should also look for cheap inputs like fertilisers and so on. When they come back they should report to farmers both good news of markets and their purchase of cheap fertilisers and other inputs. That will be the only time when tea farmers will afford a smile.

Mr. Temporary Deputy Speaker, Sir, women and children who work in the tea industry in the rural areas suffer a lot. They pick two buds and a leaf. They carry a big basket from morning to evening. Sometimes, they work throughout the day and night. If you look at the areas where tea is grown, the population has reduced drastically because the wife and children who take tea to the buying centres do not go back home immediately. The wife may stay up to 3.00 a.m. or 4.00 a.m. while the husband is all alone in bed. I do not know whether it was a deliberate move by the Government to frustrate tea farmers through the tea buying centres so that factories would carry out this exercise very slowly, or possibly, it was a measure for family planning in those areas.

Can you imagine that a woman works in a tea farm since morning when there is a lot of rain, and yet at the end of the day her child is sent away from school for lack of school fees? The Kshs12 per kilogramme of tea which is paid to tea farmers by the Kenya Tea Development Authority (KTDA) is too little. One time I, hon. Gatabaki and some other hon. Members had an opportunity to visit some tea buying zones in Frankfurt, which is in Germany, and we were astonished to find that the price of a kilogramme of processed tea was equivalent to Kshs2,000. We wondered that if a kilogramme of processed tea was fetching Kshs2,000 in Frankfurt, and even if the KTDA deducted all the expenses incurred in the process, such as price charges, custom duty and everything else, surely, those expenses would not have totalled Kshs1,988. So, you can see that there have been too much exploitation in the tea industry.

Mr. Deputy Speaker, Sir, I will not be ashamed to say that there has been too many thieves in this industry. These thieves steal farmers' tea when it is being weighed at tea buying centres and when it has been processed at the factory. Some people say that a certain tea factory maybe said to have processed 1 million kilogrammes of tea, and yet the actual quantity of tea that factory processed was 1.3 million kilogrammes. The 0.3 million kilogrammes of processed tea is literally stolen by the officers who work in that industry, and that is why you see them driving sleek cars. That is why you will also find the people who work in this industry being richer than the farmer who grows the crop. In fact, the tea farmer rides on a bicycle, while an officer who works at the KTDA offices here in Nairobi drives a Volvo car or a Mercedes Benz car at the expense of this farmer. Surely, we need to look at this issue very carefully.

Mr. Temporary Deputy Speaker, Sir, lastly, the vehicles that carry raw tea from tea buying centres to the factories bear blue registration number plates. We know that the blue number plates indicates that they are parastatal vehicles, and yet there is no time the when KTDA has been a parastatal of the Government. In fact, it has always been a farmers' body. It is high time that we changed the number plates of those vehicles because they have been purchased by the farmers. How can about 100 farmers buy their own lorries, pick-ups and tractors, and then they become the property of a parastatal? It really creates a bad impression to see those vehicles bearing parastatal registration numbers, and yet they belong to the farmers. So, it is high time that the Kenyan tea farmers benefited from their profits. That is why some farmers from certain tea growing areas have formed some organisations to fight for their rights. A good example of this is the Kenya Union of Small-Scale Tea Organisation (KUSTO). This organisation was becoming the farmer's voice to express the dissatisfaction with the KTDA. It was a big shame to see policemen with guns and rungs harassing tea farmers who had come to Nairobi from the rural areas to express their disgust over the way their organisation had been banned. Those policemen had no business arresting those farmers.

When the KTDA realised that there was such an organisation as KUSTO, it also formed another bogus organisation, and called it an organisation to speak for the small-scale tea farmers. The KTDA personnel, right from the Managing Director downward, should know that for all the years they have been running the tea industry in this country, they have messed up the industry and exploited the tea farmer. That is why whenever some of these officers meet tea farmers outside their offices they look down upon the farmers. There is no way you can be proud of an organisation that earns this country billions of shillings in foreign exchange, and yet if you take an aircraft and fly over tea growing areas in this country, you cannot see a reflection of that money on the ground.

We expect that when the tea industry earns billions of shillings to this country, there should be a

reflection of this on the ground. Tea farmers should live in permanent houses and drive good cars or pick-ups. They should also drive those vehicles on good roads in the rural areas and dress up properly. Despite all that period the tea farmer has been under the KTDA, he still wears tattered clothes. It is shameful that since 1963, when we attained our Independence the tea farmer has become poorer and poorer.

But now, there is at least light at the end of the tunnel. We thank the Minister for Agriculture for hearing the cries of tea farmers, and responding to them by liberalising their industry. We hope that when this industry will be fully liberalised we will see a rich country. There is no way the Government can talk about eradicating poverty in the next 16 years when it is not addressing itself to the factors that contribute to poverty. The Government's failure to liberalise the tea industry has been a contributory factor to poverty in this country. Therefore, we commend the Minister and call upon him to consult some of us, for example, hon. Omamo, who is well conversant on this matter. Hon. Omamo can talk to the Minister and advice him practically, theoretically and technically how the tea farmer can benefit from the liberalisation of the tea industry.

Mr. Temporary Deputy Speaker, Sir, Kenya being an agricultural country, and agriculture being the backbone of this country's economy, we hope that liberalisation of the tea industry will enable our farmers and our country to realise better results. We will support the Minister in his endeavour to help tea farmers.

There was a notion earlier on that if the Government liberalises this industry it will be helping a certain community. This is not the case. In fact, if the Government did that it would help the whole nation. Tea is grown in many parts of this country, and it has been one of the cash crops that have helped the Government to meet its financial obligations. Therefore, we support the Minister in his efforts to liberalise and restructure this industry. We do not want to hear about the KTDA.

If the Minister wants to be a friend of tea farmers, and I know that he comes from a tea growing area, then he should liberalise the tea industry. If I am not wrong, if the Minister scraps the KTDA, he will not carry out any campaign in the next general election. In fact, he will just sail through come any election. We can even "export" some tea farmers from Central and Eastern Provinces to his constituency to vote for him without him paying any amount of money. This is because he would have done good to these farmers by restructuring and removing this "animal", which is called the KTDA. The KTDA has really exploited tea farmers in this country for all these years. We are very happy now that the Minister has taken up the matter. By liberalising the industry, he will help it and our farmers to grow.

Mr. Temporary Deputy Speaker, Sir, with those very many words, I beg to support the Motion.

The Assistant Minister for Finance (Mr. Arap-Kirui): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to this very important Motion.

First, may I take this time to congratulate the Minister and his staff for preparing and ably presenting this Paper before the House. We are unanimous in this House and I believe, in this country that tea is an extremely important crop. The tea crop is particularly important to those of us who come from tea-growing areas. When this crop is this important, it is occasionally saddening to some of us that some people, residents and nationals of this country often go to extremes in discussing the matters concerning tea. If there is need for reform, I think we need to proceed extremely carefully, so that we do not hurt or damage this industry, which is very important to us. While we may be in agreement that certain forms of reform are necessary in the Tea Industry, I think, there is no unanimity on the manner of that reform, if the views of the Members that we have heard here are anything to go by. In my view, any reform in the Tea Industry should start from correcting mistakes and weaknesses that have occurred in the past. These should have been identified by a thorough review of the industry. While the Paper has undertaken a bit of review, I am not satisfied that this has been thorough enough. I do not doubt that a lot of work has gone into the preparation of this Paper and I have already congratulated the Minister and his team for preparing and presenting it to this House.

Mr. Temporary Deputy Speaker, Sir, I think the weakness in the Paper arises out of the fact that its preparation was triggered by agitation that was based on one single factor, which is price. The price paid to the farmer. The outspokenness of certain members of a community in this regard was well played. But, I think to use that as a basis for restructuring the whole industry might lead us on a rather one private approach. If price was the problem, I do not think we need have instigated reform of the industry merely on that basis. I believe there may be more effective ways of attaining an immediate increase in the level of price that our tea farmers should charge. As a state corporation and I believe KTDA is still a state corporation in legality, if not in fact, instructions could easily be issued that KTDA should pay a certain minimum of the proceeds of sales to the farmers. That is not beyond the Ministry and I believe it may not be beyond the Tea Board. I am not sure any of us in this House or even the country knows what percentage of the total proceeds of tea cess actually ends up with the farmer. We do not know whether it is 50 percent, 60 per cent or 70 percent. We could, for a start, say let all the costs of tea processing, preparation, collecting, marketing and management be no more than 25 per cent and the balance

should be paid to the farmer. It would be incumbent upon those who are managing the industry to ensure that they maintain their operations within this parameter and pay the balance to the tea farmers.

Mr. Temporary Deputy Speaker, Sir, talking of a certain fixed price I have heard of Kshs12.00, Kshs14.00 per kilogramme, is to me, without meaning. What are we in fact, basing this on? If we were to use a percentage and insist that this is the minimum that will be paid to the farmers, we might attain a better price, for example, Kshs15.00, Kshs20.00 or above, as an initial price. I believe there is also often a confusion on the per kilogramme price of tea. We talk of US\$2 at auction and then, say the farmer is paid Kshs6.00.

Mr. Temporary Deputy Speaker, Sir, I think in this case, we are confusing green leaf with manufactured tea. Green leaf, as we know, is what the farmer harvests and delivers to the factory, while processed tea is what is sold at the auction. It takes between four to five kilogrammes of green leaf to make one kilogramme of processed tea. For those of us who know something about the Tea Industry, within the processed tea, there is usually four to five different grades which fetch differing prices. As far as I am aware, the US\$2 per kilogramme that we normally hear of the best price of the best grade of tea. From my knowledge, the average price of processed tea at the auction usually ends up at slightly above US\$1. If it is very good, it gets to US\$1.5 per kilogramme of processed tea. If we work this out further back, we have a different price for the green leaf. I am not trying to minimise the importance---

Mr. Muihia: On point of order, Mr. Temporary Deputy Speaker, Sir! Sorry, point of information.

The Assistant Minister for Finance (Mr. Arap-Kirui): Mr. Temporary Deputy Speaker, Sir, I think I am extremely well informed.

The Temporary Deputy Speaker (Mr. Imanyara): Is it a point of order or information?

Mr. Muihia: On a point of information.

The Temporary Deputy Speaker (Mr. Imanyara): He does not want it!

The Assistant Minister for Finance (Mr. Arap-Kirui): Mr. Temporary Deputy Speaker, Sir, I am extremely well informed and I think the hon. Member can contribute and let us have his views later on.

Mr. Temporary Deputy Speaker, Sir, as I have said, these are figures that we play around with. I am very sympathetic, coming from a tea-growing area, to the farmer getting a good price for his tea. But as I have said, I think if the main aim of the reforms being proposed was to achieve a better price for the farmer, there was and there is an easier way of achieving that. But be that as it may, I think we should congratulate KTDA for a job fairly well done. When in 1964, we started with only 500 acres of green leaf of tea in this country, for the small holders and now, the small holder boasts of nearly 80,000 hectares of tea, I think this is no small achievement.

The tea acreage has increased several times. There have been factories built and employment created. If we use 60 percent of the two million Kenyans involved in the tea industry and add to the fact that the small-scale farmer or the small scale tea farm operations are labour intensive I think we will arrive at least 1.5 million Kenyans who are gainfully employed in small-scale tea industry. In terms of export earnings, we are talking of Kshs20 billion and 60 percent of that is a Kshs12 billion. We know for a fact that KTDA tea has been generally of higher quality than that of the larger estates. So, we know more than the Kshs12 billion, maybe closer to Kshs14 billion, is coming from the small-scale tea sector of this country.

It has been a job not too badly done. Any liberalisation or privatisation that we undertake has to proceed carefully so that, in fact we do not kill the goose as an old phrase says that lays the golden egg. The success of KTDA much as I have said has not been without blemish. The biggest failure of KTDA to my mind has been the lopsided development of the tea industry in this country. At Independence the tea industry in this country was concentrated in western Kenya especially in expatriate large scale farms. What KTDA has done has been to shift the centre of gravity of the tea industry from Western Kenya to Eastern Kenya. The concentration of small-scale tea factories is evident of this fact. We know that of the 45 small scale tea industry factories that we have in this country managed by KTDA 29 of them are in east of Rift Valley. Despite this, Western Kenya tea small scale farmers have been very resilient.

In fact, the acreage of small scale tea in Western Kenya is roughly equal to that one in the east of Rift Valley. If there is any difference it is approximately one at most 2000 hectares. That is out of the 85,000 hectares under KTDA's tea. Approximately 39,000 hectares of that is in Western Kenya. Despite this we have in 16 factories in Western Kenya against 29 KTDA factories in East of Rift Valley. This ratio is set to worsen in the very near future. Of the eight new factories proposed to be sponsored by KTDA six of these are going to be in east of Rift Valley and two in west of Rift Valley. This is in fact, in the event of the control of the industry being influenced by one community, I think that can be dangerous. There is ample evidence of this in the management of KTDA. What we are seeing is a desire by the same community to completely take over the tea industry in this

country. Any reform should in my view, start with the correction of this serious imbalance in the development of tea.

As far as I am concerned the job of KTDA is not even half done in Western Kenya. Only a few minutes ago one of my colleagues was beseeching the Government, and I believe KTDA to expand the growth of tea to this constituency. There are several areas in Western Kenya that still require tea. The Member for one of the constituencies in fact, in West Pokot District was urging KTDA only a few minutes ago to expand tea growing to his constituency. What I am saying is that there is still a lot of work to be done on the development of tea in this country, particularly in Western Kenya. For a start in Western Kenya we should have at least a similar number of factories as they are in Eastern Kenya particularly as we have approximately the same acreage. Let us not use the yield of tea per acre as an excuse because that is an extremely poor excuse. What has happened in fact, is because there is no factory capacity in Western Kenya. Obviously the leaf that we have recorded under KTDA as being produced in Western Kenya is in fact, what the factories are able to process.

Furthermore, the fact that there are no factories means that there has been inadequate research on the production of tea. We know that tea farming requires a lot of work. Tea bushes need a lot of attention. You have to weed, apply fertilizer and employ people to pick tea. To be able to go into these expenses there should be a ready and available market for the green leaf. Unfortunately, this has not been the case in Western Kenya. Thus we have a situation where many people have planted tea but because of non-availability of factories they do not pick their tea. Some have left it overgrown and others in fact, pick only what the factories can take.

Mr. Temporary Deputy Speaker, Sir, we also know that tea green leaf is lost on the way because of non-collection. Non-collection of green leaf is not only because of a problem of transportation but it is because there is no factory space. So, the drivers of the tea lorries are told not to speed or hurry to the collection centres because there is no capacity. Our people spend most of their time sleeping in the tea collection centres because the factories are not enough. So, while I know that there are certain areas of Eastern Kenya with a similar problem, of not having adequate capacity, Western Kenya is suffering a great deal and has been greatly marginalised.

In Belgut, my own constituency, and the neighbouring constituency of Ainamoi, we have one factory with a capacity of 15 million kilogramme per year, serving an area of approximately 4,000 hectares of planted tea. This is approximately 40 million plants and if well maintained, each plant of tea should give a minimum of three kilograms of tea leaves a year. You can imagine 40 million trees which should produce 120 million kilograms of tea, being served by only one factory. This makes our farmers waste a lot of their tea. In my constituency, I immediately need, at least, five new factories leave alone what we will need as our farmers go on to apply better crop husbandry because of access to the market. We need probably close to ten factories. There is still a lot of potential in my constituency and in other neighbouring areas of Western Kenya. In the near future, my constituency alone is going to require more than all the 15 factories which we currently have in Western Kenya.

Mr. Temporary Deputy Speaker, Sir, the lack of factory capacity that is experienced in the Western part of Kenya has not only resulted in neglected tea bushes and quite unimaginable staggering losses by the farmers, but it has also created a new phenomenon. There is something we locally call *mong'ilito*. *Mong'ilito* is a trade in green tea leaves. I am informed that because of this singular situation where we have leaves without a market, we have the incidence of trade in green tea leaf which apparently happens nowhere else in the world. The *mong'ilito* traders end up exploiting the tea farmers because the farmers have to accept the throw-away prices offered by the traders for their green leaf tea because they have nowhere else to take them. I do not blame the traders. In fact, the traders are doing a good job by providing a certain amount of liquidity to the farmers who would otherwise have to throw away their tea. On this aspect I blame the KTDA.

Mr. Temporary Deputy Speaker, Sir, another fallacy that has been perpetuated is that the quality of tea from Western Kenya is not as good as the one which comes from Eastern Kenya. We know that the quality of tea is a function of the quality of the crop. This can only be attained if there is a market. As I have explained, it is also a function of the timely processing of the green leaf. However, due to the long distances between the farms and the tea factories, they are hardly reached in good time. The distance causes delays in the collection. We cannot attain high quality in Western Kenya because we have a fallacy that tea from Western Kenya is lower in quality. We have had instances that---

Mr. Muihia: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the hon. Member on the Floor to mislead this House that there is no difference in quality for we do know that---

The Temporary Deputy Speaker (Mr. Imanyara): Order! You are out of order!

Mr. Muihia: I am on a point of order.

The Temporary Deputy Speaker (Mr. Imanyara) Order, Mr. Muihia! You will get an opportunity to express your opinion.

The Assistant Minister for Finance (Mr Arap-Kirui): Thank you, Mr. Temporary Deputy Speaker, Sir. I have asked my colleague to put across his views when he has the time. As I said, this is a fallacy. If there is going to be any liberalisation of the tea industry, it should start with the correction of the imbalance and it should be done as fast as possible. There is liberalisation and privatisation. Liberalisation in the industrial sector should not be done now because there is still quite a lot to be done. The industrial sector should remain better regulated than it has been in the past. Therefore, I would support the view of the strengthening and modernizing of the Tea Board. As far as the KTDA management is concerned, we need to go slowly. If we are going to correct the imbalance in the tea industry, we should face the fact that the interests of the Western tea farmer and that of the Eastern tea farmer are completely different. In fact, I would say that they are probably diametrically opposed. I believe it is not proper for the two sectors to continue co-existing under one umbrella. I propose that the KTDA as an authority or an agency be split into two institutions; one to cater for Western tea farmers and another one to cater for the Eastern tea farmers. It is only in this way that we can attain fast development in the tea industry. I think then the Eastern tea farmers will have the freedom to dismantle and do whatever else they may wish with their own arm. As far as I am concerned, we still need a very strong umbrella body to develop tea in Western Kenya. We still need extension services, planting material and all that goes with a well organised and centralised organisation so that we can begin to pull up the development of our two tea growing zones in the country.

Mr. Temporary Deputy Speaker, Sir, if it is the wish of other parts of Kenya to dismantle and completely liberalise the tea sector, then they are free to do so. But I do not know anywhere in the world where agriculture has been liberalised. I believe that the type of liberalisation we are talking about in this country on agriculture is a misguided one.

With those few remarks, I beg to support.

Mr. Muihia: Thank you, Mr. Temporary Deputy Speaker, Sir, for allowing me to contribute to this important debate. I would like first of all to correct Mr. Arap-Kirui on the narrow perspective he has taken by tribalising tea farming between the Eastern and Western areas. I stand to speak for the farmer in Kipsigis, West Pokot, Kikuyuland and whoever would like to grow tea.

The Assistant Minister for Finance (Mr. Arap-Kirui): On a point of order, Mr. Temporary Deputy Speaker, Sir. Much as I respect my colleague, I am rather amazed how he can begin to speak about the tea farmer in Kipsigis. I do not think he knows the place at all. He is misleading the House.

The Temporary Deputy Speaker (Mr. Imanyara): That is not a point of order. Proceed, Mr. Muihia!

Mr. Muihia: Mr. Temporary Deputy Speaker, Sir, I will continue speaking for the farmer in Kenya and that is why I am in this Parliament. Tea is sold in Mombasa through auction. So, if tea from Eastern fetches more than that from Western and vis-versa, it should not be a matter of debate. Because, those who are buying tea in the auction taste it and always buy the best for whatever price.

Mr. Temporary Deputy Speaker, Sir, we are discussing one of the most important Motions in this Parliament after the Constitution of Kenya Review, Commission Bill. When we are talking of liberalization and restructuring of the tea industry we must put into consideration the farmer; the small man on the ground. That should be the basics of our argument and any debate. We need to minimise bureaucracy in the tea industry as far as minimising the costs of production, management and marketing are concerned, so that we can maximise returns to the farmer, in order to encourage savings and rejuvenate and inspire the economic growth of this country.

Mr. Temporary Deputy Speaker, Sir, tea is the most important cash crop in this country. The Kenya Tea Development Authority was mandated to manage the tea industry, so that after sometime, they hand over the production, marketing and even the management to the small farmer. But KTDA totally failed in its duty. It was formed to manage on a contract basis. The contract has since expired, but KTDA has not stopped managing. They did not train the farmers to take over the management. They would like to continue and perpetuate themselves in managing the tea industry, so that they can keep on reaping all the funds from the small farmer. This is where we must address ourselves seriously as we liberalise the tea industry.

Mr. Temporary Deputy Speaker, Sir, when I went through this document, I thought, either the Minister was in a hurry to write this document, or simply borrowed its contents from KTDA. That is why speaker after speaker on this Floor has talked about the inadequacy of this document. I have been inclined to urge the Minister for Agriculture to take this document back to his office and go through the process of re-writing it, since it is a Government policy which we have no input in. I believe the Minister should have consulted the stake holders in the industry, so that we discuss at various levels, the processes the farmers would like to have their crops taken through to marketing. And also to look into ways and means of perpetuating an authority. Like the previous speaker has just said, we still need a regulatory body in the tea industry and generally, the farming industry. But

then what would be the authority of that body? Where would it derive that authority? That authority must be derived from the farmer. We should be talking about empowering the farmer.

Mr. Temporary Deputy Speaker, Sir, I represent a factory called Seta and Matara in the greater Gatundu, and last year the prices ranged between Kshs20 and Kshs22 per kilo. But at the Mombasa auction, tea would fetch between Kshs300 and Kshs350 per kilo of ready tea. So, if you consider the processing the bulking and reduction in weight, it would work to about Kshs70 a kilo of green leaf. If it works to Kshs70 per kilo for the green leaf, why should the farmer receive only Kshs20 or Kshs22. Because, even if you remove 30 percent of the management and marketing fees, it would come to about Kshs49. If you removed about Kshs30 from that tea, the farmer should receive around Kshs40 to Kshs45 a kilo. This is where KTDA fleeces the farmer.

Mr. Temporary Deputy Speaker, Sir, in the Seventh Parliament, there was hue and cry over tenders which were done by KTDA for renovating and improving factories all over the country. I am an expert in construction; that is what I feed on. I was able to do a re-tender when the first tenders were cancelled. Out of each factory KTDA was taking about Kshs28 million to Kshs30 million, the re-tendering reduced between Kshs7 million to Kshs10 million per factory. Where was Kshs20 million going to? Pockets of individuals! This is why we are saying that KTDA must be dismantled completely. Recently in this Parliament, there was hue and cry on the tendering for the packaging material; gunny bags. Those bags were supposed to cost about Kshs136. On re-tender, we got two tenders; one for Kshs58 and the other for Kshs96. There is a court order prohibiting KTDA from ordering the packaging materials. But they have gone round to the factories and asked the factory directors to order the same material at Kshs96. What kind of body is this animal called KTDA? It must be dismantled.

Mr. Temporary Deputy Speaker, Sir, the cost of tea which is made at the tea factories and taken when ready to Mombasa, there is very little value added. I think it is only transport. Why can the factories themselves not deliver this tea directly to the auction, so that we can reduce the costs and improve the farmers' prices. On production of tea, KTDA does not produce tea and neither does it go to the farms. The people who it has trained as extension workers and managers now want to off-load all that big chunk which was being made by another body to the farmer. Are we improving the farmers' conditions or are we over-burdening them?

Mr. Temporary Deputy Speaker, Sir, it is upto the factory company to recruit the managers from either the existing ones or those who have developed themselves, and know how tea is managed. This Sessional Paper does not clarify this matter. I had a chance of looking at the proposed Bill, but I do not want to discuss it now. However, a quick look through the draft of the of the proposed Bill shows that the Government is trying to transform the KTDA into another body whose management is to be overseen by the Government. According to the draft of the proposed Bill, most of the managers of the new body are supposed to be appointed by the Minister. We are saying that in a liberalised system, the Government must not be trading. The Government must reduce its level of participation in trading if we aim at empowering the farmer.

I believe that the Minister for Agriculture has been here throughout. He has listened to these sentiments, and I hope that he will take us seriously. Last week, there was a big demonstration somewhere in Kericho by farmers. A farmer who did very well and produced 32 tonnes, was paid Kshs640,000 only. That farmer should have been paid Kshs1.2 million. Here is where I would like to see ourselves talking in unison, both from the eastern and the western divide of the tea sub-sector, so that we empower our farmers throughout, and equally.

However, if we talk of politics of the east and the west, I think we shall be fragmenting this country further into small cocoons, and this will not be for the good of this country. So, how did the registration of the Kenya Small-Scale Tea Growers Association (KSTGA) come about? Those people who were in the KTDA now want to get a safe exit. So, the Government should not dictate or tell us who is going to run the affairs of the farmers. Let us go back to the farmer. If they want to call it KSTGA, I will not mind, but they have not told the stakeholders about it. I have not heard of any seminar in Zone I, which I represent, where it was discussed and agreed that the new body would be known by such a name.

The Kenya Union of Small-Scale Tea Growers Organisation (KUSTGO), which is also an agitating body, could as well represent the farmers. The farmers should be allowed to talk. The farmers should be allowed to talk. I am not saying that the KUSTGO should talk. What I am saying is that, we should go back to the stakeholders and discuss with them whatever we want to do. Probably, the Minister could delay the Bill seeking the liberalisation of the tea sub-sector, so that we can go back to the farmers. When we come here again, we will give him the full report of what the farmers want. I am in full support of the idea of liberalising the tea industry. We want the tea industry liberalised, so that it can benefit the farmers and the economy of this country and enable the Government get enough tax with which to do the tea roads. We used to have the Tea Roads Maintenance Unit. Those roads are now gullies, and you cannot transport your tea to the factory.

Mr. Temporary Deputy Speaker, Sir, through you, I would like to ask the Minister to accompany me one of these days, so that I can show him the roads which were there in Gatundu. They were good roads; they used to

be maintained by the Kenya Tea Development Authority (KTDA). However, those roads are no longer passable. Tea has, now, to stay in the buying centres, sometimes for 24 hours. By the time such tea gets to the factory, its value has really deteriorated.

Mr. Temporary Deputy Speaker, Sir, I think the Minister has listened to us. I do not want to take more on time on this. Mine is to urge the Minister through you to come back to the stakeholders, so that we can liberalise the tea industry together for the benefit of this country.

Thank you very much.

The Assistant Minister for Research and Technology (Mr. Kiangoi): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to also air my views on this important policy Paper. In supporting this Paper, I wish to, at the onset, make a distinction between the KTDA that exists and the KTDA the Government proposes in this Paper to re-structure. I wish to say that this is an important step.

The new-look KTDA will, if handled well, certainly be of benefit to the farmers. It is agreed that the existing KTDA has had some shortcomings in the whole process in the past. In saying this, I note that the operational costs alone were close to Kshs6 billion in the 1997/98 Financial Year. This was out of total earnings of about Kshs22 billion. This is certainly a big amount of money on operational costs. If the right steps had been taken by then, these costs would have been reduced to such a level that something was left for the farmers.

The main object of restructuring the tea industry is to ensure that the incomes at the farm-level are increased. If you have operational costs that are too high, as they have been, the farmer ends up with almost nothing. In that respect, I would agree

partially with the previous speakers who have said that the farmer has not fully benefitted from the structure that has been in place. However, I note with appreciation that the intended re-structuring of the KTDA will enable the farmers to elect directors at the factory level. These directors, who will be representatives of the farmers, will look into things such as the operational costs and purchasing at the factory level. So, this is a step in the right direction.

However, we should note that at the farm level, the farmers are also likely to be exploited by their own representatives. It does not mean, and it has never meant, that if the farmers choose their own representatives, those representatives will necessarily act for the benefit of the farmers. This is an area where we have to be very cautious.

Mr. Temporary Deputy Speaker, Sir, this is an area where we have to be very cautious that even at that level, the farmer is somehow protected. In saying this, I recall a situation where recently in my district Nyamira, there was some dissatisfaction on the part of farmers as the earnings which were offered or given to them as proceeds from their tea and the directors were not able somehow to explain to the farmers the cause of difference in earnings between different factories. It is, therefore, important that even at the level of the factory, the farmer still needs protection and it is prudent on the part of the Government, as the protector of rights of all people, to ensure that mechanisms are put in place that do not leave the farmer open to exploitation and maybe, cheating.

Sir, there is the issue also of KTDA, and I want to agree with the previous speaker, hon. Arap-Kirui, that it has tended in the past to concentrate the number of factories to a given area leaving aside the western part of this country. I say this being well aware of the fact that my own district alone produces 20 million kilograms of ready tea. That is the final product out of 126 million kilograms that this country produces and that is about 12 per cent. I would have expected, if we look at the figures relating to production of tea in my district, we will note that each factory, in fact, is handling over 15 million kilograms of tea every year, while in other areas it is about 10 or 12 million kilograms. If we compare that with the number of factories that are in place, we find that the area west of the Rift Valley is lacking in adequacy of the factories.

In so saying, I do not wish to support the fact that we need now at this level to scrap KTDA as some speakers have said previously. We need it, but we need a new-look KTDA. In fact, it will not be Kenya Tea Development Authority, it will be Kenya Tea Development Agency. This is a new company that will be formed. In this respect, I wish to support this Paper because the new KTDA will address itself to the shortcomings of the previous KTDA. The new KTDA will ensure that the farmers reap the benefits of their labour. In fact, it will be owned by the farmers. I would propose that the people who are interested; and I believe the people in the western part of Kenya are interested to have some body to perform the functions that KTDA was performing. And because it is a company that will be owned by the factories, we - and I believe the Members who come from the tea growing areas in Kericho, the Greater Gusii, the Nandi area and the western part like Maragoli where Mudavadi Factory is, will agree with me - will form a company; Kenya Tea Development Agency. We only need two directors to form a limited liability company. We will form that company and whoever wishes to join - we want to be democratic and we will not wish to force any factory whatsoever to join the KTDA that will be formed - the company will, in fact, join upon application. That will solve the problem of either completely scrapping the KTDA or leaving it intact. Let the people who are willing to have the new-look KTDA with the restructured functions, go

ahead and form that company. Let the individual companies which wish to join the Kenya Tea Development Agency join that KTDA notwithstanding where they come from. They may come from Meru, Kirinyaga or from Gatundu.

Sir, I believe that will solve the problem of scraping it altogether. We need it because we need an organisation that will enable the farmers to sell their tea efficiently, to co-ordinate their functions so that they get the greatest returns. But I also wish to say that the new-look KTDA should be fully restructured. It would not be proper to inherit the KTDA that has been in existence, and in that respect, I would agree with speakers who are saying that maybe, it will not be proper to off-load workers that were paid and employed by KTDA and the farmers. Neither do we want to inherit the workers in KTDA wholesome. It must be total restructuring so that it is small and efficient. The operational cost will, therefore, be brought down and the farmer will have his benefits.

At the factory level, the role of the directors has been spelt out very clearly; whether they will be in charge of the maintenance of the tea roads because the amount of tea that is lost through waste is almost equal to 30 per cent of the total that is collected and processed by factories because of the poor roads. We have no shame in saying this because it is a fact. If we go to my district in Nyamira, we would find people in buying centres waiting for collection of tea leaves two days after they pick the tea from their farms. This Paper should go along way to ensure that, that kind of a situation does not arise.

Mr. Temporary Deputy Speaker, Sir, in this Paper, there is the proposed Tea Board of Kenya. The way I see it is that, I have no quarrel with the licensing and the regulations and it will actually lead to efficiency. However, I do feel that the amount of money collected by the Tea Board of Kenya is more than is required. In (5) (2), it is stated that:

"To finance the activities outlined above, the Board levies cess on areas planted with tea and on manufactured tea delivered for sale to the market".

This is double collection of cess from the same source. Whether it is on the area planted with tea or from the manufactured tea, the cost goes to the farmer. The figures that we have had in this House, that they collect Kshs0.45 per kilo is not only a bit on the upper side, but it is too much. On my part, I would urge that the functions of the Tea Board of Kenya are also structured in such a way that, the board is not such a huge undertaking that it "swallows" all the monies that comes as farmers' earnings.

Mr. Temporary Deputy Speaker, Sir, one other function of the Board as it is stated in Section (5) (1) (F) is: "The investigation and research into all matters relating to the tea industry and this is intended to be done through the Tea Research Foundation".

The Tea Research Foundation is already in existence. It is based at Kericho and research is being carried out. However, there are research institutions in this country such as KARI; KEFRI which deal with forestry but this is one of the institutes or foundations that deal with research. It would be better if research was left on its own, together with other research institutions so that, they can benefit from each other in terms of sourcing for funds and in terms of consultations as they all deal with agriculture.

Mr. Temporary Deputy Speaker, Sir, having said that, I come now to the issue of taxes. In this Paper, it has been provided that the the KTDA will pay taxes like any other company. However, we will note that we wish to alleviate poverty and in doing so, which is a policy of our Government, we wish to assist the farmers as much as possible, so that the incomes at the farmers' level are increased. In order to do this, I would urge that as the paper really urges, that instead of delaying the tactics that they be paid in accordance with the Budget, perhaps it will be prudent if it were abolished altogether. The Kshs70 million intended to be paid as taxes would perhaps be applied to improve the roads and transportation or pay for transportation.

Mr. Temporary Deputy Speaker, Sir, Members have talked about the high cost of transportation of tea from the factories to Mombasa for auctioning. It is important to note that, each factory sells its own tea or tea from each factory is sold as that factory's tea. For example, Sang'ani tea from my constituency is sold at the auction as Sang'ani tea. It is never sold as KTDA tea or any other organisation's tea. In that respect, I am of the view that it would save costs if the people wishing to buy tea were to buy tea from inland centres, say like where the tea that is, in one area like the Western region, we would have one area like Kericho where all our tea auctioning will be done and in the Eastern part, they can have one area that auctioning can be done and the people buying the tea will then be in charge of transporting that tea from that particular area, all the way either by plane to the overseas consumers or by ship to the same destinations. This will enable us to lower the expenses being expended on transportation of tea, all the way to Mombasa. Alternatively, I think that rail transport could be of much help by helping to reduce the high costs because that would be transported in bulk and perhaps, at a lower rate.

Mr. Temporary Deputy Speaker, Sir, there is also the tea brokerage commission or fees. It is my view that, the fees that is now currently being charged is a bit on the higher side. In this policy Paper, it is stated that, that was the fees that was fixed when the tea production in this country was much lower. Now, that the tea

production in this country has increased the way it has and we are almost the number one exporter of tea, that means that we are not benefitting from the economies of scale. If we were, then the Commission would be lowered to one per cent instead of 1.5 per cent.

Mr. Temporary Deputy Speaker, Sir, tea is, to my constituency and my district as a whole, the same as petroleum to the Arabs. If wrong steps were taken to kill the industry, I would bet that my constituents would become almost like beggars. It is, therefore, important that in debating this Policy Paper, we do not rush to condemn those measures that would benefit the smallholders in the tea industry. The measures so far taken are in the right direction. I would support liberalisation being undertaken. Except for those few remarks that I have made, I do believe that if it is properly structured, the tea industry would contribute a lot to foreign exchange earnings, even double than what is being earned currently from this industry.

Mr. Temporary Deputy Speaker, Sir, before I conclude my contribution, I would like to comment on the training and human resources development. It is my proposal that instead of having parallel training at some other place, this training should be undertaken by the Tea Research Foundation or the Tea Research Institute as it may be called, if we choose to call it so without incurring other costs. If there are plans to apply funds to build training facilities at the moment, and because we are restructuring this industry, that should await completion and tabling of the Bill before this House, if the training so desired by this House, can be undertaken by the Tea Research Foundation because they would have the facilities. It is intended that they would have their own factory and the training would not only concentrate on the growing of tea, but also the manufacturing of tea.

Mr. Temporary Deputy Speaker, Sir, because there are other Members who wish to contribute to this Policy Paper, I beg to support.

Mr. O.K. Mwangi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute to what I think is a very important matter for this country. However, I am perturbed to note that the Head of State, His Excellency the President, has been going across the country saying that the Government has ceased to be involved in the management and production of tea and coffee. But when I look at this Paper, it looks to me that the Government is actually digging itself deeper into the tea industry when we want to liberalise and privatise the tea industry in total. Can the Minister, therefore, undertake to remove the Government involvement totally from the operations and management of the tea industry? The Government should only be an umbrella to safeguard the interests of the farmers and the citizens of this country in general, but it should not interfere with the production, management and marketing of tea.

Mr. Temporary Deputy Speaker, Sir, I am glad to note that even the Government recognises the importance of tea as an industry because tea is the leading foreign exchange earner for this country. Secondly, tea industry is a major employer in the country. You would note that most of the institutions that have been offering employment opportunities to our people have been destroyed, but the tea industry has stood its ground. We would like to see the tea industry continue being a leading employer. I am afraid that even when the Government notes and recognises that this is a very important industry, it still wants to destroy it. I am particularly disturbed by some two previous speakers here who have been talking about tea in Western and Eastern Kenya. If we are going to think along those lines with regard to tea production--- One speaker even went ahead and suggested that the KTDA should be split into two, one for Western Kenya and the other one for Eastern Kenya. If we are thinking like that, then we should equally split the country into Western Kenya and Eastern Kenya and we shall manage our affairs. I decry the fact that might be the reason why some people want to destroy the tea industry. I hope that the Government would not try to do that, because the minute you destroy the tea industry, you are destroying the country because this is the major foreign exchange earner.

Tea is also playing another very important role for this country; an ambassadorial role. What do I mean by that? When we are talking about Kenya being the third producer of tea in the world, we are placing and stamping the map of Kenya on the world map. When we are saying that Kenya is the leading exporter of tea in quantity and quality, then we are saying that tea is stamping the Kenyan map on the world map. That should be taken very seriously by this Government. I would have liked to see the Government take more initiatives because this is the hen that lays the golden egg now that all the other institutions have been destroyed. If you look at the employment institutions like the insurance industry, the tourist industry and the banking, they have all collapsed under the management of this Government.

Mr. Temporary Deputy Speaker, Sir, I would like to inform the Minister that even though we want to liberalise and privatise of this industry, first and foremost, we want a structure that is going to give maximum benefits to the farmer from his input. We cannot continue to have a situation where the farmer is treated like a slave.

The Kenya Tea Development Authority (KTDA) management says that they are the producers of tea and

those who work in the small-scale tea farms are labourers. Mr. Minister, I would like you to rectify that situation. The farmer is the one who produces tea. In fact, if I refer to this Paper, I think on page 8, it is said that KTDA has been offering services in tea production. That is a fallacy because KTDA has not been involved in production.

Mr. Temporary Deputy Speaker, Sir, the KTDA has been involved in marketing and financing, and most of all, in stealing farmers's money. Why do I say that? If you may allow me, last year, during the 1997-1998 crop season, the farmers realised a total revenue of Kshs24 billion for this country as foreign exchange. But what the farmers received was only Ksh16 billion. Almost Kshs8 billion went into what the KTDA called "inputs and costs." We are not told what these costs are. We would want an institution that is going to be honest and transparent and which will enumerate and say exactly what the costs are. That is why we are saying that we must disband the KTDA.

The tea industry should be treated with the care that it deserves. We should be very careful when we are treading on the tea industry, be it in the farms, factories or in the markets. I would want us to consider the whole of the tea industry in the country as one. If Western Kenya has enough tea to warrant the development of factories, I wonder why we should not go and build new factories there. But you cannot come and tell us: "Because Western Kenya produces tea, then you should build factories there so that the farmers can come up and produce it." It will be the reverse. Let the farmers produce tea first. In fact, it should not be the case for tea but also for coffee, sugar or anything else. If you want to build a factory in Mumias, you do not build it there and then tell the farmers: "Go and grow sugarcane." So, the same way, if you have tea in Mundete, then you should go and build a factory which is going to develop, process, and market that tea. So, we should consider the whole tea industry in the country as an entity. We should, in fact, go further and improve the quality of what we have.

So, I would like to urge the Government that, even though we need liberalisation that much, this Paper must be re-drafted and reconsidered. In fact, may I say that this Paper is outdated. The reason is written on page 2 which you can read for yourself. But if you allow me, I would like to read one sentence which tells that this Paper is actually outdated. I do not know whether the Minister noticed that. I do not know whether it was borrowed because it is written in paragraph 2.1 in the third line:

"The 1998 projected production will surpass the Government targeted production of 264,000 metric tonnes by the year 2000."

Yet this Paper is said to have been written in March, 1999 when the 1998 tea produce has been sold, the farmers have been paid, the KTDA has taken what it has and the Government has taxed that income. So, I am requesting the Minister to go and call the farmers and all the stakeholders and even invite those leaders who come from tea growing areas who know what growing of tea means. We should sit down with the farmer, the Government and even the KTDA and see how best this can be done. When we talk about liberalisation of the tea industry, we are talking about the country. If a commodity can earn---

The Minister for Agriculture (Mr. Mudavadi): On a point of information, Mr. Temporary Deputy Speaker, Sir, I wanted to inform the hon. Member to quote carefully when quoting. The sentence you have quoted is making reference to what was projected in a Sessional Paper that was presented to this House in 1986, on Economic Management and Renewed Growth. So, what that Paper was saying was that by 1998, what was projected in the Sessional Paper of 1986 had already been surpassed by tea farmers in this country.

Mr. O.K. Mwangi: Mr. Temporary Deputy Speaker, Sir, while he is referring to the Sessional Paper of 1986, that sentence is talking about the production of 1998. By the time this Sessional Paper was written, the production of 1998 had already been known. So, it should have added that sentence that this had surpassed the production targeted by that Paper. The Paper, as far as I am concerned is outdated.

Mr. Temporary Deputy Speaker, Sir, while we want liberalisation and while liberalisation must be and must come, we cannot have KTDA restructuring the tea industry. KTDA is not capable of restructuring itself. So, what the Minister is telling us is that he wants to change the name from "KTDA the Authority", to "KTDA the Agency". This means KTDA will continue with the personnel that is there, the leadership that is there, the operations that are there and the only thing that we shall do is to change the name. My question is, how can KTDA which has of late mismanaged the tea industry be allowed to do this?

Mr. Temporary Deputy Speaker, Sir, you will remember that when the KTDA had its management directed by the requirements of law and that of the economic structures, we had no problem with it. But when we changed the management and brought people who do not care - and who are corrupt and are driven by greed - that is when we started having problems in KTDA and we cannot maintain the same people and tell them to restructure the tea industry when they are corrupt. Recently, we has a case where the KTDA had given out tenders for tea bags to a certain company at a higher price than what was tendered for just because there were kick-backs that had been promised. There is a court order currently which had barred the KTDA from ordering those bags from the East African Packaging Industry. But I am afraid that Mr. Karanja has gone round the factories and

ordered the factories which are under KTDA to order from the same firm which the court has said should not supply these bags. They have ordered for these bags and in some cases, they have already been supplied. They ordered those bags and in some cases, the EAPI has already supplied some factories at a much higher price than the lowest tenderer who had tendered when the KTDA had opened the tenders. This was until the matter was questioned in this House. Those are the same people who we are giving the responsibility to restructure the tea industry.

On page eight, the Minister only wants to change the name of the Kenya Tea Development Authority into the Kenya Tea Development Agency. What we are saying is that we do not require an agency. We do not even require to come to Parliament so that we can form a limited liability company. It is for those who will be the shareholders--- In this case, according to this Paper, the 45 factories should sit down and decide on what name they should use. They should form a company, go to the Registrar of Companies, register themselves and elect their own directors. We cannot come to Parliament and form a limited liability company unless the Parliament or the Government is going to be a shareholder. But in this case, the Government is telling us that it is moving out of the tea industry. Yet, they want us to come here and form a limited liability company and say that, that company belonged to the farmers. It is said in this Paper that the KTDA belongs to the small-scale tea farmers. If the KTDA belongs to the small-scale tea farmers, why then do we want to dictate them on what they are going to do when forming another company?

Section 9(ii) reads as follows:-

"That the KTDA is *de facto* owned by all small holder farmers, who now number about 300,000; and it is *de jure* owned by the Government since it was established under the Agriculture Act Cap 318."

If it is owned by the small-scale tea farmers, when you come to the distribution of assets, it also says that the Government, the KTDA and the small farmers will sit down and work out modalities of how these are going to be shared. Now, if the assets belong to me, and the KTDA belong to the farmers, that means that the assets for the KTDA belong to the farmers. Then, why do we have to sit down with the KTDA, farmers and the Government to share out? What share has the Government got in this? Why would these assets that belongs to the KTDA, which belongs to the farmers, not go directly to the company that is going to be created by the small farmers themselves? So, what we are saying is that we would like a situation where the farmers come out and form their own company. Yet, we want an umbrella body that is going to look at the marketing, accounting and quality services. But the farmer must be left to determine what he would like to do with his product. If the farmer is the one who is producing tea, and he has an entity there, that is an institution called the factory company, that company should manage whatever is done. In fact, even today, other than the transportation of tea from the factories to the market in Mombasa, you will find that what is done is all done by the farmer and the factory.

The tea from farms is transported to the buying centres where it is collected by the KTDA. It is processed in those factories and transported directly to the market in Mombasa. Unfortunately, when tea is sold at the auction in Mombasa, its proceeds do not reach the farmers immediately. The tea is transported directly to Mombasa without being stopped anywhere on the way, but when it has been sold it, its proceeds are managed by the KTDA. It is the KTDA that decides how much money will be paid to the farmers as if they own that tea.

Mr. Temporary Deputy Speaker, Sir, let me move on to taxation in this sector. After restructuring the tea industry, the Government, through this Paper, proposes that it will tax the factory or companies under the Companies Act. Those factory/companies will be expected to pay corporate tax. Where will those factories get that money from to pay tax? They do not have their own money. A factory is just a filter where farmers deliver their tea. From there, it is processed and transported to the tea auction at Mombasa. After the sale of that tea, money belongs to farmers and not to the factory. So, if we will tax the factories, then that will mean that we will tax farmers. If the tea farmers will pay corporate tax, which is not provided for in the Budget, then maize, tomatoes and vegetables farmers should also pay corporate tax. Why should we tax them when we know very well that those factory/companies do not have their own money? Then that would mean that once tea is sold, the factory will, first of all, pay corporate tax to the Government before they have paid the tea farmers. Farmers will not get what is due to them. Why should the tea farmers be taxed?

The Minister for Co-operative Development (Mr. Obure): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for my friend, hon. Mwangi to mislead this House? The factory/companies are registered as limited liability companies. They are entities in themselves and the Government is entitled to tax them. Is he not misleading the House?

Mr. O.K. Mwangi: Thank you, Mr. Deputy Speaker, Sir. The hon. Minister does not even distinguish between points of order and information.

However, all I am saying is that the Minister must think seriously about this tax because, even though we will liberalise the tea industry, then tea factories should be exempted from paying this corporate tax because they do not have their own money; neither are they in business. Tea belongs to farmers.

The Minister for Agriculture (Mr. Mudavadi): On a point of order, Mr. Temporary Deputy Speaker, Sir. I just want to clarify that already the authority, even today as we speak, pays corporate tax. Equally, we must remember that Mumias, Nzoia, Sony sugar companies and Kenya Cashewnuts company pay corporate tax. So, all these are farmers' organisations, manufacturing entities and they are paying taxes. So, this is not a unique situation at all. I think it is better for people to understand that the tea farmers will not be treated any differently. Coffee farmers whether in KPCU or not pay corporate tax.

Mr. O.K. Mwangi: Mr. Temporary Deputy Speaker, Sir, I did not have enough time to go through this Paper to know where it is stated that KTDA will be exempted from paying corporate tax by virtue of it being---

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Imanyara): Order, hon. Members! It is now time for the interruption of business. The House is, therefore, adjourned until tomorrow 13th May, 1999, at 2.30 p.m.

The House rose at 6.30 p.m.