

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 5th November, 1997

The House met at 9.00 a.m.

[Mr. Deputy Speaker in the Chair]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.393

PAYMENT OF OUTSTANDING DUES TO
COFFEE FARMERS

Mr. Anyona asked the Minister for Agriculture, Livestock Development and Marketing:-

- (a) whether he was aware that coffee farmers in Kisii and Nyamira Districts have not been paid bonuses for 1992, 1993, 1994, 1995, as well as the final payment for 1995;
- (b) whether he was further aware that coffee husks which could not be processed into various by-products to maximise income of coffee farmers are disposed of as waste material, thereby causing serious pollution of water and the general environment; and,
- (c) if the answers to "a" and "b" are in the affirmative, whether he would ensure that coffee farmers in Kisii, Nyamira and elsewhere in the country are paid the outstanding bonuses and other dues, and also find ways and means of processing coffee husks into various by-products to maximise income to coffee farmers.

Mr. Deputy Speaker: Is anybody here from the Ministry of Agriculture, Livestock Development and Marketing? We will leave that Question until the end. Let us move on to the next Question.

Question No.603

INCREASE OF MALARIA CASES IN NAIROBI

Mr. Deputy Speaker: Mr. Nthenge is not here! We will leave his Question until the end. Let us go back to Question No.393 for the second time.

Question No.393

PAYMENT OF OUTSTANDING DUES
TO COFFEE FARMERS

Mr. Anyona asked the Minister for Agriculture, Livestock Development and Marketing:-

- (a) whether he was aware that coffee farmers in Kisii and Nyamira Districts have not been paid bonuses for 1992, 1993, 1994, 1995, as well as the final payment for 1995;
- (b) whether he was further aware that coffee husks which could not be processed into various by-products to maximise income of coffee farmers are disposed of as waste material, thereby causing serious pollution of water and the general environment; and,
- (c) if the answers to "a" and "b" are in the affirmative, whether he would ensure that coffee farmers in Kisii, Nyamira and elsewhere in the country are paid the outstanding bonuses and other dues, and also find ways and means of processing coffee husks into various by-products to maximise income to coffee farmers.

Mr. Deputy Speaker: Is anybody here from the Ministry of Agriculture, Livestock Development and

Marketing? The Question is deferred. Let us move on to Question No.603 for the second time.

(Question deferred)
Question No.603

INCREASE OF MALARIA CASES IN NAIROBI

Mr. Deputy Speaker: Is Mr. Nthenge still not here? His Question is dropped!

(Question dropped)

Mr. Deputy Speaker: Let us move on to the Question by Private Notice!

QUESTION BY PRIVATE NOTICE

INCREASE OF MONKEY POPULATION IN MUKINYAI

(Mr. J.N. Mungai) to ask the Minister for Tourism and Wildlife:-

(a) Is the Minister aware that the population of monkeys has tremendously increased in Mukinyai area in Molo and that these animals are now destroying the maize crop at a very high rate?

(b) If the answer to "a" is in the affirmative, what immediate measures does the Minister intend to take to save the crop from being destroyed before harvest?

Mr. Deputy Speaker: Mr. J.N. Mungai is not here! His Question is dropped! Next Order!

(Question dropped)

MOTIONS

ABOLITION OF PRESUMPTIVE INCOME TAX

THAT, in view of the crucial importance of the agricultural sector both in the rural and national economy and the role of small-scale farmers in the cashewnut, coffee, cotton, maize, milk, pyrethrum, rice, sugarcane, tea and other sub-sectors throughout the country; considering that the small-scale farmers are heavily burdened with overhead costs including prices of inputs and taxes; conscious of the fact that this House passed a Resolution on 14th April, 1993, which resulted in the abolition of the five per cent rate of Presumptive Income Tax in the 1994/95 Financial Year and which was re-introduced at the rate of two per cent in the 1995/96 Financial Year, this House resolves that:

(a) The small-scale farmers be given all possible assistance in the various sub-sectors in order to maximise production.

(b) The cost and price of inputs be regulated and subsidised.

(c) The two per cent Presumptive Income Tax (PIT), Value Added Tax (VAT) and other taxes on all small-scale farmers in the various sub-sectors (cashewnuts, coffee, cotton, maize, milk, pyrethrum, rice, sugarcane, tea, etc) be abolished in the next Financial Year.

(Mr. Anyona on 29.10.97)

(Resumption of Debate interrupted on 29.10.97)

Mr. Deputy Speaker: Who was on the Floor? Hon. Anyona was moving. Proceed, hon. Anyona!

Mr. Anyona: Mr. Deputy Speaker, Sir, when the House adjourned last Wednesday morning, I was moving the Motion before the House.

Mr. Deputy Speaker: I understand you have five minutes to finish moving your Motion!

Mr. Anyona: Yes Mr. Deputy Speaker, Sir. The issue here is Parliament promised our farmers every support, particularly in areas of taxation, inputs and extension services. Parliament has not kept its promise. As

I said, having removed the five per cent Presumptive Income Tax (PIT), it was brought back again through the back door. There is no explanation for that so far. If we want to keep the faith of our farmers, they must feel confident that when measures are designed to assist them maximise their production, such promises must be kept.

Mr. Deputy Speaker, Sir, I want to raise the issue of price incentives. In this age of liberalisation, where prices across the economy have been liberalised, I do not understand why farmers must be subjected to controlled prices by various marketing boards. For instance, I do not understand the role of the Kenya Tea Development Authority (KTDA), Pyrethrum Board of Kenya, Cotton Board of Kenya and the Coffee Board of Kenya (CBK) in the liberalised economy. These are middlemen who are in essence, exploiting the farmers. We were told that essential areas of the economy like the KTDA would be restructured so that the farmers can get more benefits. We would like to be told what restructuring has taken place in the tea industry for instance. There is a war going on between the farmers in Kericho, Kisii and Western Kenya, with the various tea organisations like the KTDA due to underpayment to farmers. The farmers would also like to sell their tea where they want. This week, we read in the newspapers that the KTDA is intending to increase the price of green tea leaf from Kshs4.50 to Kshs6.50. What is Kshs6.00 for the production of a kilogramme of green leaves? The process of growing and processing tea is a very laborious and expensive exercise. It is not clear why the KTDA thinks that Kshs6.00 is enough to support the farmers in the production of tea. If the KTDA can give higher prices to certain areas, is it not clear that farmers in some areas are being exploited?

Mr. Deputy Speaker, Sir, what has happened in the cotton industry in this country? I cannot see how this country can develop the cotton industry if we allow it to collapse, as we have done. What measures are being taken to ensure that the cotton industry is back on its feet? What about coffee? There was supposed to be a rehabilitation programme for coffee. There was supposed to be a training programme from the European Union to support the rehabilitation of the coffee industry. I see no sign of rehabilitation of the coffee industry.

Mr. Deputy Speaker, Sir, the sugar industry is going through a serious crisis. We were told that something will be done about Ramisi, but nothing has been done. There are areas which have got great potential for the production of sugar, particularly in Kisii and Gucha Districts, but there is no attempt to provide the necessary infrastructure to encourage sugar production in those areas. What will the Government do, in terms of the marketing? For instance, we are told that the tea factories will be handed over to the farmers. How is the marketing of tea going to be done differently, from what is going on now? It is quite clear that the farmers are being exploited. The directors that are being appointed are not adequately well-informed to work out marketing strategies.

With those few remarks, I beg to move, and request hon. Angwenyi to second the Motion.

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

Kenya is an agricultural country, and agriculture is the backbone of its economy. Yet, this country has not taken care of the farmers appropriately. It has not taken the interests of the farmers as a matter of importance in this country. We raise taxes from our farmers but they do not get adequate returns on their investment in farming. As we all know, the cost of agricultural inputs and implements has risen by 300 per cent in the last three years. In the same period, the prices of our commodities and produce have not increased at all. In fact, in some instances, they have declined. The cost of fertilisers, seedlings, jembes and pangas have gone up, whereas the prices of commodities like maize have declined for the last several years. If you look at the exchange rates differential, the prices of our coffee, sugar and tea have gone down in the same period.

Mr. Deputy Speaker, Sir, I do not understand what our co-operators do; neither do I understand what our Commercial Attaches do. They are abroad to market our produce abroad but they do not do any job. They are just paid for sitting in their offices and yet, the country pays them for services are not rendered.

Mr. Deputy Speaker, Sir, the Coffee Board of Kenya, the KTDA, and the Kenya Sugar Authority are only concerned with conspiracies to defraud our farmers. They are concerned with inflating the prices of what they import for our farmers. For example, the price of fertilizer for tea farmers has gone up by 300 per cent, as I said. That is not because the price at the original source has gone up, but because the members of these boards have inflated the prices so that they can pocket part of the loot that they make from the farmers. We have witnessed fist fights in our board meetings. Such fights are caused by people who do not want to be removed from the boards simply because they know once they are removed, they are going to miss the loot they get from our farmers.

In the last four years, tea farmers have been paid a fixed price of Kshs4.50 per kilogram, a price which was fixed when the exchange rate was Kshs28 to the Dollar. Today, a Dollar fetches Kshs63; so, the Kenya shilling has depreciated two times. But the price we pay our farmers has been stagnant. The farmers should now be paid Kshs15 per kilogram or more because the exchange rate has changed. The prices of coffee and tea have also gone up. Some three or four years ago, we used to buy a cup of tea at Kshs5 per cup, but today we pay Kshs40 for it.

This means that the price of tea has gone up. But this profit is not passed down to the farmers. Our Government should ensure that the people who are given this responsibility are people who will not defraud farmers. They should be people who are not corrupt or those who want to make money from where they did not invest. As I said, the prices of these commodities have been inflated because of corruption. The other day, we saw the case of vehicles for KTDA for the tea farmers where a vehicle which should cost Kshs2 million was exorbitantly priced at Kshs7 million. That is three and a half times what it should have cost, and all that burden is borne by our farmers.

There have also been numerous thefts in those boards; people who outrightly and in broad day light, steal from our farmers either at the board level or at the society level. Right now, we have got a crisis in Gusiiland where coffee is stolen from factories by officers who connive with the police force. But when these thieves are arrested, they are released the next day simply because they are in conspiracy to steal from our farmers. The Government should ensure that these thieves are apprehended and sent to court, so that they can be punished adequately. Otherwise, we may discourage our farmers from growing these crops which are the backbone of Kenya's economy.

Mr. Deputy Speaker, Sir, another aspect which bears very heavily on our farmers is the liberalisation of our economy. Most people in the Government, including Ministers, confuse liberalisation with succumbing to dumping to destroy our economy. On several occasions, we have heard Ministers say that by allowing many people from overseas to come and work in Kenya and by allowing importation of cheap products like sugar, we are liberalising our economy. In fact, we are not liberalising, but destroying our own economy. Countries like USA or Japan protect their farmers. In Japan, a kilogram of rice costs about \$50 and yet, they buy it from Kenya at \$1 or less. But they protect their farmers because they know that food and agriculture are the mainstay of any country. If a country has no food and no agricultural products, then that country is liable to blackmail and famine.

Mr. Deputy Speaker, Sir, from time to time, we have said that the Government has been managing our agriculture and economy on a crisis management basis. Sometimes, we find that we have imported so much sugar and then, we raise the tariffs to protect the farmers. But by the time we do that, it is too late. Currently, the sugarcane on our farms has not been harvested for the last three years, and that is three years investment which has not been recouped by our farmers. We have destroyed the morale of our farmers and have exposed them to abject poverty because of the policies of the Ministry of Agriculture, Livestock Development and Marketing which do not protect them. I would suggest that tariffs should be set by a board composed of farmers. I say so because the Ministry of Finance reacts to these crises very late after our farmers have been destroyed. We should subsidise the cost of inputs as done by countries, developing countries included. We should subsidise the cost of fertilizers and agricultural implements, so that our farmers can afford these essential inputs. We should also give price incentives and encourage our farmers to continue being in farming. We should allow them adequate and cheap credit. We should guarantee the prices at the beginning of the season, so the farmers know what they will get at the end of that period in order to invest in the farming. Raising tax on these farmers whom I have said have been suffering from various decisions by the Government, is so harmful to them that, it should not be accepted by this Parliament. We should ask the Government to repeal that levy they are trying to introduce on farmers. The Government should get that money by raising tariffs, especially from people who want to dump very cheap products in this country, especially those products that are intended to destroy our economy.

Mr. Deputy Speaker, Sir, as you know, farming provides about 70 per cent of our employment. If we destroy that important economic activity of this country, we will have destroyed that percentage of our employment. As you know, employment is the biggest problem facing this country. These days, a large number of young graduates from the universities, colleges and secondary schools cannot get employment. They can only get jobs if we improve on our agriculture which provides the bulk of our jobs, as I have said before. Therefore, to encourage this job creation in the agricultural sector, we must remove this levy permanently. In fact, we must say to the Government that they should not levy anything on our farmers. Instead, they should stabilize the farmers' financial base, to enable them purchase sufficient implements and inputs.

Mr. Deputy Speaker, Sir, I would like to expound more on the corruption in the farming industry. We have seen cases of senior Government officers and senior parastatal officers taking money from our boards and Ministries. But when it is established that they have misappropriated that money, no action is taken against them.

I think it is high time this Parliament instituted stringent measures against people who are involved in economic crimes, such as the purchase of vehicles for KTDA. That was an economic crime; a crime which is intended to destroy our economy. It is a crime committed by people who have been given the responsibility to run the economy of this country. We have seen the case of Nzoia Sugar Company where money has been pumped

year-in-year-out and people siphon it out as soon as it is pumped into that factory, yet no court action has ever been taken against any of these officers. The same thing is now extending to Mumias Sugar Mills which used to be run very well. People have taken money and the only thing we do is to replace one thief with another. The same has also happened in KPCU.

With those few remarks, I wish to second.

(Question proposed)

Mr. Busolo: Mr. Deputy Speaker, Sir, I rise to support this Motion and in my contribution, I will dwell much more on the sugar sector. The agricultural economy of this country is the largest earner of foreign exchange. Most of the monies that the Treasury uses to import necessary items for the survival of Kenyans are derived from agriculture. But what goes back to agriculture is very minimal and dismal. It demonstrates that this Government has not yet found a very good policy which gives farmers incentives to produce more, yet they are the mainstay of the economy.

Mr. Deputy Speaker, Sir, when you look at sugar-cane farmers, they are very miserable. Those who farm the sugar cane from which we get sugar, which we use in our tea every morning and every other time, are leading very miserable lives. They can hardly afford to take their kids to school, they can hardly afford even the sugar they produce. They cannot even afford to take their kids to hospital because the income derived from the sugar-cane they grow is very minimal. The same goes for the maize farmers who are also living very miserable lives in this country. They cannot afford the basics of life; housing, dressing and shelter. The point I am simply making is that the people who grow food crops for us cannot afford to eat the products of the food crops they grow. That raises the question of a sound agricultural policy. The Ministry of Agriculture, Livestock Development and Marketing is one of the busiest Ministries with a lot of departments, yet they have not been given the prominence that they deserve. Good prices of inputs is the only thing that can give farmers the incentive to produce more, make the country self-sufficient, so that we do not import things that we could easily afford to grow in this country. This country has no need to import either sugar or maize. There is no need for us to have coffee from Colombia on the shelves of the supermarkets. What this means is that we have not taken care of the very farmers who could actually satisfy the demand for those commodities in this country.

Take the case of sugar, for example. Every morning people have tea for their breakfast. There is enough capacity to produce sugar which will satisfy everybody, yet there is no Sugar Act. Neither the Ministry of Agriculture, Livestock Development and Marketing nor the Government has seen it fit to have a Sugar Act which will regulate, not only the production, but also the marketing of sugar. Instead they are giving permits to very powerful and well-connected individuals in this country - in most cases connected to State House - to import sugar which they dump in the market. There have been a lot of court cases on the question of importation of sugar, but invariably, most of them have come to nought. What we suspect is---

[Mr. Deputy Speaker left the Chair]

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

Dr. Otieno-Kopiyo: On a point of order, Mr. Temporary Deputy Speaker, Sir. You heard the hon. Member say that there are some powerful people in State House who are importing sugar duty-free. Could he be kind enough to name them?

Mr. Busolo: Mr. Temporary Deputy Speaker, Sir, as I said, there are a lot of court cases involving these people. A person like Joshua Kulei is a household name in this country in the sense that he imports sugar. Even a Member of Parliament, hon. Sajjad, has been mentioned in this House in connection with the importation of sugar. So that is not something strange. All I am saying is that the people ruining the sugar industry are the very leaders who are supposed to give direction in the agricultural sector. If they cannot give direction, they have no business being leaders because what they are doing is conning people. I am calling upon the Ministry of Agriculture, Livestock Development and Marketing to initiate a Sugar Act, bring it to this House, so that we pass it and after passing it, we shall then regulate, not only the production, but also the marketing and distribution of sugar in such a way that, probably, the farmers do not need to be burdened by cheap imports of sugar from elsewhere which come and ruin that sector. This is important in the sense that the sugar sector is the largest employer in this country. If you look at the Sugar Belt from Nzoia, Mumias, Muhoroni and Sony, it is among the largest employers of Kenyans. If it is ruined, it means that those people will be retrenched and they will be unemployed. This is a

recipe for war in this country because they will have nothing and they will just be out to, probably, act in such a manner that may be detrimental to the peace and harmony of this country.

Mr. Temporary Deputy Speaker, Sir, a Price Review Commission was initiated within the Kenya Sugar Authority to increase the price of sugar from Kshs1,500 to Kshs2,500 per tonne. That was three years ago. Up to now, that has not been implemented. In the response of the Minister, I would like him to tackle that matter as to why the price recommendation of Kshs2,500 per tonne made by the Kenya Sugar Authority Commission Study in terms of price increase for sugar-cane has not been implemented. I want to caution him that I do not want him to tell us that we are in the era of liberalisation. Liberalisation must also protect the farmers. We cannot just talk of liberalisation and leave prices find their level in the market, yet the inputs used by the farmers are very costly and they have not been subsidised.

Mr. Temporary Deputy Speaker, Sir, there is also the question of sugar cess. I am using sugar as my case study. The county councils also get a lot of money from the sugar-cane farmers and cess money is supposed to be used to develop the infrastructure within the Sugar Belt or the sugar-cane growing areas; yet when you go to those areas, the roads are very bad. There is hardly any infrastructure that farmers can use to transport their goods.

The Ministry should come up with a policy of managing the cess so that it benefits the sugarcane farmers.

It should also apply to coffee farmers and others. Again, the outgrowers companies within the sugarcane zone also charge levies on the farmers produce. I feel that the outgrowers companies should not be allowed to charge any levies. Instead they should be turned into shareholding companies whereby, money deducted from the farmers can be converted into shares so that, at the end of the year, they can earn dividends. I am calling upon the Ministry to look into the question of transforming these outgrowers companies into shareholding companies so that they do not just remain organs that exploit farmers.

Mr. Temporary Deputy Speaker, Sir, one of my colleagues who had earlier contributed to this Motion touched on the question of corruption within the agricultural sector. He mentioned the case of Nzoia Sugar Company. I have raised a question in this House about corruption at Nzoia Sugar Company. We should not forget that the Public Investments Committee Report had recommended that disciplinary action should be taken against Messrs Elijah Mwangale, Wafula Okunaku, the former Chairman, Francis Wabuge, the former Managing Director, Koinange, former Permanent Secretary, Ministry of Agriculture, Livestock Development and Marketing and Mbindyo, former Permanent Secretary, Treasury. To date, these people have not been charged. As far as I am concerned, this report was supposed to be forwarded to the CID for probing. Some people were sent from the Office of the President to investigate the matter at the Nzoia Sugar Company, but they never went there and yet they are charging the company Kshs10 million for the probe. The Nzoia Sugar Company has refused to pay that money because these people did not carry out the probe at Nzoia Sugar Company. They were supposed to have come up with a report which they have not done. These people were blocked from going to Nzoia Sugar Company to investigate this matter. We would like the Minister to tell us why this---

Dr. Otieno-Kopiyo: On a point of information, Mr. Temporary Deputy Speaker, Sir. I wish to inform the hon. Member that the Ministry of Agriculture, Livestock Development and Marketing formed an Inter-Ministerial Committee that probed the Nzoia Sugar Company and submitted its recommendation along the same lines as the PIC, but they have not implemented it.

Mr. Busolo: Thank you very much. So, when the Minister is replying, he should tell us what happened. Corruption must stop. We know that the Arkel International Inc. bought a 500 acre farm for the former Chairman, a Mr. Wafula Okunaku. These 500 acres in Sabaot Constituency were even paid for in foreign dollars and the money never even arrived here. All these vices are known. We know that the USA Government has the Foreign Corruption Act. Why did this Government hesitate using that Act to apprehend some of these corrupt elements like the Arkel International Inc? Now, they want to bring another company through which they want to rip off a lot of money from the Nzoia Sugar Company namely; Booker Tate, which has been called upon to manage the Nzoia Sugar Company on the road towards privatisation. Instead of this company coming as a management consultant firm, they now want to corrupt their way and form another company called Nzoia Sugar Management Company. This company will employ a few expatriates whom they will pay a lot of money---

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

The Assistant Minister for Tourism and Wildlife (Mr. Kisiero): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute on this Motion. The farmers need a lot of protection because they have too many enemies around them; enemies who have always wanted to destroy them. One of those enemies is the "middleman". The "middleman" is a fellow who has no idea of what it costs to plough a farm, of the prices of inputs, fertilizers, spare parts, machinery and implements. He is only interested in making hefty profits out of the sweat of the farmers. So, everything possible should be done to protect the farmers from exploitation by the middlemen.

Another enemy of the farmer, who is also a middleman, is the importer of various commodities, including wheat, maize and rice. Haphazard importation of grains that are grown in this country destroys the efforts of the farmer. Some of the worst examples have been mentioned from time to time. We should decide on the question of a fair return to a farmer who grows a bag of wheat or maize. When we have established the prices, after consultations with the farmers, the Ministry of Agriculture, Livestock Development and Marketing and the Treasury, we should allow those prices to function. But if the prices rise beyond a certain figure, then we can allow the forces of importation to come in. If the prices fall below what we have decided, then we should stop the importation so that the farmers are not adversely affected. By doing so, our farmers will be assured that they are protected because there is price stabilization of their grains. If prices are hiked, the consumers will also be protected because the forces of importation will be allowed. Therefore, the importation will reduce the prices of goods in the market.

Mr. Temporary Deputy Speaker, Sir, another thing that we should think about is the question of extension officers. The extension officers are trained in thousands, but the moment they are employed, they just disappear into the *bundu*. We never see extension officers assisting coffee farmers. A veterinary officer will also ask so much money from the farmer for the services rendered. To treat an animal, it will cost the farmer even three more animals so that in the end, the farmer finds that there is no use of inviting a veterinary officer to treat his animals. Therefore, something should be done to ensure that the extension officers are made to work and advise the farmers. They should also ensure that the cost of the drugs is not over-inflated because when it is, the farmer finds that there is no use of keeping animals.

Mr. Temporary Deputy Speaker, another thing that we should think about if we are really serious in trying to help the farmer, is the question of extending electricity to the rural areas. Electricity would help the farmer carry out most of his farm activities. Maybe, a farmer wants to milk and repair some of his farm implements using electricity.

Also in the local markets, the youth may want to make some simple implements so that they are cheap and available to the farmer at an affordable price; and there are many other things that electricity can assist the farmer to do. We should do everything possible to see that we extend electricity to the rural areas in order to fulfil our own policy of establishing or starting agro-industries in the rural areas. If we do that, we shall have solved some of the problems like congestion in the City since every person who is looking for a job opportunity wants to go to the big cities because that is the only place he can get employment. If we establish agro-industries in the rural areas, we will be able keep some of those youths there.

Mr. Temporary Deputy Speaker, Sir, another thing that we should think very seriously about is the question of asking foreigners to interfere in our own economic activities. This business of the World Bank and the IMF being encouraged by our own people to cut off donor funds, which in the end affects our economy is not good. Eventually, this weakens the shilling and in the long-run our own economy gets weakened, hence, all of us including the farmers get weakened. I think, we should all try our best to see that we only ask foreigners to stop funding our projects, as a last resort, because in the end we will all suffer. If we encourage those donor countries to stop funding our projects, it is not only the ruling party that will suffer but all of us will, in the end, suffer.

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

Mr. Kapten: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to and support this Motion.

Mr. Temporary Deputy Speaker, Sir, the farmer in this country is one person who is marginalised and neglected. In this country, we have a President who calls himself "Farmer Number One." Although he is in charge of the Government, his Government has neglected the Kenyan farmer. The farmer in this country has suffered a lot and he continues to suffer. The prices of his products have always been low and it is the Government which has actually contributed to this.

Mr. Temporary Deputy Speaker, Sir, take the example of the dairy farmers. It costs, at least, Kshs18.00 to produce a litre of milk. When this milk goes to the Kenya Co-operative Creameries (KCC), the farmer is paid only Kshs14.00. The KCC was run down by Government appointees. It is unfortunate that majority of the people who ran down the KCC were State House operatives and yet when this information came out about their mismanagement and stealing of money from the KCC, the Government has not taken any action against these people.

Dr. Lwali-Oyondi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Hon. George Kapten has just said that those who ran down the KCC were State House Operatives. There have been quite a number of operatives from State House. Could he name those who are actually responsible for running down the dairy industry?

Mr. Kapten: Mr. Temporary Deputy Speaker, Sir, I do not intend to name any of them, but the hon.

Member knows that there are very many State House operatives who were also members of the KCC Board.

Mr. Shikuku: On a point of order, Mr. Temporary Deputy Speaker, Sir. According to Standing Order No.76, a Member of Parliament shall be responsible for utterances he makes in the House and when he is challenged to substantiate, he has to do so. Now, hon. Kapten has been challenged; there are so many State House operatives. We must be told the names of these State House operatives who are running down, specifically, the dairy industry.

Mr. Kapten: Mr. Temporary Deputy Speaker, Sir, I do not know why the two brothers are really after my neck, but I said that, there are State House operatives and the hon. Members know that. In fact, even one of the President's sons was a member of---

The Assistant Minister for Local Government (Dr. Wameyo): One of the State House operatives?

Mr. Kapten: I know that he is a State House operative! One of the President's sons was a member of the KCC Board. We must take action against these people who have been running down the KCC. I know that they have been removed but action should be taken against them so that the money which they took from the KCC is returned.

Mr. Temporary Deputy Speaker, Sir, the present Board of the KCC has been in the office for about a year now. When they went there, they promised the farmer that they would raise the prices after about four or five months. It is now over a year and the dairy farmers are demanding that the price of milk should be increased from Kshs14.00 to, at least, Kshs18.00 per litre. If the KCC Board does not take action, the dairy farmers will demonstrate, the way the wheat farmers in Eldoret are doing and we will support them. This is not politics, it is the economics of the dairy farmer.

When we come to the cereal industry, the price of wheat is very low and the farmers are now in the streets complaining about the price of wheat. The Minister for Agriculture, Livestock Development and Marketing told us the other week that he has increased the duty on wheat. The Government should not keep on misinforming this House. Although the Minister says that they have increased the duty on wheat, we know that the wheat which is lying in Mombasa had already been cleared before he purportedly told us that they had increased custom duties. Why increase the custom duty when the wheat is already in the country and it has been cleared? It does not make any sense. This Government is taking the Kenyan farmer for a ride.

Mr. Temporary Deputy Speaker, Sir, with regard to maize farming, we know that the industry has been liberalised, but in the world over, the farmers are protected. Why is the Government of Kenya not protecting the Kenyan farmer? Why is the Government leaving the Kenyan farmer at the whims of the middlemen? It does cost not less than Kshs1,200 to produce a bag of maize and yet the market price for a bag of maize in Kitale is only Kshs900 to Kshs1,000; creating a net loss of about Kshs400 to the farmer! The Government must come up to protect the farmers.

We are now faced with weather conditions---

Mr. Busolo: On a point of information, Mr. Temporary Deputy Speaker, Sir. On this question of maize farming, the farmer is really hard hit by this Government. In my place busaa made from one sack of maize fetches Kshs4,000, yet, when you sell that bag of maize, it fetches only Kshs700. So, other ancillary aspects that relate to the farmers are affected by the Government's policies.

Mr. Kapten: Mr. Temporary Deputy Speaker, Sir, that is quite correct. Something must be done about the maize industry. Farmers must be paid at prices that can help them produce more. If that is not done, Kenya is going to be faced with famine, incase farmers refuse to produce because of what they are getting from their farming activities.

Mr. Temporary Deputy Speaker, Sir, the weather conditions have been very unfavourable to the farmer. We are now faced with El-Nino and I do not know how prepared we are. Right now, the farmers in Trans Nzoia and Uasin Gishu have their wheat and maize rotting in the fields because of the weather conditions. They are unable to harvest because of the rains. What steps is the Government taking to help these farmers? At the end of the day, the farmer must plough his land and have farm inputs. The price of farm inputs is very high. How is the Government going to help the farmer, so that next year, they can be able to plough and plant crops to help this country?

Mr. Temporary Deputy Speaker, Sir, we have always been talking about Nzoia Sugar Company, which was run down by the Government. The chairmen of Nzoia Sugar Company are normally appointed by the President or the Minister. Since the inception of the Company, we have had corrupt chairmen and Managing Directors. It is the "Government" that appoints them, including Ministers and Permanent Secretaries in the Ministry of Agriculture, Livestock Development and Marketing, that have been responsible for running down Nzoia Sugar Company. Arkel International, an American company was a very corrupt Company. This Company

bought a farm in Trans Nzoia at a cost of Kshs15 million, belonging to a former Chairman of Nzoia Sugar Company. Is that not corruption? The Public Investments Committee made some recommendations about this Company and Chairman, but nothing has happened to date. Some action must be taken.

Mr. Temporary Deputy Speaker, Sir, right now, we have a good team at Nzoia Sugar Company headed by the chairman and the Managing Director. They are, at least, trying to help the farmer, but the Government, through some very powerful KANU operatives in Bungoma, is trying to remove the Managing Director and the Chairman of Nzoia Sugar Company, so that one of the KANU aspirants in Webuye can be appointed to head that Company. They want to leave the seat to another KANU operative. Sugarcane farmers in Bungoma are tired.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): On a point of order, Mr. Temporary Deputy Speaker, Sir. I think the allegations hon. Kapten is making are not in order, unless he fully substantiates them. How did he get the information of all that is going on? Could he let the House know?

Mr. Munyasia: Do you deny that it is going on?

Mr. Kapten: Mr. Temporary Deputy Speaker, Sir, I am a sugarcane farmer and it is common knowledge in Bungoma that Mr. Mwangale has approached the President to remove Mr. Murunga from being the Chairman of Nzoia Sugar Company and have him replaced by Mr. Wamang'oli, so that Mr. Wamang'oli can leave the Webuye seat to Mr. Sambu. We do not want that kind of politics to spoil the sugar Industry in Bungoma District. That has been happening and Mr. Mwangale has been responsible for running down Nzoia Sugar Company. This is not an issue you can just play around with.

Mr. Temporary Deputy Speaker, Sir, I would like to assure the Assistant Minister that if they do that, farmers in Bungoma District will not continue tolerating this kind of behaviour. They will stop delivering their sugar cane to Nzoia Sugar Company.

With those few remarks, I beg to support.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, I wish to respond to some of the comments made by Members across the Floor to this particular Motion.

Mr. Nthenge: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Assistant Minister could be contributing as an ordinary Member and also a Government responder. In this case, could he be responding?

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, I will be making some few suggestions in the course of my deliberations. I think I am in order because of time.

Mr. Temporary Deputy Speaker, Sir, while I agree with the sentiments expressed by the hon. Members, I would, however, wish--

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the Assistant Minister the official Government Responder or is he giving his contribution as a Member of Parliament from a farming area?

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, I do not see why the Members are so jittery about this particular issue. I am going to take my time and explain myself out.

Mr. Sambu: On a point of order, Mr. Temporary Deputy Speaker, Sir. Hon. Members do not get jittery here. We are men and women, elected by people and there are no jitters in us.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, whatever his sentiments are, I have my opinion and I stand by it.

Mr. Karan: On a point of order, Mr. Temporary Deputy Speaker, Sir. I do not know whether you noticed that, on two occasions, when you gave an opportunity to two Members to rise on a point of order, the Assistant Minister was constantly on his feet, contrary to the Standing Orders of this House? Could you order him to obey the rules of the House?

The Temporary Deputy Speaker (Mr. Rai): Mr. Kirwa, if you stood on your feet when another hon. Member was on the Floor, it was out of order.

Mr. Anyona: On a point of order, Mr. Temporary Deputy Speaker, Sir. I think it is important for the House to know whether hon. Kirwa is responding on behalf of the Ministry, or whether he is making his personal contribution. That is all we are asking for. We are not saying that he should not contribute. We would like to know at what level he is contributing.

The Temporary Deputy Speaker (Mr. Rai): Order! I think I made it clear that he is responding. So be patient.

Mr. Anyona: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Responder is supposed to

respond to what other Members have commented. If he responds this early, who is going to respond to the points that will be raised later on by the Members? Normally the Chair directs when the official Responder is going to respond according to the time schedule.

The Temporary Deputy Speaker (Mr. Rai): He wants to move an amendment and that is why I gave him the time.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, you are right. I am going to move some few amendments in the course of my deliberations.

Mr. Temporary Deputy Speaker, Sir, I agree with the sentiments expressed by the hon. Members. However, I would like the Motion to include medium and large-scale farmers. As the Motion stands now, it is discriminatory to some of the farmers. I would wish, therefore, to say that while many of the comments made by Members are right, and our Ministry agrees with them, there are some issues that we cannot just give a suggestion on the Floor, without proper consultation with the other Ministries.

Mr. Temporary Deputy Speaker, Sir, on the issue of taxation, the Ministry has ensured that no tax is levied on imported fertilizers, chemicals such as acaricide and other agricultural chemicals. Also, the Co-operative Society Act has been revised in order to enable the co-operative movement to participate more effectively, in marketing of farm produce. However, the farmers must recognise that these measures will only be of benefit to them, if they are strong and well managed. Weak co-operatives and farmers organizations will not do farmers any good at all.

Mr. Temporary Deputy Speaker, Sir, in addition to the information I have just given, this Ministry removed Presumptive Income Tax sometime back, which was initially 5 per cent. Two years ago, this Presumptive Income Tax was introduced again.

Mr. Temporary Deputy Speaker, Sir, this presumptive tax was introduced because there was a condition in our laws which stipulated that farmers who do not pay presumptive tax must of necessity produce audited accounts for every financial year. This is not only cumbersome to the farmers, but it is highly expensive. These are the issues that we have seen in the Ministry and we have got a comprehensive programme to ensure that the farming community becomes more attractive than it is now. This follows an extensive sector review that was carried out in 1995 to identify what needs to be done in the review sector which still needs great attention. These areas have been identified and are receiving our attention. Under this programme, the Government, farmers and the private sector have specific roles to play as partners in agricultural production.

Mr. Temporary Deputy Speaker, Sir, on the question of corruption that has been mentioned about Nzoia Sugar Company and many other organisations, the Government is taking keen interest to ensure that all those who have stolen from the public are brought to book. This is an initiative that cannot be done overnight because investigations are still in place in quite a number of places.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the Assistant Minister in order to mislead this House that the Government is taking action against corrupt officials in the farming sector when, in fact, we do know that the former Minister for Agriculture, Mr. Mwangale completely destroyed Nzoia Sugar Factory and yet, he is being cropped up now to become part of the Government?

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, I am responding to the issues that were raised earlier on. I am not aware of the situation where hon. Mwangale, the former Member for Kimilili is being groomed to be part of the Government. I was responding to the issue raised by hon. Busolo about Nzoia Sugar Company and I am addressing myself to the issue in my Ministry. Whether there is any other thing happening on the political landscape, this is not an issue within the jurisdiction of my Ministry.

Mr. Sambu: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the Assistant Minister not misleading the House when he says that it is not his Ministry's jurisdiction to see who heads the farming parastatals like Nzoia Sugar Company, Mumias Sugar Factory, Chemelil Sugar Company and the others and yet they are the ones who recommend to the Office of the President who should head these parastatals yet he knows what the hon. Mwangale did to Nzoia Sugar Factory and what he almost did to Mumias Sugar Factory?

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, I expected hon. Sambu to be more informed that I am, having been a member of the Cabinet. We make recommendations in our Ministry to the Office of the President about various issues to be taken. Even on the question of Nzoia Sugar Company, we have made several recommendations on various Government organs for action to be taken. It is not for our Ministry to police---

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir, can the Assistant Minister

confirm whether they have recommended that Mr. Mwangale and his colleagues should be prosecuted but the Office of the President has refused to prosecute them? Why have they refused to prosecute them? Is that what the Assistant Minister is confirming?

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, it is clear from the answer that I have just given--- I know we are experiencing election fever and each Member would want to make contributions.

Mr. Munyasia: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the Assistant Minister not misleading this House by telling us that his Ministry is taking interest to ensure that those responsible for destroying Nzoia Sugar Factory are taken to book and then he says that they are making investigations, but that these investigations are taking time? The same Assistant Minister in the following sentence says that they have made recommendations to the Office of the President and it is up to them now to prosecute people who mismanaged Nzoia Sugar Factory. Now which is which? Is this Assistant Minister not misleading the House, when he says that they have made recommendations for hon. Mwangale to be prosecuted and yet he has not taken care of that?

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, it is clear in my mind that I did not refer to the last sentence that the Member has just put across. What I did say and I hope I will be understood in the right context, is that we have made various recommendations pertaining to those who are involved in corrupt activities and our recommendations are clear as the Ministry. I did say that we are looking at other issues across the board so that we come up with a conclusive statement on what should be done to the problems that are bedeviling this particular sector of the economy.

Mr. Munyasia: Then why do you not prosecute Mr. Mwangale!

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, we are not discussing personalities here. We make general recommendations and it is up to the Government to act on those recommendations that we have made. It is not for us to deal with Mr. Mwangale or any other particular person for that matter. Whether he is the major culprit, that is a Bungoma problem. It does not have anything to do with our Ministry.

Mr. Karan: On a point of order, Mr. Temporary Deputy Speaker, Sir. I do not know whether you have noticed that the Assistant Minister and hon. Munyasia are trading accusations instead of addressing you, contrary to the Standing Orders.

The Temporary Deputy Speaker (Mr. Rai): Hon. Munyasia, you are out of order. It is common knowledge that if the Assistant Minister is contributing on the Floor you should not interrupt him.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, this is actually the height of bad manners.

(Laughter)

Mr. Munyasia: On a point of order, Mr. Temporary Deputy Speaker, Sir. You heard the Assistant Minister say that this is the height of bad manners. Could he say who is responsible now for the bad manners and is the usage of that phrase Parliamentary? He should be asked to withdraw and apologise since he is protecting the culprit, Mr. Mwangale, who messed up the Nzoia Sugar Company. Could he be asked to withdraw this unparliamentary term?

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, there are no bad manners in this House but they are only Standing Orders!

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): Mr. Temporary Deputy Speaker, Sir, I was responding to the other issue of imported wheat. On the question of imported wheat, the tariffs were instituted at the end of September this year both for wheat and maize. This was done when the total wheat that had been imported to this country was 2.5 million bags against 3.5 million bags that is expected to be imported. This was to take into consideration the question that about 2 million bags of wheat have been produced locally. We were doing this to ensure the disparity of prices of the imported wheat is slightly more expensive than our locally produced wheat.

Mr. Temporary Deputy Speaker, Sir, it may also suffice to inform the House that the wheat that is produced is only 50 per cent of all that we consume and for that particular reason, it is important that the wheat that is imported is also exported to some extent. This is what we have done with all due consideration to the problems facing the farmers.

Mr. Temporary Deputy Speaker, Sir, having said all that and responded to the various issues raised by

Members, I wish to propose a slight amendment to the Motion.

The Motion should be amended by deleting the word "small scale" appearing in the second line between "role of the" and "farmers" for the statement to remain "farmers" and by deleting all the words appearing in part "c" of the Motion and inserting thereof, the following words "The Government evaluates the current system of taxation on agricultural products to ensure that farmers get the fairest deal available".

Mr. Temporary Deputy Speaker, Sir, I am doing this because as I said earlier on, there is the question of audited accounts that if this provision is not given, all farmers will have to ensure that they supply audited accounts for various taxation measures. This is not only cumbersome but expensive. It is not possible for many of our farmers to do that. We are saying that we are not closing the doors to further consultation to this particular issue but we do not want to give a burden to the farmers or we give a promise to the House that we cannot deliver.

With those few remarks, I beg to move.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Osogo): Mr. Temporary Deputy Speaker, Sir, I wish to second the amendment proposed by hon. Kirwa.

In (a), the Assistant Minister has deleted the word "small-scale" and left the word "farmers." That is because farmers remain farmers whether they are small-scale or not. The Presumptive Income Tax had been removed. The reason why it was removed, was because it was found out that 5 per cent was on the higher side. This was because it levied at 5 per cent of the previously declared income from farming. When it was removed the farmers were being asked to produce a balance sheet of their farms. Most of the farmers, particularly those in the rural areas, have no way of writing a balance sheet. There are no professional accountants in those areas to write for them the balance sheets. But every income that is earned by Kenyans has to be declared and taxed. The farmers themselves made representations to the Government that it was becoming very cumbersome and that they were being harassed by Kenya Revenue Authority (KRA) to produce their balance sheets. So, when this was explained to the farmers that they have to pay taxes like any other Kenyan who earns any income, they suggested that it was better to reduce the Presumptive Income Tax.

Mr. Sambu: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Assistant Minister is misleading the House in seconding the amendment. In spite of the fact that the farmers are paying Presumptive Income Tax, that does not stop the Kenya Revenue Authority officers from demanding audited accounts from the small-scale farmers. I know of farmers whose assets have been attached by KRA because of not submitting audited accounts.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Osogo): Mr. Temporary Deputy Speaker, Sir, I am yet to be given examples of what the hon. Member is talking about. Our Ministry has had discussions with the Treasury over this matter and it has been agreed that farmers, and more particularly those in the rural areas, should not be harassed. Hon. Sambu should give an example of any small-scale farmer in Nandi who has been harassed by the Kenya Revenue Authority. From there, then we can take up the matter with the Treasury. When we discussed this matter with the Treasury, it was agreed that the Presumptive Income Tax should be re-introduced. If what the hon. Member is referring to---

The Assistant Minister for Local Government (Dr. Wameyo): On a point of information, Mr. Temporary Deputy Speaker, Sir. May I inform hon. Sambu that what hon. Osogo is saying is quite correct in that the leaders of Mumias, together with the directors of Mumias Outgrowers Farmers Union made an appointment with the Minister for Finance, to plead on behalf of sugarcane farmers in Mumias to re-introduce Presumptive Income Tax because the farmers who produce sugar in Mumias sugar zone are illiterate; they do not know how to read and write. They do not know anything about Income Tax. We informed them that Presumptive Income Tax was far much better because after the farmer has paid that, the issue of filling Income Tax return forms do not arise. So, what hon. Osogo is saying is correct because we discussed this matter with the Minister for Finance.

Mr. Agwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. If Mumias farmers are willing to pay Presumptive Income Tax, do they represent the views of all farmers in this country? Definitely, they do not! Probably, they represent the views of the people in New Zealand.

Mr. Anyona: On a point of order, Mr. Temporary Deputy Speaker, Sir. I did not quite clearly get the words that were proposed in the amendment. I missed part (c). But from what I heard, those words, proposed in the amendment are in contravention of Standing Order No.48(2). Part (c) of the Motion reads as follows:

"The 20 per cent Presumptive Income Tax, Value Added Tax and other taxes on all small-scale farmers in the various sub-sectors be abolished in the next Financial Year."

Those are very specific provisions of this Motion. If you substitute them with a general amendment, then that clearly negates the substance of the Motion in spite of Standing Order No.48(2) which states as follows:

"No amendment shall be permitted if in the opinion of Mr. Speaker, it would represent a direct

negative of the question proposed."

We are proposing here that the 2 per cent Presumptive Income Tax be abolished. That is a very specific provision. If you substitute that with a general provision, then you are negating that particular work and in which case, you will be contravening Standing Order No.48(2). Therefore, would it be in order for the House to accept this amendment and continue to debate on it?

The Temporary Deputy Speaker (Mr. Rai): Hon. Anyona, I thought you were going to respond to this Motion. You should let the Seconder to finish.

Mr. Anyona: This is not a question of seconding but that of procedure. The proposed amendment is unprocedural! It is in contravention of Standing No.48(2). So, we cannot continue with the debate on that amendment!

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Osogo): Mr. Temporary Deputy Speaker, Sir, the point raised by hon. Anyona is not valid. In fact, the Motion itself is invalid because the 2 per cent Presumptive Income Tax was returned during the 1997/98 Financial Year. These were agreed on during the 1996/97 Financial Year and that budget is gone!

Mr. Anyona: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Chair has to resolve the question of procedure and we cannot continue until that is resolved. All we are saying is that, in accordance with the provision of Standing Order No.48(2) this proposed amendment is not permissible because it negates the intention of the Motion. The intention of the Motion is to abolish specified taxes. We are not talking in general terms. We are referring to the Value Added Tax (VAT) and the Presumptive Income Tax (PIT) on various sub-sectors of agriculture. If we move an amendment that refers to a general and vague tax like what the Assistant Minister is saying; "to evaluate the tax system", that is a negation of that particular requirement of the Motion. That is not possible. We cannot continue with this debate until the Chair resolves that issue. If it cannot be resolved, then this matter will have to be deferred.

The Temporary Deputy Speaker (Mr. Rai): Hon. Anyona, the Government is trying to introduce a system to review all the taxes. If, for example, the Government would like to abolish all the taxes in the agricultural sector, what is wrong with that? I think that is what the Government intends to do. So, it is not negating the intention of the Motion, but to review all the taxes. I think they are in order to move this amendment.

Mr. Anyona: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Chair is not supposed to debate. Now, the Chair is debating! We are asking the Government to abolish two per cent PIT, various rates of VAT and other taxes. They can now say that in addition to these two, they will also evaluate tax a, b and c. But as far as these two particular taxes are concerned, the Motion is specific. They have no way of wriggling out of it.

I do not think it is the duty of the Chair to help the Government wriggle through Parliamentary procedures. In this particular case, it is unprocedural unless the Chair clearly explains how this can be got over, in accordance with the Standing Orders.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): On a point of order, Mr. Temporary Deputy Speaker, Sir. While hon. Anyona wants to argue his case very well, part "c" of the Motion says: "--- the two per cent Presumptive Income Tax (PIT), Valued Added Tax (VAT) and other prohibitive taxes" According to simple English, it means all those taxes are tied together as one package. We are saying, as a Ministry, that we are reviewing the total situation obtaining as far as taxes are concerned.

Hon. Members: On a point of order!

The Temporary Deputy Speaker (Mr. Rai): Order, hon. Members! I have made my position very clear, that the Government is trying to review all the taxes in the agricultural sector. Let us proceed with the Motion as it is.

An hon. Member: That is against the Standing Orders!

Mr. Shikuku: On a point of order, Mr. Temporary Deputy Speaker, Sir. A Member cannot make an innuendo against the Chair. I heard hon. Anyona saying that it is the duty of the Chair to try and help the Government wriggle out of the situation. That is a very bad innuendo. Secondly, once the Chair makes a ruling, it stands. If you want to challenge the ruling of the Speaker, you must do so on a substantive Motion.

The Temporary Deputy Speaker (Mr. Rai): Proceed, hon. Osogo.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Osogo): Mr. Temporary Deputy Speaker, Sir, I would like to beg hon. Angwenyi to read Standing Orders properly, so that he can be helpful because he is raising points of order unnecessarily.

With these remarks, I beg to second the amendment.

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

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

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

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

(Question of the Motion as amended proposed)

Mr. Shikuku: On a point of order, Mr. Temporary Deputy Speaker, Sir. When you were on your feet, hon. Anyona was still raising a point of order. That is contrary to the Standing Order No.83. He should follow the rules of the House. Once the Speaker is on his feet, nobody is supposed to move or talk.

Dr. Lwali-Oyondi: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute. I agree with the amendment as proposed. We, as hon. Members of Parliament, have a duty to help the farmer in this country. We should make sure that he earns something reasonable from his produce because he is the one who feeds us. Why is it that we are able to buy maize, wheat or rice whenever there is a food shortage at a very high price and yet we cannot subsidise the farmer? The Government can subsidise food when there is a shortage and it cannot subsidise the cost of the farm inputs. It is easy to subsidise farm inputs because their purchase does not involve foreign exchange which we lack.

In order to solve all these problems, we ought to address the cause of our problems. If we cannot diagnose the origin of our problems, then we are like doctors dealing with symptoms other than the disease. The main problem of the farmers in this country is politics. Politics is the prime mover of the problem of farmers. Kenyan politics is based on money. If you do not have money, you will hardly succeed in politics. One has to have money to bribe voters and it has started right now. You need money to indirectly bribe people through Harambee. Since most of us are Africans, and we do not control the economy of this country, then we have to steal.

This is how they do it. They have taken over parastatals like the sugar industries, the Pyrethrum Board of Kenya and others. The politicians appoint their own operatives in some of these parastatals who steal money and shovel it to them. The politicians in turn use the money in order to stay in power. They also appoint their supporters who import some goods for them. People like Mr. Sajjad were nominated to Parliament only to protect certain people. They import sugar and you will be a fool to think that all that money goes to Mr. Sajjad. In fact, the money goes to the politically correct people, who keep on donating very huge sums of money to people.

Mr. Temporary Deputy Speaker, Sir, the effect of this is that when sugar is imported by such people, for example, State House operatives and so on, it is brought into the country without being taxed. The sugar is then sold in the open market at a very low price. The result of this is that the sugar industries cannot sell their expensive sugar. Therefore, the farmer cannot have his sugar cane harvested and, consequently, the crop rots in the farms. The same case applies to maize. Maize is imported into the country in all sorts of disguised forms. People pretend that it is famine relief food and then it is sold at very low prices in the market. This results into the prices of our farmers' maize being lowered. There was a time when the maize price came down from Kshs.900 to Kshs.400 per bag. This amount was not enough to cover the cost of production. Surprisingly, that was because some people wanted to finance their political wellbeing.

Mr. Temporary Deputy Speaker, Sir, politicians who are supposed to protect the country are the ones who are devastating it. They are the ones who are devastating the farmer. They make sure that the farmer is kept as ignorant as possible. If you have got any means to increase the capacity of Kenyans, especially the farmers, either the capacity for farming or political capacity, you are denied the chance. You will be told that you are doing nothing and you are inciting people.

Mr. Temporary Deputy Speaker, Sir, we hope that with these new changes in the political landscape after the IPPG package, we shall be able to teach the farmer and not to exploit him.

Mr. Temporary Deputy Speaker, Sir, sugar cane farmers should be allowed to control their produce. They should be in- charge of their produce instead of having some god-fathers up there, who are supposed to be benevolent to them and bring them "gifts." They are the ones who are sweating and they ought to be in charge of the sugar industry. They should have a say in the appointment of the managers of the industry.

Mr. Temporary Deputy Speaker, Sir, the same case should also apply to pyrethrum, tea, coffee, and cashew-nut farmers. For example, farmers in Mwea Irrigation Scheme, are permanently walking in paddies. As a result, they get infected with various diseases because of being in wet lands all the time. They do not earn anything for their hard work. Worse still, they are not in control of the paddies. They do not own the paddies; instead, they are permanently hiring them from the Government. Why not give those poor farmers the paddies so that they can own them permanently? Farmers in both Mwea and Ahero Irrigation Schemes and elsewhere should be given title deeds so that they can control them. There is no need to exploit these farmers. When the money comes, it is taken by some politicians who use it to "buy" power. For example, in Nzoia Sugar Factory, there was an appointment of an officer by the name Mathias Were and another one whose name I cannot remember. When these officers joined the Company, they tried to rectify things, but for some unknown reasons, they were arrested and arraigned in court, charged with not taxing a Somali man who went there to buy sugar. The duo have been languishing in jail for some time, but now they are out and jobless. Can the Government explain why, just a little mistake of somebody not paying tax on sugar he had bought is more serious than the theft of millions of shillings which was perpetrated by Mr. Mwangale and somebody else? Those officers and their clerks were arrested because of failing to indicate the tax of a lorry full of sugar.

Mr. Temporary Deputy Speaker, Sir, the other culprits like Mr. Mwangale, stole millions of shillings. In fact, this House and the Ministry of Agriculture, Livestock Development and Marketing recommended that they should be charged in a court of law, but up to now, nobody has done it. These are very strange activities which confirm that Mr. Mwangale was not stealing alone. He was stealing for other people. If he was taken to court, he would reveal them. That is why they cannot take these people to court.

Mr. Sambu: On a point of order, Mr. Temporary Deputy Speaker, Sir. Would I not be in order to ask the hon. Member to name those whom Mr. Mwangale was stealing for?

The Temporary Deputy Speaker (Mr. Rai) : How do you stand on a point of order if you have not caught the Speaker's eye? Proceed, Dr. Lwali-Oyondi!

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

(Laughter)

The Temporary Deputy Speaker (Mr. Rai): Order! I think it is time for the Mover to reply.

Mr. Anyona: Mr. Temporary Deputy Speaker, Sir, I would like to give five minutes of my time to hon. Sambu to contribute to the Motion before I reply.

Mr. Sambu: Thank you, Mr. Anyona, through the Chair, for giving me your five minutes.

Mr. Temporary Deputy Speaker, Sir, I will go directly to the point. If the Government really intends to help all the farmers by reducing the cost of fertilizer, why does the Treasury and the Ministry of Agriculture, Livestock Development and Marketing tender the fertilizer that is donated to this country by friendly countries like Japan and many others? These countries donate fertilizer to Kenya every year, but when it gets here, the Treasury and the Ministry of Agriculture, Livestock Development and Marketing puts it on tender and at this point the Indians come in to exploit our farmers. The friendly countries give us the fertilizer free-of-charge, but when it gets here our own Government sells it to us through the traders. The Government is ripping off our farmers who voted us into this House and that is why I am getting emotional about it. There is some fertilizer which is coming into the country at the moment and that is, DIP, 1152 which is popularly known as Monamonyo Phosphate, CAN and ASN, all of which has been donated.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Kirwa): On a point of order, Mr. Temporary Deputy Speaker, Sir. It is erroneous for hon. Sambu to say that we are giving fertilizer to middlemen to sell to the farmers. The farmers are also free to group themselves and bid for the same fertilizer. It is important to state that the fertilizer is not a donation as such, but money that is loaned to us and we are expected to repay it in the long run. So, we must recoup the money that we are going to repay to the loaners.

Mr. Sambu: Mr. Temporary Deputy Speaker, Sir, I am speaking from facts. This is a grant and a grant is not intended for repayment. It is a gift. The Assistant Minister has said that farmers can form small-scale farmers groups and bid for the fertilizer. How many small-scale farmers in Nandi, Uasin Gishu, Trans Nzoia, Kisii or Kakamega can tender for such a commodity? In any case, if they tender, their tenders will never see the light of

the day in the Ministry of Agriculture, Livestock Development and Marketing or Treasury. If the friendly countries have donated the fertilizer to support farmers in the country, then our own Government should not sell it to them through middlemen.

Mr. Temporary Deputy Speaker, Sir, it is a fact that the Government subsidised the production costs of large-scale producers, for example, those who package tea, coffee, sugar and all other inputs that have the Value Added Tax (VAT) levied on them. These producers can claim back the amount of money paid as VAT on all inputs, but the small-scale farmers cannot do that. The Government must protect our farmers. All other governments protect their farmers. The world's great organizations have regulations and agreements that accept that governments must protect their own farmers because the basis of any nation is the agricultural sector. How can we compare our farmers with farmers in the United States of America and South Africa who are large-scale farmers? In any case, the cost of production in these countries is quite low. Maize and wheat produced in the USA cannot be compared with that produced in Kenya in terms of costs because these countries produce their own oil, fuel and fertilizer unlike our farmers in Kenya who have to pay for the fertilizer at imported rates. They also have to pay for the diesel.

Mr. Temporary Deputy Speaker, Sir, if we love our farmers who feed us, we have to strictly impose tariffs on imported wheat and maize. If the Government does not do so immediately, we have found our own way of doing so in Eldoret. We will bar any wheat and maize from reaching the factory. I would also like to ask hon. Dr. Wameyo to tell the sugarcane farmers in Mumias, Kakamega and Kisumu to do the same so that these people can see sense. We will blockade roads in Eldoret until such a time that this Government realises that importing wheat and maize tax-free into the country is tantamount to "killing" our own farmers. It is only after allowing an importation of 2.5 million bags of maize and wheat into the country that we said we were going to put tariffs on imported maize and wheat. What is the point of closing the door when the animal is already in the house? The imposition of duty on imported wheat, maize and sugar must be permanent. It should not be reversible.

Thank you, Mr. Anyona, through the Chair.

Mr. Anyona: Mr. Temporary Deputy Speaker, Sir, I must say that I am not happy with the manner in which the Government has handled this particular Motion. In 1993, this House, resoundingly, passed a resolution to abolish, particularly the Presumptive Income Tax. Now, it is not clear why this particular tax has been brought back. The explanation that, that tax is discriminatory in as far as small-scale farmers are concerned, is not valid. The purpose of taxation is to create some form of tax discrimination so as to create equitability. That is why taxes are levied at various levels. Now, in this particular case, we are discriminating against the small-scale farmer. When we passed the Motion in 1993, in a way, it was not fair because large-scale farmers, who were able to pay tax, were exempted and that was an oversight. We are now saying that this time round, we are going to protect the small-scale farmer and let the large-scale farmer pay the tax that is due to the Government.

Mr. Temporary Deputy Speaker, Sir, the argument that you require records and because of this technicality you must, therefore, continue to burden the small-scale farmer, is not valid. My understanding is that if you waive tax, you do not need records because records are for purposes of evaluating the tax or finding out if a particular farmer has paid the taxes in accordance with his income. The Motion proposed the abolishing of tax on the small-scale farmer so that he does not get burdened. Therefore, I do not understand the argument about producing accounts. This argument is invalid, fictitious and senseless.

Mr. Temporary Deputy Speaker, Sir, I heard the Assistant Minister say that there are no taxes on input fertilizer chemicals. Is the Assistant Minister sure that what he said was correct? If that is correct, why has the price of fertilizer not come down? Why has it gone up instead? Can the Assistant Minister explain that, because the idea of removing taxation was to make sure that the tax level goes down? So, who is benefiting from this tax relief? The Government has not explained that and the farmers are listening. Now, we would like to know whether there is absolutely no taxation on fertilizer and other agricultural chemicals so that from tomorrow, after this Motion has gone through, the prices of all agricultural inputs will go down. If they do not go down, then it means that this Government took Kenyan farmers and this Parliament for a ride. It is important that this nation supports its farmers regardless of the pressure being put on the Government by the World Bank, IMF and other donors. We have been blackmailed as a country to the extent that this Government cannot stand up and say "no" on behalf of Kenyans. The IPPG has come in to salvage the image of this Government as well as that of the country as a whole. We are saying that we shall stand steadfast behind the Government where it acts in the best interest of our people. We will speak loudly through the IPPG to the World Bank, IMF and the donors, and say that we cannot accept conditions that are harmful to our people and the country. Why is this Government not taking courage even after that? Why are they so nervous?

Mr. Temporary Deputy Speaker, Sir, one area in which we can do that with a stroke of the pen, is the agricultural sector. If we improve that sector, the farmers will benefit, production will go up and there will be

food security. Some of these measures are designed to keep us begging forever. Sometimes, I suspect that even the question of human rights, and I am one of the greatest victims of human rights abuses, is merely used for blackmail in this country. It is not being addressed in its right context. Why would you then subject us to beg for food from the rest of the world?

Mr. Temporary Deputy Speaker, Sir, I now beg to move.

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

Resolved accordingly:

THAT in view of the crucial importance of the agricultural sector both in the rural and national economy and the role of the small-scale farmers in the cashewnuts, coffee, cotton, maize, milk, pyrethrum, rice, sugarcane, tea, and other sub-sectors throughout the country; considering that the small-scale farmers are heavily burdened with overhead costs including prices of inputs and taxes; conscious of the fact that this House passed a Resolution on 14th April, 1993, which resulted in the abolition of the 5 per cent rate Presumptive Income Tax in the 1994/95 Financial Year and which was re-introduced at the rate of 2 per cent in the 1995/96 Financial Year, this House resolves that:

- (a) The farmers be given all possible assistance in the various sub-sectors in order to maximize production.
- (b) The cost and price of inputs be regulated or subsidised.
- (c) The Government evaluate the current system of taxation on agricultural products to ensure that the farmers get the fairest bill available.

ESTABLISHMENT OF A FERTILIZER PLANT

THAT, being aware that agriculture is the backbone of the economic development of this nation; also being aware that fertilizer is an essential component in the enhancement of agricultural outputs; considering the negative impact that increasingly expensive fertilizer has so far had on agricultural production of this country, this House urges the Government to urgently establish a fertilizer plant to produce appropriate and cheaper fertilizer for the Kenya farmers.

Mr. D.D. Mbela: Mr. Temporary Deputy Speaker, Sir, I request that the Motion be deferred to another day. This is due to reasons beyond my control.

The Temporary Deputy Speaker (Mr. Rai): Motion deferred. Next, Order, Ms. Wanjiru.

(Motion deferred)

Mr. Shikuku: Mr. Temporary Deputy Speaker, Sir, I stand on a point of order to seek your guidance on this. Will this honourable Member if she is present, require us to vote for this Motion, when it is known that she does not believe in voting? What is likely to happen? I ask this because hon. Wanjiru does not vote for any Motion---

Mr. Nthenge: That is why she did not come!

Mr. Shikuku: I am glad, she is absent.

The Temporary Deputy Speaker (Mr. Rai): If she is absent, then we move to the Question of Mr. Nthenge.

ESTABLISHMENT OF A NATIONAL DEVELOPMENT COMMITTEE

Mr. Nthenge: Thank you very much Mr. Temporary Deputy Speaker, Sir. I am delighted to have a chance to say something on urban development in Kenya. I was not born yesterday, although I am not very old. I have seen the British Government developing urban areas in Kenya.

Mr. Shikuku: On a point of order, Mr. Temporary Deputy Speaker, Sir. Hon. Nthenge has not moved his Motion. He has not read his Motion. Is that in order? Could you remind him to read the Motion?

The Temporary Deputy Speaker (Mr. Rai): Mr. Nthenge, you know the procedures of the House. So,

can you follow them?

Mr. Nthenge: Thank you very much, Mr. Shikuku, for alerting me on that issue. I overlooked it. However, I now beg to move;

THAT, in view of the fact that there are so many illegal structures mushrooming in almost all urban centres in the country due to irregular land allocations and authorization of shady physical plans; and aware that these structures do not conform with the official physical development plans; and aware that these structures have interfered with public utilities and inconvenienced urban residents, this House calls upon the Government to order the demolition of all illegal structures in urban centres and to take disciplinary action against the officers who abetted these irregularities.

Mr. Nthenge: Mr. Temporary Deputy Speaker, Sir, I am very delighted to speak on the development of this country. As I said, I lived under the British rule, and I saw these urban centres rising from the humble beginning. For example, in 1949, when I came to Nairobi, there were very few people. I have also seen a lot of development in Nairobi, Athi River, Mombasa and other urban centres. Whenever a town develops, there is always somebody called a planner who identifies where the toilets, roads, residential houses, and shops would be, so that enough space for recreational facilities is left. When all these plans are done, and passed on to the local councils, you will be surprised to find other people who think they are in the rural areas and so they build on any land indiscriminately. They think they are in the rural areas where you can build and plant crops wherever you want. They forget that, in an urban area, everything is done according to plan. Sometimes, areas which are left for future expansion of schools, road extensions, toilets, markets, churches and hospitals are grabbed by leaders who do not understand the importance of physical planning.

QUORUM

Mrs. Nyamato: Mr. Temporary Deputy Speaker, Sir, there is no Quorum in the House.

The Temporary Deputy Speaker (Mr. Rai): Can we ascertain whether there is no Quorum? Apparently, there is no Quorum. Can the Division Bell be rung?

(The Division Bell was rung)

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Rai): Order! Order, hon. Members! Since the House cannot raise the necessary quorum, the House now stands adjourned until this afternoon, the 5th of November, 1997 at 2.30 p.m.

The House rose at 11.05 a.m.