

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 27th August, 1997

The House met at 2.30 p.m.

*[The Temporary Deputy Speaker
(Mr. Wetangula) in the Chair]*

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.584

ARREST OF MR. WASWA

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

(a) if he is aware that on 29th April, 1995, Mr. Vincent W. Waswa of Box 421, Mayanja Market in Bungoma, was arrested by three administration police officers;

(b) if he is further aware that the said officers took from Mr. Waswa Kshs5,000 which was for Mukwa Sub-Parish Church and Mungeti Primary School Harambee; and,

(c) since Mr. Waswa was charged vide Principal Magistrate's Court Criminal Case No.588/95, Bungoma and was acquitted by the court, when these police officers will return the money they took from him.

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

(a) Yes, I am aware.

(b) No, I am not aware.

(c) In his statement at Bungoma Police Station, Mr. Waswa did not indicate that his money had been taken away by the Administration Police, nor did he make any official report to that effect. The issue of returning the money to him does not therefore, arise.

Mr. Sifuna: Mr. Temporary Deputy Speaker, Sir, we normally have problems with Mr. Awori's replies. It is true that Mr. Waswa reported and recorded a statement in the police station that he was robbed of Kshs5,000 by those police officers. Could the Assistant Minister tell this House the names of the officers and why they have not been arrested? He is fond of giving misleading replies in the House.

Mr. Awori: Mr. Temporary Deputy Speaker, Sir, I am not fond of giving misleading statements to this House. That man had been arrested while trafficking in chang'aa.

Mr. Sifuna: No way!

Mr. Awori: He never at any time stated that he had any money when he was in the police cell. It is only several days later that he complained that he had money which had been taken away by the Administration Police.

Mr. Temporary Deputy Speaker, Sir, I stand by my earlier answer that no money was taken away from that man by the Administration Police.

Mr. Obure: Mr. Temporary Deputy Speaker, Sir, the Assistant Minister has, agreed that Mr. Waswa was arrested. Could he tell us what documents were confiscated from him when he was arrested, or he did not have any cent in his pockets? What valuables were confiscated by the Administration Police when he was arrested?

Mr. Awori: Mr. Temporary Deputy Speaker, Sir, I do not have any information as to the personal effects that were taken from Mr. Vincent Waswa. What I know is that no Kshs5,000 was taken from him and not returned to him.

Mr. Sifuna: Mr. Temporary Deputy Speaker, Sir, the Assistant Minister is misleading this House, unless he is admitting that they shared this money with the police officers. I have informed him that the officers took away Kshs5,000 from Mr. Waswa. The Assistant Minister is telling the House that Mr. Waswa was trafficking in chang'aa which is illicit drink and yet, the court of law did not find him guilty.

Mr. Temporary Deputy Speaker, Sir, could you tell this Assistant Minister to go back home, do proper

home-work and give us a proper reply rather than coming here to give misleading replies?

The Assistant Minister for Home Affairs and National Heritage(Mr. Mutiso): On a point of order, Mr. Temporary Deputy Speaker, Sir. Mr. Sifuna is giving wrong information to the Assistant Minister. If he wants him to get the information at all, he cannot tell him to go home to get the facts, but the office. Is he in order to confuse the House?

Mr. Sifuna: Mr. Temporary Deputy Speaker, Sir---

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Sifuna! Proceed, Mr. Awori!

Mr. Awori: Mr. Temporary Deputy Speaker, Sir, I was waiting for your orders. I think the hon. Member had asked you to order me to do something. So, I was waiting for those orders.

The Temporary Deputy Speaker (Mr. Wetangula): I cannot order any Minister to go home!

Mr. Awori: Mr. Temporary Deputy Speaker, Sir, the hon. Member has, therefore, not put any question. So, I have nothing to answer.

Mr. Sifuna: Mr. Temporary Deputy Speaker, Sir, what I am trying to say is this: It is true that Mr. Waswa recorded a statement at the police station that he was robbed of his Kshs5,000, and the issue of trafficking in chang'aa does not arise. Could the Assistant Minister tell the House - if he is actually serious that Mr. Waswa was trafficking in chang'aa - why he was not charged, fined or imprisoned? Why was he set free?

Mr. Awori: Mr. Temporary Deputy Speaker, Sir, Mr. Waswa was arrested for trafficking in chang'aa. He was brought before the magistrate and the Administration Police did not turn up. The magistrate therefore, acquitted the man. Much later, after he had been acquitted, he concocted a story that Kshs5,000 had been removed from him.

The Temporary Deputy Speaker (Mr. Wetangula): Next Question!

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, Mr. Maore requested that if he will not have come by the time this Question is called for the second time, I ask it on his behalf. So, let us wait and see if he does not come, so that I can ask it on his behalf during the second round.

Question No.650

WITHHOLDING OF CHEQUES BY BANKS

The Temporary Deputy Speaker (Mr. Wetangula): So, we will pass that Question for the moment! Next Question!

Question No.526

COMPLETION OF KAGUMO TEACHERS COLLEGE PROJECT

Mr. Mathenge asked the Minister for Education:-

(a) if he is aware that the construction of halls of residence, dining hall and offices which were launched over 10 years ago at Kagumo Teachers College have not been completed todate, owing to the failure of the Ministry and the College's Board of Governors to promote the development of this College; and,

(b) if the answer to "a" is in the affirmative, what he intends to do with building materials lying unused on the site.

The Temporary Deputy Speaker (Mr. Wetangula): Is the Minister for Education here? The Question is stood over for the moment! Next Question!

Question No.223

TARMACKING OF MERU-GITHONGO-CHOGORIA ROAD

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Murungi is not here? The Question is stood over for the moment! Next Question!

Mr. Ndilinge: Mr. Temporary Deputy Speaker, Sir, I apologise for coming late. However, I beg to ask Question No.503.

Question No.503

GRADING OF ROADS IN KILOME

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

- (a) what arrangements the Ministry has to station, on permanent basis, a grader to serve Kilome Constituency; and,
- (b) when the roads in Kilome Constituency will be graded since they are almost impassable.

*[The Temporary Deputy Speaker
(Mr. Wetangula) left the Chair]*

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

The Assistant Minister for Public Works and Housing (Mr. Khalif): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) The Ministry has no plans to station a grader in Kilome Constituency because such plants are not sufficient for allocation on a constituency basis. The allocation is on a district basis, and these plants rotate to various areas in a district in accordance with the district's priorities.

(b) At present there is no classified road in Kilome Constituency which is impassable. However, in this financial year the Ministry will grade five roads in Kilome Constituency, totalling approximately 204.7 kilometres. Further, normal routine maintenance, which is a continuous process, will be continued as and when necessary to ensure that roads remain motorable.

Mr. Ndilinge: Mr. Temporary Deputy Speaker, Sir, arising from the reply by the Assistant Minister is he aware that the grader which was gravelling a road in Kilome Constituency was removed on the orders of the district commissioner? He ordered the Ministry's staff to remove that grader from Kilome Constituency!

Mr. Khalif: Mr. Temporary Deputy Speaker, Sir, I am not aware of that.

Mr. Nthenge: Mr. Temporary Deputy Speaker, Sir, since the Assistant Minister has now been made aware of what happened what will he do? That is an interference with the work of his Ministry by people who are not in charge of it. The Ministry is independent and should not be interfered with by the Provincial Administration.

Mr. Khalif: Mr. Temporary Deputy Speaker, Sir, I am not aware that the DC ordered the removal of this grader. If there is evidence that, that happened I will need time to go back and get the reason as to why that happened. I said that there are two graders in the district which rotate according to priorities. We cannot provide them on a constituency basis.

Mr. Ndilinge: Mr. Temporary Deputy Speaker, Sir, this is a very serious issue. It appears as if DCs have become kings and that is why some of us Parliamentarians are suffering. Can the Assistant Minister promise to find out whether the DC ordered the removal of the grader and then immediately order that the grader be returned to Kilome Constituency to do work for the people there?

Mr. Khalif: Mr. Temporary Deputy Speaker, Sir, DCs are chairmen of District Development Committees (DDCs). In case an order was given on the basis of the priorities prepared by the DDC no irregularity was committed whatsoever. But if the DC arbitrarily ordered for the removal of the grader from that place, then that was wrong and we shall investigate it.

The Assistant Minister for Lands and Settlement (Mr. Sumbeiywo): On a point of order, Mr. Temporary Deputy Speaker, Sir. You heard hon. Ndilinge say that DCs have become kings, but I do not think we have the title of a "king" in this country. Is he in order to mislead the House that now DCs are small kings? Can he clarify what he meant by that?

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Ndilinge, Kenya is not a kingdom, neither do we have mini-kingdoms in Kenya.

Mr. Ndilinge: Mr. Temporary Deputy Speaker, Sir, what I meant is that somebody's behaviour can make him to be referred to as a king. That DC behaved almost like a king.

Arising from what the Assistant Minister has said, can he tell the House whether he is going to investigate---

The Temporary Deputy Speaker (Mr. Wetangula): He has already promised to do so!

Mr. Ndilinge: Then when will he return the grader to Kilome Constituency?

Mr. Khalif: Mr. Temporary Deputy Speaker, Sir, graders are stationed in certain places on the basis of the priorities set out by the DDC. Therefore, I cannot say exactly when this particular grader will go back to Kilome.

However, I am not aware that the DC ordered for the removal of that grader from Kilome. The hon. Member says that he did so, but we have got to investigate the matter

Mr. Nthenge: Mr. Temporary Deputy Speaker, Sir, the Assistant Minister's answer is incomplete! After investigating, when will he report back his findings to the House?

Mr. Khalif: Mr. Temporary Deputy Speaker, Sir, as far as I am concerned, this is a mere allegation. I have got to go back, investigate it and report back to the House. But I cannot say now when I will report back to this House.

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

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Ndilinge, you are out of order now! You cannot start informing us on your own Question!

Mrs Asiyo's Question.

Question No.482

REPAIR OF NYANGWESO BRIDGE

Mr. Ojode: Mr. Temporary Deputy Speaker, Sir, Mrs. Asiyo asked me to ask this Question on her behalf when it is called out for the second time, if by then she will not have come in.

The Temporary Deputy Speaker (Mr. Wetangula): That is all right. Mr. Maore's Question for the second time.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, first of all, I beg to apologise for showing up here late.

Question No.605

WITHHOLDING OF CHEQUES BY BANKS

Mr. Maore asked the Minister for Finance:-

- (a) whether he is aware that banks withhold cheques up to four working days within Nairobi and 14 days for upcountry ones even after they are paid by the corresponding banks;
- (b) whether he is further aware that the same money is fraudulently used by the banks for overnight lending and no interest is ever passed to the owners; and,
- (c) if the answers to (a) and (b) are in the affirmative, whether he could order the reduction of the period to two days given the rapid computerisation of the industry.

The Assistant Minister for Finance (Mr. Barmasai): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) Yes, I am aware that banks withhold cheques for up to four working days within Nairobi and 14 working days for upcountry ones. But I am not aware that the banks continue to withhold the cheques even after they are paid by the corresponding banks.

(b) No, I am not aware.

(c) No.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I would wish that we defer this Question until we have a real Minister for Finance - I do not mean the Minister himself. This Ministry seems to be working as a lobby body for banks. I have with me here a bank statement that shows a cheque that was cleared on Thursday, 20th by a bank in Moi Avenue but on the following Saturday it had not been cleared by the corresponding bank in Kimathi Street. Here the Assistant Minister says he is not aware of what I am saying. Can we defer this Question until he is in a position to answer it properly?

Mr. Barmasai: Mr. Temporary Deputy Speaker, Sir, if the hon. Member tables the document he has I will investigate it and give a reply. It is not the case that a Minister has to be aware of everything that goes on in every corner.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, I do not know whether I should ask my supplementary question or not. I do not like his trash. It is not an answer!

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Maore, can you withdraw the word "trash"?

Mr. Maore: I beg to withdraw the word "trash" and apologise.

I have stated that a bank may actually have the money paid by the corresponding bank the same day---

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Maore, let me guide you. You will be very helpful to the Assistant Minister, if you give the specific examples that you have. Talking in generalities may not help. You seem to have a document and you can pass it on to him.

Mr. Maore: Mr. Temporary Deputy Speaker, Sir, can I pass on the document to him and then request the

Question to be deferred?

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Assistant Minister, do you want to answer this Question later?

The Assistant Minister for Finance (Mr. Barmasai): Yes, I have no objection. If he gives me the document, then I will come back with an answer relating to that particular document.

The Temporary Deputy Speaker (Mr. Wetangula): Order! We will give you a week. Question deferred for a week.

(Question deferred)

Mr. Mathenge's Question for the second time.

Question No.526

COMPLETION OF KAGUMO
TEACHERS COLLEGE PROJECT

Mr. Mathenge asked the Minister for Education:-

(a) whether he is aware that the construction of halls of residence, dinning hall and offices which were launched over ten years ago at Kagumo Teachers College has not been completed to date owing to the failure of the Ministry and the college's board of governors to promote the development of this college; and,

(b) if the answer to part "a" above is in the affirmative, what does he intend to do with building materials lying unused on the site.

The Assistant Minister for Education (Mrs. Ndetei): Mr. Temporary Deputy Speaker, Sir, I apologize for coming late and I beg to reply.

(a) There are neither halls of residence nor dinning hall under construction at Kagumo Teachers Training College and the current population of 797 students are comfortably accommodated in the ten halls of residence, all of which have been in existence since 1985. The students are also adequately catered for in the existing dinning hall. However, there is a multi-purpose hall under construction at Kagumo Teachers College which was commenced by the college management in 1983 through the Harambee initiative which is still in progress.

(b) The building materials at the site will be used to complete the construction of the multi-purpose hall.

Mr. Mathenge: Mr. Temporary Deputy Speaker, Sir, the answer given to my Question by the hon. Assistant Minister is contemptuous, to say the least. The so-called multi-purpose building was started through a Harambee conducted by the President himself. It is now 14 years since this project was started, but only Asian holy temples and synagogues used to take so many years to build. The right answer that the Assistant Minister should have given is that the Government has refused to pursue the construction of this building because it happens to be in an Opposition stronghold, in spite of the fact that the college caters for all Kenyans from all corners of this country.

An hon. Member: What is the question!

An hon. Member: Ah! This is a nominated Member of Parliament, do not worry about him!

Mr. Mathenge: I have already stated what I wanted to state. If she wants to add anything, she can. But I wanted it to be known that the answer given--- It is now that I have raised this question with my old friend. Are you going to spend the money allocated for Kagumo Teachers Training College this year as provided for in the Budget to complete this building and to show that the Government is not punishing the Nyeri people because they happen to be in the Opposition, and realising that KANU will get no votes?

Mrs. Ndetei: Mr. Temporary Deputy Speaker, Sir, there is nothing contemptuous about the answer I have given. The estimated cost of this building, since 1993, was Kshs16 million and I would like to inform this august House that the students have been paying a levy and the Government has also been giving some little grants which have basically gone to the maintenance of the college because some of the buildings are so old. I can assure hon. Mathenge that, really, the Government does not intend to punish anyone from any area in this country.

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, can the Assistant Minister tell this House whether the Ministry of Education has any policy to rehabilitate very old buildings in colleges which were established in the colonial times like Kilimambogo Teachers Training College, Kagumo Teachers Training College and other old colleges, whose buildings are almost collapsing? Money has also been contributed there and it just disappears. What policy does the Ministry of Education have to rehabilitate these building?

Mrs. Ndeti: Mr. Temporary Deputy Speaker, Sir, for this particular college, the Ministry of Education, in the 1996/97 financial year, had allocated Kshs1.605 million for rehabilitation of buildings and in the current year, the Ministry has also allocated Kshs1.05 million for the rehabilitation of the college. The general answer is that, yes, the Government has a plan and it is allocating whatever monies that are available towards rehabilitation of such old buildings in all the colleges and secondary schools.

Question No.223

TARMACKING OF MERU-GITHONGO-CHOGORIA ROAD

The Temporary Deputy Speaker (Mr. Wetangula): Hon. Kiraitu Murungi?

An hon. Member: He is not here.

The Temporary Deputy Speaker (Mr. Wetangula): Question dropped.

(Question dropped)

Question No.482

REPAIR OF NYANGWESO BRIDGE

Mrs. Asiyu asked the Minister for Public Works and Housing:-

(a) whether he is aware that the Nyangweso Bridge on River Awach Tende, on the border of Homa Bay and Rachuonyo districts on Road C19, can collapse any time during the present rains if corrective measures are not taken immediately to fill the huge hole that has developed on the lower side of the bridge; and,

(b) if the answer to part "a" above is in the affirmative, what urgent action he is taking to repair the bridge.

The Assistant Minister for Public Works and Housing (Mr. Khalif): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) I am aware that Oluch Bridge which is also locally known as Nyangweso Bridge had required repairs which had been undertaken and were completed on 8th May, 1997, at a cost of Kshs500,000. The bridge is in good condition and fully open to traffic.

(b) The question of taking any action does not, therefore, arise since the bridge is already repaired and in good condition.

Mrs. Asiyu: Thank you, Mr. Temporary Deputy Speaker, Sir. Yes, it is true that the bridge has been repaired, but is the Assistant Minister satisfied that bridges in Rachuonyo; that is, Nyangweso, Kanyang' bridge and Oston are being maintained properly, because I know that they are not? What is he doing about maintenance of bridges in that area?

Mr. Khalif: Mr. Temporary Deputy Speaker, Sir, I am satisfied that the maintenance of bridges is done properly. The repairs done during the 1996/97 financial year, and completed on 8th of May, 1997, at a cost of Kshs500,000, comprise of the following:

Stretching of gabion wing holes on both downstream and upstream of the bridge; filling and reinstatement of the immediate approach; the reinstatement of damaged guard rails, and installation of gabion mattresses on scooped areas. So, the maintenance process is going on and will be sustained.

Dr. Otieno-Kopiyo: Mr. Temporary Deputy Speaker, Sir, is the Assistant Minister satisfied that this bridge had been technically repaired because, I think, what has happened is that, it has been "financially" repaired? In other words, the money has been spent but the repair work has not been undertaken. Can he assure the House that the Bridge has actually been repaired technically, not a reflection of the money having been spent in the budget?

Mr. Khalif: Mr. Temporary Deputy Speaker, Sir, the bridge is technically operational.

Prof. Ouma: Mr. Temporary Deputy Speaker, Sir, that is the bridge we cross homeward, with Mr. Ojode every weekend. That particular bridge and the Rang'wena bridge, just before Homa Bay, have always got that problem because they just bring murrum, fill it and just go away. Every year, that bridge has got a crack. Before the end of next year, the same Question will be back. Could the Assistant Minister assure us that this time, the bridge will be repaired to last and not just to pour murrum on the edge of the bridge costing Kshs50,000?

Mr. Khalif: To the best of our ability and depending on availability of funds, we shall continue to maintain

the bridges to proper standards.

QUESTIONS BY PRIVATE NOTICE

PAYMENT OF DUES TO LIVESTOCK TRADERS

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

(a) Is the Minister aware that the Agricultural Development Corporation (ADC) owes livestock traders in Garissa District over Kshs90 million since the beginning of this year for cattle bought by the Corporation?

(b) Why has the Corporation not paid traders their dues?

(c) When will they be paid?

The Minister of State, Office the President (Mr. Koech): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) I am aware that during the severe drought early this year, the Corporation was obliged to take in some 9,259, head of cattle valued at Kshs91,235,965 into its Gala Ranch located within Tana River, Garissa, Taita and Kilifi districts. The corporation was, in the circumstances, assisting the livestock traders in times of dire straits, when the traders had no other alternative.

(b) The agreement was for six months during which time the Corporation was to fatten the cattle for re-sale.

(c) All the said cattle were delivered in March, 1997, hence payment hitherto is not due until the end of September, 1997. However, some cases with desperate commitments have already been advanced Kshs5 million.

Mr. Salat: Mr. Temporary Deputy Speaker, Sir, the answer given by the Minister is very unsatisfactory. He has said that the ADC was doing a favour to the farmers. He further states that these animals were bought in March, 1997, from the farmers who had no other source of livelihood. Why is the Minister misleading this House, by saying that the corporation was given until September, 1997, to pay the money, when we know very well that everyday they are pleading with the farmers not to take legal action against them for non-payment of the money owed?

Mr. Koech: Mr. Temporary Deputy Speaker, Sir, I am aware of the current problems, but it is quite obvious that there were some agreements and these cattle were given on credit terms. Some farmers who were in dire need of funds have already been paid. According to the agreement, the corporation has got to pay all the amount of money outstanding by the end of next month. The hon. Member said that the ADC was not doing it as a favour; but it should be borne in mind that there was an agreement. Whether it was a favour or not, the agreement was to that effect.

Mr. Moiben Mr. Temporary Speaker, Sir, you heard the Minister saying that the arrangement was to pay within six months. Six months is a long period for a pastoral community which depends entirely on livestock to wait for payment. Can the Minister assure this House that they will pay the Kshs91 million with the interest of six months?

Mr. Koech: mr. Temporary Deputy Speaker, Sir, the agreement was for six months and the animals were taken on credit basis. So, the question of paying the money back with interest does not arise.

Mr. Salat: Mr. Temporary Deputy Speaker, Sir, the Minister said that the agreement was for six months. We are now in August, which means that the sixth month is ending at the end of September, 1977. We are aware that every day the ADC is selling between 400-600 head of cattle and in turn they are getting the proceeds. Why does the ADC have to wait until six months are over before it can pay Kshs91 million? What were they doing all this time, when they only paid a paltry Kshs5 million? Why can they not pay in bits as they sell the animals, in order to reduce the indebtedness?

Mr. Koech: Mr. Temporary Deputy Speaker, Sir, the agreement made was until the end of September, 1997. But because of the problems the farmers have, if the ADC has sold some animals, we are ready see how farmers could be assisted. It is obvious that the agreement was until the end of next month. But if there are any farmers in dire need, we can listen to their grievances.

Mr. Salat: Mr. Temporary Deputy Speaker, Sir, the grievances of the farmers are being articulated here by their representative, and this is what I am doing now. Can the Minister then promise this House that in view of the problems experienced by the farmers, they will be paid at least half of this money now and come September, 1977, the balance will be paid promptly? Can he give that undertaking?

Mr. Koech: Mr. Temporary Deputy Speaker, Sir, I do sympathise with the situation of the hon. Member, and I want to assure him that we shall do everything possible, as soon as we can.

SUPPLY OF SUB-STANDARD PESTICIDE

Mr. Mutahi: Mr. Temporary Deputy Speaker, Sir, I beg to ask the Minister for Agriculture, Livestock Development and Marketing, the following Question by Private Notice.

(a) Is the Minister aware that Nyeri District Co-operative Union, through Nyeri Central Tender Committee, supplied Nyeri coffee farmers with sub-standard pesticide (Daconic 75 WP?).

(b) Is he further aware that due to this sub-standard consignment procured by the Union, coffee farmers in Nyeri District are likely to lose about 50 per cent of their crop this year?

(c) If the answers to (a) and (b) above are in the affirmative, what was the result of the analysis done on this chemical by the Coffee Research Foundation, Ruiru, on 4th August, 1997?

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Osogo): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) I am aware.

(b) The survey done by the field officers from the Ministry has revealed that the loss to the farmers in Mukurweini will not be more than 30 per cent.

(c) When this chemical was sent to the Coffee Research Station, it was found that it had ingredients of 39.2 per cent against the recommended 75 per cent.

Mr. Mutahi: Mr. Temporary Deputy Speaker, Sir, since the results from the samples that were taken to Ruiru Coffee Research show that the pesticide was weaker because it had Daconic ingredient of 39.2 per cent instead of 75 per cent, my question is: What is the Ministry prepared to do, if there is going to be an abortion of coffee berries in Mukurweini and Nyeri districts as a whole after this Daconic was sprayed to the coffee berries in the district? What action will the Minister take?

Mr. Osogo: Mr. Temporary Deputy Speaker, Sir, the problem lies with the Co-operative Union concerned because they advertised the tender in the *Daily Nation* for the supply of this chemical. The tender was awarded to the lowest tenderer which was Vera Chemicals. The Co-operative Union should have sent the sample by the tenderer for verification of its ingredients or the strength of that chemical before they awarded the tender. The Union did not do that, and that is why the farmers have found themselves in this situation.

Mr. Mathenge: Thank you, Mr. Temporary Deputy Speaker, Sir. Can the Assistant Minister tell this House what action his Ministry will take against the importers of that chemical if the analysis going on proves that that chemical was not the right one for application on coffee?

Mr. Osogo: Mr. Temporary Deputy Speaker, Sir, the farmers have been informed not to use it because it is defective.

Mr. Mutahi: On a point of order, Mr. Temporary Deputy Speaker, Sir. We are talking of a chemical which has already been applied on coffee, and as a result of that, there has been a massive abortion of coffee berries. Hon. Mathenge's question was very clear. What action is the Ministry going to take after it is proved that the chemical that was imported and sprayed to the coffee berries was the wrong one? What action is the Ministry planning to take on the importers because it was an imported chemical?

Mr. Osogo: Mr. Temporary Deputy Speaker, Sir, I have said that whoever won the tender was awarded the tender. The union does not buy the chemical and supply it to the farmers. The farmers buy this chemical directly from the supplier and not from the union. The union only accepted the supplier as recommended.

Mr. Mutahi: On a point of order, Mr. Temporary Deputy Speaker, Sir. The Assistant Minister is evading the question. This chemical should have been inspected like anything else that is imported into this country. Now, it is like this chemical was not inspected and as a result it has made coffee berries in Nyeri District and elsewhere to abort. What action is the Ministry of Agriculture, Livestock Development and Marketing going to take if this chemical is proved to be ineffective by the KARI and other chemical analysts?

Mr. Osogo: Mr. Temporary Deputy Speaker, Sir, that could probably be answered by the Kenya Bureau of Standards because the manufacturer of that chemical is a Kenyan company by the name of Rhone Poulenc. That is the company which supplies the tenderers with this chemical and they are local manufacturers. So, the Kenya Bureau of Standards could probably answer that question.

Mr. Ndicho: Mr. Temporary Deputy Speaker, Sir, could the Assistant Minister tell us the two companies which have been importing this sub-standard chemical? After he has given us the names of those companies, can he tell us what legal action the Ministry is going to take after having received research data from Ruiru Coffee Research Station?

Mr. Osogo: Mr. Temporary Deputy Speaker, Sir, the two companies which were awarded the tender were Vera Chemicals Limited and Kenwin Chemicals Limited. Unfortunately, the chemical supplied by Vera Chemical Limited was defective. Legal action cannot be taken by the Ministry of Agriculture, Livestock Development and Marketing, but only by the union. However, the union will find itself in legal difficulties in that it did not verify the

effectiveness of that chemical as it was supposed to do with Ruiru Coffee Research Station.

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

The Temporary Deputy Speaker (Mr. Wetangula): You are out of order. Next Question.

MEASURES TO CLEAR HYACINTH WEED

Prof. Ouma: Mr. Temporary Deputy Speaker, Sir, I beg to ask the Minister for Environment and Natural Resources the following Question by Private Notice.

(a) whether the Minister is aware that the hazard of the water hyacinth has rendered lake Victoria and the borderlands a disaster zone, requiring emergency action by the Government to save lives, property and the complete collapse of the lakeside economy?

(b) is he further aware that, for two weeks now, boats cannot go out fishing, no boats can enter or leave the ports of Kisumu, Kendu Bay, Kowuor or Homa Bay, and that the lake side population in Siaya, Kisumu, Rachuonyo, Homa Bay, and Migori districts are now landlocked and that Homa Bay Municipality has no water?

(c) if the answers to "a" and "b" are in the affirmative:-

(i) What emergency measures is the Government taking to clear the weed, so as to make the ports and fish landing beaches accessible, to enable the Municipalities pump water to their tanks, and the rural people to have drinking water?

(ii) What has happened to the more than Kshs100 million from the World Bank and other donor agencies for clearing the hyacinth menace?

The Minister for Environment and Natural Resources (Mr. Kosgey): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) I am not aware that the hazard of water hyacinth has rendered Lake Victoria and the border lands a disaster zone requiring emergency action by the Government to save lives, property and the complete collapse of the lakeside economy. It is to be appreciated that the water hyacinth is a global environmental problem which has occurred in other parts of the world.

(b) I acknowledge, however, that the movement of the water hyacinth mat is dependant on the wind and this causes temporary blockage and reduces access to lake shore towns, thus, these towns are not permanently landlocked.

(c) (i) The emergency measures being promoted by the Government include manual removal by communities living around the lake in conjunction with locally-based NGOs. In addition, the Government is also looking into ways and means of getting money in order to purchase mechanical harvesters.

(ii) I would like to put the record straight with regard to the funding from the World Bank. The funding has several components addressing broad issues of the lake ecosystem. The Kshs100 million covers a two-year programme beginning on 1st July, 1997 to 30th June, 1999. The programme has therefore been running for the last two months. Part of the funds have been put into use through KARI to establish beetle rearing units in Kibos and Kisumu and 50 sites have already been infested with the beetles. My Ministry will buy hand tools including wheelbarrows and gloves which will be given to the communities so that we can continue with the manual removal of the hyacinth.

Prof. Ouma: Mr. Temporary Deputy Speaker, Sir, if this is not a disaster, then I do not understand the English language. For three weeks we have sought a Ministerial Statement on this disaster and I expected the Minister to come up with a realistic emergency measure. First of all, in that place, the economy has collapsed. This fish represents our tea, coffee and our milk like the hon. Kosgey's milk. It is our milk! As I stand here, nobody can move out of Homa Bay for the last two weeks. Boats can neither move out nor come in. We cannot practise fishing, there is no water to drink and malaria is killing people because of hyacinth. I do not want to give the details. What I want is to tell the Minister that this is a disaster. Since the Ministry of Research, Technical Training and Technology is willing to give us harvesters for only Kshs20 million out of the Kshs100 million, could he tell us if they are going to accept this money and give us the harvesters? To tell people to go and remove the weed by hand among snakes and crocodiles is impossible. We will not do it!

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, I appreciate the problem and I take it very seriously and, in fact, for the information of the hon. Member, I will visit the area in the course of the next two weeks. I am not aware that the Ministry of Research, Technical Training and Technology is willing to invest money to harvest this weed. I am aware that we have identified certain mechanical harvesters which can be fabricated locally at a cheaper price. The figure quoted by the hon. Member is about the same---

Dr. Oburu: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the Minister in order to mislead the House that the Questioner talked about money when he actually told the Minister to take Kshs20 million from the Kshs100 million available to him to pay that Ministry so that mechanical harvesters can be brought to remove the hyacinth?

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, the money from the World Bank does not include the purchase of mechanical harvesters. I was explaining that we have approached various donors including the Global Environment Fund to buy mechanical harvesters and the quotations that we have received from outside range from US\$800,000 to US\$1.5 million for one harvester. These are the ones that we get from Netherlands and so forth. We think that sum of money is far too much and we can fabricate them locally for as little as Kshs30 million.

Prof. Mzee: Mr. Temporary Deputy Speaker, Sir, this is truly a very serious problem facing the people and the lake itself. It requires truly drastic action to overcome it. Cutting this weed using human power helps to rejuvenate it. If we cut it, it grows faster. We cannot keep up with it. I would suggest that the Ministry becomes very serious and looks at this as an emergency and use all the available resources to overcome it. They ought to use a combination of forces to overcome this. For example, we have to use chemicals and mechanical harvesters. We have to take care of people and assist them. When we use chemicals we will destroy the environment. We have to think in terms of restoring the environment after that, and also feeding the people who are going to lose their livelihood. Is the Minister thinking in these terms?

The Temporary Deputy Speaker (Mr. Wetangula): Order, Prof. Mzee! This is Question Time not debate time!

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, I appreciate the concern of the hon. Member about this problem. We ruled out long time ago the use of chemicals to remove this weed and we opted for biological and mechanical control, including manual removal. Manual removal is a very short term measure. Today, I released more money to buy hand tools to remove the weed.

Mrs. Asiyo: Mr. Temporary Deputy Speaker, Sir, I would like to accept that this is really an emergency for the people of the lake because when this weed reproduces, it forms a mass four times every ten days and it goes as low as eight metres deep. So, no boat, canoe or fishermen could get there. Can the Minister tell this House what happened to the offer made by the Embassy of Netherlands to give two combine harvesters to the lake people to remove the weed? Mr. Minister, you are aware. So, do not tell us you are not aware!

(Laughter)

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, I am aware of the Netherlands offer. But the money to buy that machinery has not been forthcoming. It was suggested that they might be able to fund, but eventually, they said the money they intended to finance the purchase of those mechanical harvesters had been used for something else.

So, the offer did not materialise. I even did the lobbying myself, so I know and I am aware that there was an offer which did not materialise. This is a serious problem. Every day in the Ministry I get letters, requests, suggestions and so on. So, it is not just hon. Members who are concerned. I think the people particularly around the lake, are very much concerned.

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

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Ojode! You cannot force the Chair to see you!

Mr. Anyona: Mr. Temporary Deputy Speaker, Sir, the Minister says it is very serious. I do not know how serious it is to him. This is either serious, an emergency or it is not an emergency. Given the nature and proportion of this problem, it is clearly an emergency. So, the word the Minister is using "serious" is a misnomer. Can the Minister tell us what emergency measures, including declaration of disaster, the Government is prepared to take over this issue?

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, I was asked whether I was serious and I said I am! We will remove the weed by any means.

Mr. Busolo: Mr. Temporary Deputy Speaker, Sir, since this Ministry was instrumental in the Goldenberg rip-off of this country, could the Minister demand from the very Government which he represents that the proceeds in the Goldenberg saga go back to the Ministry to clear the water hyacinth?

Mr. Kogesy: Mr. Temporary Deputy Speaker, Sir, that is an irrelevant question. That is what I refer to as not being serious. This is a very serious problem, hon. Busolo. We have a weed here which is a menace. It forms a mass covering many acres and goes eight metres deep. At the moment, the people around Kendu Bay in Homa Bay district cannot get fish. It is true because the wind has blown up the weed right up to the land bay. So, it is not a problem to be tackled the way you are thinking.

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, it is nice to hear a Minister in the Nyayo Government saying that he considers this a serious problem. First, the Goldenberg saga is not a light matter, it is a very serious problem. But I rest that there! History will deal with all those things in the Goldenberg! But if this Minister is

saying that his Ministry is serious and the problem of hyacinth has been spreading, today, even Nairobi dam is covered with hyacinth. It is only Lake Naivasha which was the first place to be infested by water hyacinth which has not been covered. Since hon. Prof. Ouma Muga started bringing this matter here, what specific actions has the Government taken to show that it is serious in dealing with this problem, apart from promises of concern and trying to experiment? What have you actually done to show that you are serious in dealing with this problem?

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, since we started tackling this problem we have introduced biological control. As I am speaking, 50 sites have already been infested with weevils and at the moment, they are actively consuming this weed. We know that the number of weevils required are in millions and breeding is still continuing at Kibos. Secondly, we have started manual removal and we bought hand tools; jembes, rakes, wheelbarrows and so forth. In certain areas like Suba and Siaya, it is very successful. We have a very serious problem around Homa Bay and Kendu Bay. Thirdly, the mechanical removal is what we are actively pursuing now. We are considering the possibility of fabricating mechanical harvesters. I have actually seen certain prototypes which can remove this weed.

Mr. Obure: On a point of order, Mr. Temporary Deputy Speaker, Sir. He has told us that the water hyacinth weed has been eaten by weevils, but he knows that the population of fish in the lake has increased because the fishermen cannot get fish. So, the fish are more and they are eating the weevils!

(Laughter)

Mr. Ojode: Mr. Temporary Deputy Speaker, Sir, could the Minister tell this House how much money so far, out of the Kshs100 million released by the World Bank has been used to breed beetles, and how much has been used to buy the anti-weeds (?) ?

Mr. Kosgey: At the moment, we have used very little of that money. We started spending that money two weeks ago. So, not much of that money has been spent. We intend to spend about Kshs54 million this financial year.

Mr. Mulusya: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it not in order for the Chair to allow the Minister to respond to the issue of the beetles being eaten by fish and birds? The Minister cannot afford to tell Kenyans that beetles are being released into the lake and they are being eaten. You cannot just brush it off like that. If the Temporary Deputy Speaker does not come from the lake region, he should not brush it off like that!

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Mulusya! You should not exhibit your emotions very unnecessarily. I have deliberately allocated 15 minutes on this Question to underscore the importance of the disaster that Lake Victoria is facing. Hon. Mulusya, I do not even think you know where that lake is. Prof. Ouma proceed!

(Mr. Mulusya kept standing up in his place)

Order, Mr. Mulusya! We are dealing with a very serious matter. This lake is the lifeline of more than 5 million Kenyans. Can we give Prof. Ouma a chance to ask his question?

Mr. Mulusya: Mr. Temporary Deputy Speaker, Sir, I am a very intelligent man. I went to school long before the Chair did so. I know where Lake Victoria is!

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Mulusya! I will not send you out, however hard you shout.

Prof. Ouma: Mr. Temporary Deputy Speaker, Sir, I have got respect for what the Minister says. He says he has got some sympathy for the people. But if we do not treat the problem in Lake Victoria with the seriousness and the emergency it deserves, then we are courting death. It is not only when people are murdered in Mombasa that we term it an emergency. We are dying slowly but surely. This lake belongs to all of us. I had asked the Minister earlier, together with his colleagues in the Ministry of Research, Technical Training and Technology to give us harvesters and we will be able to harvest the weed within a week. If the Kshs20 million can be provided, surely, the five million Kenyans who live around the lake are worth more than the Kshs20 million.

Mr. Temporary Deputy Speaker, Sir, the beetles will not solve the problem because the black-legged egrets are eating them every day. You release them to be eaten by the black-legged egrets and not the red-legged ones. These are birds which feed on lake worms. So, those beetles are not going to solve the problem. Last Saturday, two women gave birth on canoes marooned in the lake for three days. There is a lot of malaria outbreak because the hyacinth has stopped the water from moving. There is a lot of rotting material and mosquitoes breed in millions and what is worse, if one drinks that water, one will suffer from cholera. That is why there is an outbreak of typhoid and cholera again in Migori and Homa Bay districts. It is a disaster of a major proportion, health wise and in every way.

Fish is gone. I am pleading with the Minister to either declare it a disaster zone for the sake of Kenyans or he goes out and gives Kshs20 million to his colleagues in the Ministry of Research, Technical Training and Technology for the harvesters. We are pleading for mercy. We do not want to die.

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, the hon. Members should not die.

Mr. Temporary Deputy Speaker, Sir, the beetles are not being eaten. The larvae are microscopic and so, they are not being eaten---

Mrs. Asiyu: On a point of information, Mr. Temporary Deputy Speaker, Sir. I would like to inform the Minister that the beetles are being eaten. I was at the lake over the weekend and I counted the number of beetles. Three days later, they were not there. They had been eaten by the white bird called *Okwok(?)*. If the Minister could visit the lake, he would confirm that the beetles are being eaten.

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, I will visit the lake. We will explore the possibility of giving the Ministry of Research, Technical Training and Technology money for the harvesters.

Mr. Achieng-Oneko: On a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Achieng-Oneko! Okay, can you ask your question?

Mr. Achieng-Oneko: Mr. Temporary Deputy Speaker, Sir. I am the most affected person because I live on the shores of Lake Victoria. At the moment, even our animals do not drink water from the lake just because the whole place is covered with hyacinth. The Minister talks about beetles but we have not seen them there. Where do you store the beetles to eat the hyacinth along Rarieda, Bondo and parts of Kisumu Constituency. They are not there! The Minister is just expressing sympathy. We want him to be serious and take action. Where is the store of these beetles and what time do you release them? I have never seen them. This is a serious matter. If animals cannot drink the water, people cannot drink it too. I drank that water the other day and I had to be absent from this House, because I had fallen sick due to the dirty water which I took, after it had been spoilt by the hyacinth weeds.

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, we have a mass breeding unit for the beetles at Kibos. I visited that station and I saw scientists producing them. In fact, when I was there, there were several millions of the beetles being produced.

Mr. Mulusya: On a point of order, Mr. Temporary Deputy Speaker, Sir. Dr. Nderitu of KARI is on record in the HANSARD as saying, before the Public Investments Committee, that the beetles have been eaten and that they are trying to look for an alternative. What is the Minister telling us here if the researchers themselves have said that?

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, I am not aware of that HANSARD record. I will check to confirm that report. The information we get from the scientists is that the beetles are very active. It is the larvae that actually destroys the leaves of the water hyacinth. Hon. Achieng-Oneko did mention which sites that have been infected. There are 50 sites which have been infected along that area. I wish to assure the hon.

Member for Rarieda that we shall take some hand tools and rakes to assist in manual removal, and as soon as we have a mechanical harvester, we shall also go to the aid of the people of Rarieda.

Prof. Ouma: On a point of order.

The Temporary Deputy Speaker (Mr. Wetangula): Prof. Ouma, I am not inclined to allow you, but have the very last word on the Question.

Prof. Ouma: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it right for the Minister to confuse and contradict himself, and to misinform the House about hand tools? He, himself said that this weed sinks eight metres deep into the water. It is a mass on which people can walk, but it is very deep. What hand tools would ever remove it? Is he not misleading himself and the House? We need practical solutions.

Mr. Kosgey: Mr. Temporary Deputy Speaker, Sir, I have actually been there myself and I have even pulled out some weed. So, I have practical experience.

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Minister, as I indicated to you, we have spent 25 minutes on this Question just to demonstrate to you the unparalleled disaster that Lake Victoria faces. So, you better do something. Next Question, Mr. Anyona.

SUSPENSION OF AID BY INTERNATIONAL
MONETARY FUND

Mr. Anyona: Mr. Temporary Deputy Speaker, Sir, I beg to ask the Minister for Finance the following Question by Private Notice.

In view of the recent drastic decision by the International Monetary Fund (IMF) to suspend aid to Kenya and

given the serious ramifications on the Kenya currency and the economy in general, will the Minister inform the House:-

- (a) The circumstances and factors which resulted in the suspension of aid by the IMF;
- (b) The projects which will be adversely affected by the suspension;
- (c) What urgent measures the Government is taking in order to end the suspension and minimise damage to the currency and the economy?

The Minister for Finance (Mr. Mudavadi): Mr. Temporary Deputy Speaker, Sir, I beg to reply.

(a) The IMF suspended aid to Kenya on the contention that the economic measures already taken under the economic reform programme fell short of the expectation of that institution.

(b) The projects that would be adversely affected are projects that are fully funded by the Government of Kenya, and the Energy sector development programme.

(c) The urgent measures that the Government is taking are as follows:- First, the Government has already initiated discussions with the IMF that will provide a basis for the development of a new reform programme. Secondly, the Government has already indicated a major reduction of expenditure in order to maintain the budget deficit at the level that was originally planned. Three, the Government has taken new revenue measures in order to raise additional revenue, and to this end, the Government has raised excise duty on petrol and diesel, raised the maximum VAT rate and registration and licence fees for vehicles and drivers. Fourth, the new taxation measures will be complemented with a further strengthening of the tax administration. The main measures will be taken to improve tax administration, including the strengthening of the organisational and operational capacity of the Kenya Revenue Authority (KRA) and strict enforcement of maximum compliance with the payment of import duties and VAT. Fifth, the Government is also taking steps to accelerate the privatisation of state owned public enterprises. Lastly, the Government wants to limit the increase in money supply to around 11 per cent in 1997/98 down from 13.5 per cent level in April, 1997.

Mr. Anyona: Mr. Temporary Deputy Speaker, Sir, this answer, particularly part "a" is loaded with what he does not say. Can the Minister confirm or deny that the real issues behind all these are:-

One, the fight against corruption, and particularly about the Goldenberg scandal? Can he confirm or deny that? That is what the World Bank is concerned about. Two, the confusion and possible corruption in the energy sector, and, three, the confusion and possible corruption in the parastatal reform programme. Can he confirm or deny?

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, the issue of corruption, definitely, is a matter that is of concern to this Institution and also to the Government. There are a number of issues that have, indeed, been mentioned and I would not want to comment on the Goldenberg case because that matter is before the court, as we are talking now. Secondly, the issues regarding the energy sector are now being dealt with so that appropriate action is taken to make sure that there is proper implementation of the sector.

Mr. Anyona: On a point of order, Mr. Temporary Deputy Speaker, Sir. I asked the Minister to confirm or deny three issues, the Goldenberg scandal and corruption in the energy sector and in the privatisation of public enterprises. He has not said anything about that.

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, the issue of privatisation is moving fairly well. I think what we need to point out here is that the areas that we are dealing with in terms of privatisation, for instance, the Kenya Posts and Telecommunications and the energy sector require legislation to be sorted out here before we can actually process the implementation of public floatation.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, pursuant to what hon. Anyona has just said, could the Minister confirm specifically that the IMF and the World Bank, in their communication to the Government of Kenya, demanded the sacking of Mr. Gichuru of Kenya Power and Lighting Company, and Mr. Mutitu, the Permanent Secretary, because they are involved in corruption, and that the Vice-President should be taken to court?

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, I deny because those institutions have not dealt with any personality matters.

Dr. Kituyi: Mr. Temporary Deputy Speaker, Sir, the matter of the stand-off between the Government and the IMF has been a major humiliation and embarrassment to the dignity of our country. It is public knowledge that at the core of this, is this Minister writing to the IMF to agree upon a cause of action, and some "hawks" around State House misleading the President to give a counter statement to the IMF about key matters in this. Could the hon. Minister tell this House; one, if it is true that those "hawks" have now backed off and that what he says will be representing the position of Kenya? Two, if the Kenya Government has reneged on its shortening of the period for the recovery of capital investment by IPEA Africa(?) and Westmont Ltd., in this short-term energy generation project; and, three, if this Government will consider that on critical matters of policy, after negotiations with IMF and any other donor, such matters should be brought to the National Assembly as a Sessional Paper to bind the hands of those hawks whose personal interests are ghosts causing a lot of disrepute to this country?

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, I cannot comment on the issue of hawks or people being in that kind of category!

(Laughter)

All I want to say is that, I am the Minister for Finance and when I discuss and deal with the Bretton Institutions, that is the IMF and World Bank, I do so on behalf of the Government and we make collective decisions regarding the measures that we have to undertake.

The second point that I would like to say is that, indeed, I agree that some of the issues are so critical for this country and it may be necessary, not just merely because we are trying to deal with a situation of one or two people; but for the interest of this country, I think some of the issues that we deal with must, indeed, be ratified by this House. That is a proposal that I would like to support and to take seriously that, in future, as we deal with these organisations, some of the very critical points should be brought into this House.

(Applause)

Mr. Maundu: I think all of us in this House will support the Minister in his initiative to make sure that the World Bank and the IMF will resume discussions with the Kenya Government to make sure that ordinary Kenyans do not suffer.

Be that as it may, now that the critical issue that led to the termination of discussions between the IMF and the Kenya Government centres on the energy sector and corruption, is the Minister justified to raise taxes to the detriment of ordinary Kenyans?

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, I raised the taxes in order to fill the gap that had been occasioned by the resources that we were expecting from the international institutions, but which were not forthcoming. I did not raise the taxes because of anything to do with the energy sector. I think if there are issues to do with the energy sector, it might be useful to have a substantive question directed to the Minister for Energy.

Mr. Nyagah: Mr. Minister, I sympathise with your position!

The Temporary Deputy Speaker (Mr. Wetangula): Please, address the Chair!

Mr. Nyagah: Mr. Temporary Deputy Speaker, Sir, I sympathise with the position of the Minister for Finance. He has tried to do a good job, but he is not ready to come and tell this House and nation at large, that his position is threatened by certain key people. I would like to ask the Minister whether he is satisfied with the fact that, Mr. Chebii, the former Customs boss was removed from his position, even though he worked for an authority that was created by an Act of Parliament, that was abused by Mr. Kuindwa taking an aircraft and going to see the President in Nakuru, to fight this young man, who has been extremely honest? Are you ready, as the Minister for Finance, to reinstate Mr. Chebii, whom we all, as Kenyans, have respect for?

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, there was a substantive Question on Mr. Chebii, and I do not think I would want to repeat that. Maybe the hon. Member was not here at the time, but there was a very substantive Question on Mr. Chebii.

Dr. Kituyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. While we appreciate the partial forthrightness with which the Minister is answering these questions, it is totally consistent with our concern as a country, that certain critical matters have to be re-raised. It does not hurt the Minister to express the truth which is like swallowing a bitter pill, that he was obliged to recall Mr. Chebii, when he would rather have had Mr. Chebii remain in Mombasa. Similarly, it would not hurt the Minister if he told this House that he would have done a lot better, if there were no pressures coming from Mr. Joshua Kulei and Mr. Gideon Moi through State House, which are affecting the running of his Ministry, and obliging the President to go through the humiliation of apologising to Mr. Camdesus that he had been misled by these hawks and that he will do what the Minister was telling him to do. It will strengthen your hand. Why not revisit this matter?

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, all that I want to say is that we have started negotiations on the resumption of aid. We will do whatever is necessary to make sure that we can get back to a working relationship with these institutions, so that the country can move forward. I just want to reiterate that, the key issue is that we must strengthen our institutions so that we do not dwell on individuals. We must make sure that our institutions work.

Mr. Anyona: When the Minister was evasively referring to Goldenberg, he said that the matter is in court. Now, the IMF also knows that the matter is in court. So, why are they raising it? Are they talking about a matter that is in court, or are they talking about the matter that has not come to court, and ought to come to court? But in any

case, he is now saying that they have started negotiations. In his answer to part (c) he said: "The Government has already initiated technical discussions with the IMF that will provide basis for the development of a new reform programme". What does he mean by "technical discussions"? What is involved in these technical discussions, and how long are they going to take? For how long are Kenyans going to be kept in suspense?

Mr. Mudavadi: Mr. Temporary Deputy Speaker, Sir, what I would just like to clarify here is that the Government will be making a statement to brief the public and Kenyans in general on the outcome of the discussions that are taking place. So, at a later date, a comprehensive statement will be issued to indicate how far we have gone.

The other thing that I would like to highlight, particularly on the Goldenberg issue, is that the matter is in court and I think what is at stake is just the question of the judicial process making sure that the matter is handled expeditiously.

The Temporary Deputy Speaker (Mr. Wetangula): That is the end of Question Time. Hon. Obure, you asked me to give you an opportunity to request for a Ministerial Statement. Can you proceed now.

POINT OF ORDER

MINISTERIAL STATEMENT SOUGHT:

KISII-MAASAI CONFLICT

Mr. Obure: Mr. Temporary Deputy Speaker, Sir, I rise on a point of order to request a Ministerial Statement on the following issue.

Last week, we had a conflict between the people of Trans Mara and Kisii districts, in which lives and property were lost. We as Members of Parliament from Kisii got together and deliberated on this matter. As a community, we resolved that we did not want a conflict between the Maasai and the Kisii because we have been living together and sharing things for a long time.

As you all know, in 1992, there were clashes between the Kisii and the Maasai. When the Kisii community met, we declared that we want peace and co-existence with our neighbours. It was resolved that I should come here and request for a Ministerial Statement from the Office of the President. As we are speaking now, there is a conflict going on and the General Service Unit (GSU) have been withdrawn from there, and the people are in trouble. What I am asking here is whether the Ministry concerned with internal security is awake so that it can give a statement for our people to know what is really happening.

The Temporary Deputy Speaker (Mr. Wetangula): Is there anybody from the Office of the President?

The Assistant Minister, Office of the President (Mr. Awori): Mr. Temporary Deputy Speaker, Sir, as far as the Ministry in Harambee House is concerned, the security situation in Trans Mara and Kisii districts is under control. This is the information that I have. But I am prepared to go back and see if there is anything that is against the security of the area, and a statement will be made in this House.

Mr. Obure: On a point of order---

The Temporary Deputy Speaker (Mr. Wetangula): Order! Hon. Obure, you sought a Ministerial Statement and the Minister has dealt in part with your request, and he has said that he is going to look for more facts and bring them. The best that you can do is to wait and when he brings those facts, you can seek further clarification or information from him. I do not think we should use that as a guise to open debate.

*(Messrs. Ndicho, Anyona and Obwocha
stood up on points of order)*

The Temporary Deputy Speaker (Mr. Wetangula): Order! Order, hon. Ndicho! It does not matter how hard you insist. Even you, hon. Obwocha, and hon. Anyona, I am not opening debate on this issue. I gave hon. Obure an opportunity to press his point and the Assistant Minister has noted it. He has replied it in part and said that he will come back with more information. The Assistant Minister, can you bring further information on Tuesday?

The Assistant Minister, Office of the President (Mr. Awori): I will do that, Mr. Temporary Deputy Speaker, Sir.

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

Mr. Ndicho: Go on and insist! Insist!

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

The Temporary Deputy Speaker (Mr. Wetangula): Order! Order, Mr. Mulusya!

Hon. Anyona, you are one of the best hands at Standing Orders in this House. You know that Standing Order No.69 does not open room for debate and neither does it confer an opportunity on any Member to pursue the matter

other than the Member who raised it. So, I do not know under what Standing Order you want me to give you an opportunity.

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

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Anyona!
Next Order!

BILL

Second Reading

THE CO-OPERATIVE SOCIETIES BILL

The Minister for Co-operative Development (Mr. Munyi): Mr. Temporary Deputy Speaker, Sir, I beg to move that the Co-operative Societies Bill be now read a Second Time.

The purpose of this Bill is to revise and amend the law relating to the constitution, legislation and regulations of the Co-operative Societies Act. The proposed Bill will apply to all co-operative societies registered under this Bill.

I am sure the hon. Members have got copies of this Bill with them. Copies of the Bill were distributed to them, but if there is any Member who does not have a copy, he can always get one.

The main effect of the Bill is to carry out registration and control the co-operatives. It is also aimed at removing undue Government intervention and transfer the management and responsibilities to the co-operative societies themselves. The role of the Government in the future co-operative societies will be one of supervisory in the context of providing normal controls over the co-operatives. Thus, every society will operate with maximum freedom subject to the general law of the land and its own by-laws.

The other role will be to facilitate the co-operative growth and development through the development and implementation of the growth-oriented co-operative policy. It will also be involved in research, maintenance of data bank on the co-operative movement and provision for the growth and development of the movement. The Bill also proposes the creation of the Registrar's office apart from the office of the commissioner for co-operatives. This Bill will deal with this very important area.

I would like to say that in order to promote accountability and responsibility and instill discipline in the management of co-operatives and thereby safeguard the interest of the co-operators and the interest of the members, this Bill proposes to create a co-operative tribunal in which all the disputes shall be settled. It will also empower the Registrar of Co-operative Societies to interfere through enquiries and investigations in cases where societies have been mismanaged and make actionable recommendation to the members of the societies concerned. For easier and more effective democratic management of the co-operatives, the Bill provides, in accordance with the co-operative principles, procedures which the co-operative societies shall apply according to the laws which have been provided by various co-operative societies in all parts of our country.

I would like to tell the Members that all the views which were given by the members were taken seriously.

With those few remarks, I beg to move.

The Minister for Labour and Manpower Development (Mr. Masinde): Mr. Temporary Deputy Speaker, Sir, I rise to second this Bill. I think it is a very important Bill. We have had the co-operative movement in this country for many years, even before we gained our Independence. The co-operative movement has done a lot of work in trying to give employment to our people. It is a good thing that the Government is now withdrawing its operations so that the co-operators can look after themselves. In other words, the co-operatives are being liberalized so that they can offer professional management.

The Co-operative movement has been on for a long time, but it is a pity that 30 years after our Independence, it is still sick. Many members in the co-operative movement have gone there to make money and derail the co-operative societies and unions. Many giant co-operative unions have collapsed. Now that the Government is moving out, I would like to appeal to those who get the opportunity to serve the members of the co-operatives to do so properly and run them in a more professional manner, so that they make money for the co-operators and provide whatever services they are supposed to provide. If this was done, people in this country would be very much assisted.

The Government too would be assisted. The co-operative societies would generate a lot of funds to run departments and other activities in the country. The Government can also collect more money in form of tax if the co-operative movement was properly run.

I would also like to appeal that the co-operative societies and unions should not just pick people because they are friends or relatives. They should pick people to management positions. Directors should be people with the experience and are able to run the co-operatives properly. To enable the management to run the co-operatives, I think

the current Co-operative College should be fully utilized through the taking of courses which will enable them to run these societies and the movement, especially in the accountancy profession.

Mr. Temporary Deputy Speaker, Sir, most of our co-operative societies collapse, partly because the people who are running them do not know anything about accounting and in that respect, they might be convinced that they are administering the co-operatives properly while in reality they do not realise that money is getting lost. Of course, there are few who want to make the best of their positions by swindling the co-operatives. Those who do so, should not be forgiven because their friends are co-operators. They should be taken to court in order to redress the co-operator.

Mr. Temporary Deputy Speaker, Sir, most of the co-operative societies whether agricultural or industrial based, expect dividends as they save the money. Those managing co-operatives should make sure that dividends are given regularly to their members to be able to meet their other activities and at the same time, whatever remains after the dividends should be invested. They should also be assisted by the managers of the co-operatives, for example, if it is in agriculture by supplying fertilizers, proper seed and marketing processes.

Mr. Temporary Deputy Speaker, Sir, co-operatives give loans which are among the benefits enjoyed by the co-operators. These loans should be given at a substantially low interest rate. At the moment, the interest rate in commercial banks is very high and the only safety valve where the co-operators could benefit is to be given the opportunity to borrow money at reasonable interest rates.

Mr. Temporary Deputy Speaker, Sir, we have had occasions where members of the public have complained of having been swindled by the appointed or elected co-operative management. Once somebody applies for a loan, they begin deducting the money even before the applicant is given the loan. Sometimes they keep deducting the money for a long time before those applicants are given loans. All these transactions should be streamlined. Co-operative societies should be strengthened and run properly, so that they generate money for the co-operators and also create jobs. The Co-operative offices should also be spread to the countryside where the co-operators are. This could be of great help to the members if they have a problem, for example, when they want to inquire about their accounts; they do not have to travel long distances in order to get to their offices. The co-operative meetings should be held regularly, so that the members are able to identify any irregularities that may come up. Auditing should also be done regularly so as to help the shareholders to know whether their money is being properly looked after. If it is not, then the errant officials should be taken to court.

Mr. Temporary Deputy Speaker, Sir, I would like to suggest that the Government should not pull out completely from the co-operative movement and leave co-operators alone. There should be a provision that when the co-operators are swindled, they are redressed or the Government takes action on their behalf.

With those few remarks, I beg to second.

(Question proposed)

Mr. Obwocha: Thank you, Mr. Temporary Deputy Speaker, Sir. I will be very brief and to the point to allow other Members to contribute to this Bill.

Mr. Temporary Deputy Speaker, Sir, this Act Cap. 490 having been established in 1966 is long overdue. There are a number of things that need to be looked at, so that this Act can be in line with the current traditions and practices.

*[The Temporary Deputy Speaker
(Mr. Wetangula) left the Chair]*

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

Mr. Temporary Deputy Speaker, Sir, I would like to draw the attention of the Minister to Clause 25(3). It reads:-

"It shall be duty of every co-operative society to cause its accounts to be audited at least once in every year by an auditor appointed at an annual general meeting of the society held in three months before the end of the accounting year".

In the practice of audit, this requirement is likely to cause a lot of strain on resources and will lead to poor quality work being done by auditors. The normal requirement should be that auditors are appointed during the annual general meeting. That is six months prior to the end of the financial year so that they know who the auditors are going to be; they can then prepare their work and when the time of auditing comes, they will be ready to do a good job. So, the time period provided (three months) is too brief. It should be six months to give the auditors a chance to prepare for

their work and provide a good audit.

Mr. Temporary Deputy Speaker, Sir, Clause 3 also specifies the qualifications of the auditors. It states further:-

"Where at an annual general meeting no auditor or auditors are appointed or are deemed to be re-appointed, the commissioner shall convene an annual general meeting of the co-operative society concerned with the direction to appoint a person to fill the vacancy or his or her remuneration to be borne by the co-operative society".

That is a very dangerous clause because it will lead to unqualified people being appointed as auditors. In that section, the qualifications of the auditor must be specified. That is important because we believe that the Ministry, in its envisaged supervisory role will not be eligible to act as an auditor. Moreover, with the current emphasis on liberalization, this service should be left in the hands of the best qualified people. Therefore, we recommend that the auditors be appointed from among those holding practising certificates issued in accordance with Section 21 of the Accountants Act Cap 531. That would give this Ministry qualified people who can look at the accounts and do proper work. We just do not want people to go to an annual general meeting which has auditors and then say: "Mr. Achola is an auditor", when he is actually a computer scientist. That is the basic purpose for the request for qualifications of an auditor.

Mr. Temporary Deputy Speaker, Sir, clause 25(4) states:-

"The audited accounts referred to in subsection (3) shall include a balance sheet, an appropriation account, a surplus and loss account, an income and expenditure account and a statement of sources and application of funds".

It goes further and states:

"The audited accounts and balance sheet shall be approved by the members of the management committee and will be authenticated by at least three office bearers, including the treasurer of the co-operative society in accordance with the by-laws of the society".

I do not know who drafted this Bill. In accounting an "income and expenditure account" is the same thing as a "surplus and loss account", and, therefore, this should just be one item. This is because a "surplus and loss account" means the same as "income and expenditure account".

Secondly, there is a lot of duplication in this section. In the generally accepted accounting practices there are three major statements required these days. These are the balance sheet, the profit and loss account and the cash flow statement, which has now replaced "sources and application of funds statement". This is an old-fashioned way of producing accounts. Those are the major items in accounting. So, I would propose to the Minister to make a provision for only the balance sheet, profit and loss account and the cash flow statement, which is also called "surplus and loss account".

The requirement in this subsection for the management committee to approve the audited accounts is rather inappropriate. The management committee can only adopt the accounts. The people who would approve the accounts are the members in an annual general meeting. That is the way it is. The management committee is composed of about eight people who can conspire. They are not really a party to the audit but act on behalf of the society. But they cannot approve the accounts; They can only adopt the accounts and leave them for approval in an annual general meeting by all the members of the society.

I would now like to proceed to Clause 25(5) which states:-

"Every auditor appointed under subsection (3) shall submit an audited account and balance sheet to the members in an annual general meeting convened by the co-operative society three months after the end of the accounting period, and shall include in his opinion as to whether or not the co-operative society's business has been conducted:-

(a) efficiently and in accordance with the provisions of this Act and whether the books of accounts kept by the co-operative society are in agreement therewith and give a true and fair view of the state of affairs of the society; and

(b) in accordance with the society's objectives, by-laws and any other decisions made by the society in an annual general meeting".

That is in excess of what an auditor can do. The requirement for an auditor to submit the accounts to the members at an annual general is not his responsibility. That responsibility lies with the management committee. The auditors do their work and present the accounts to the management committee, who in turn give them to the members. There is no way the auditor, in his capacity as an auditor, can do what Clause 25(5) envisages. He cannot submit accounts to the annual general meeting and also include his opinion as to whether business has been done properly. That is not in line with modern accounting practices. Auditors can only express an opinion as to whether accounts reflect a true and fair view of business. The responsibility of how the accounts are kept lies with the management

committee and the members. Therefore the requirement in this clause for the auditor to report on whether the society's business has been conducted efficiently is onerous. His work is just to express an opinion as to whether the accounts have been kept properly.

I would also like to draw the attention of the Minister to clause 27(4) which states:-

"The committee of a co-operative society shall send annually to the registrar the audited balance sheet of the society and annual returns in terms of section 25".

This clause should, in fact, be re-drafted and only provide that the committee should send to the registrar the audited accounts, and not the balance sheet because you cannot audit a balance sheet. That should be corrected.

Clause 27(5) provides:-

"The committee of the co-operative society shall always keep available for inspection at the registered office of the society:-

- (a) the certificate of registration of the society;
- (b) a copy of the Act, rules and registered by-laws of the society;
- (c) a list of members; and
- (d) a list of the officers of the society.

There is something missing in this list. There should be a provision for the society to keep the latest audited set of accounts.

This should be provided for so that if you want to know how the society is performing, any member who wants to get access to the latest accounts can have a copy from the society.

I would also like to refer to Clauses 61 and 62. This section is on dissolution. This is a long section which says:

"If the registrar, after holding an inquiry under section 58 or making an inspection under section 59 of this Act, or receiving an application made by, at least, three fourths of the Members of the Co-operative Society, is of the opinion that the society ought to be dissolved, he may in writing order the dissolution of the society and subsequent cancellation of the registration."

Then it goes further to talk about the appeal against the order to the Minister and against the tribunal and so on. Clause 62 says that:

"Where a co-operative society has less than the prescribed number of members, the registrar may in writing order the dissolution of that society and the order shall take effect immediately."

Mr. Temporary Deputy Speaker, Sir, this section is a bit dangerous. That, you can dissolve a society at anybody's whims. What we expect from the Minister on this dissolution issue is that, dissolution should be on application to the Registrar of the High Court.

An hon. Member: By who?

Mr. Obwocha: By the person who wants to dissolve the society because the fundamental rights of members of the society must be protected with the legal machinery and this should be maintained. They should not be vested on anybody's whims.

Having proposed those amendments on accounting, I wish to say also that the problem we have been having in management committees of all societies; whether they are sacco societies or marketing societies, is illiteracy; having members who do not know anything. I would like the Minister to listen to me.

An hon. Member: He is a layman; he cannot listen! He might look---

Mr. Obwocha: Minimum academic qualifications for the members of the management committee should be set out, so that these people who are running societies know what they are doing. Particularly, in marketing societies, we have a lot of problems with people who do not know anything and they are running down these societies and you know such societies are the lifeline for most of our people.

Mr. Temporary Deputy Speaker, Sir, I would also like to propose that eligibility of membership in the management committee should be stipulated as it is in Rule 33 of Cap.490, currently. I would like to appeal to the Minister to remove the clause which says that a person cannot be a member of more than one co-operative society. Even Mr. Temporary Deputy Speaker may be a member of "Kitui Coffee Society" or some other society. For example, I am a member of Makairo Pyrethrum Farmers Co-operative Society and I am also a member of the Parliamentarian SACCO. Legally, I am not supposed to be a member of those two. It is a contradiction! It is not necessary; you can be a member of as many societies as you can afford. You can be a member of Bunge SACCO and Parliamentarians Society. In any case, so many Members have violated this rule in the Act.

Mr. Achola: Including the Minister!

Mr. Obwocha: Including the Minister who is nodding.

Mr. Temporary Deputy Speaker, Sir, the issue of the tribunal between the co-operative officers and the members of the society has not been addressed in the Bill. The tribunal should be included in the new Act. More often

than not, what we have found out is that certain Members have grounded societies. They have borrowed money on guarantee and you cannot get this money from some of these guarantors because some of them are bankrupt and some of them are not able to pay. Therefore, I am requesting the Minister to include a clause in this Bill which states specifically, how money can be recovered from the defaulters? How does the society get money from the defaulters. Currently, you cannot follow this person, you can only look for his guarantors. Many societies are going to lose money. There should be a legal provision on how you can get these defaulters. A person who is unable repay for his loan should be followed. There is no point why you are following Obwocha who guaranteed him although legally I am responsible. But he should be made to pay first before you come to me as a guarantor. Under the current provisions, that provision is not there.

Mr. Temporary Deputy Speaker, Sir, I would also like to touch on taxation. You know that the co-operative sector has helped a lot people in this country and the Government should appreciate its role in the development of the economy. The members are the tax boys. I am appealing to the Minister that dividends, the income from savings, should be exempted from taxation. They are currently taxing both the dividends and the income from the society's investments. That probably can continue but, currently, as far as possible, we should have a provision of exempting dividends from the savings of members. This will help the members a great deal to promote savings and the co-operative sector in this country.

Mr. Temporary Deputy Speaker, Sir, another thing that I would like to propose to the Minister is that, most members of the co-operative societies are very happy with the interest rates. The interest rates levied on most loans is at one per cent and when you compound it, it comes to 6 per cent per annum. This has enabled people to borrow more money, develop and pay comfortably. I am requesting the Minister, in his amendments, to legislate that the interest rates shall not exceed 10 per cent per annum, so that we do not have co-operative societies being turned into banks. Currently, the interest rates in banks are so high that, you cannot borrow any money because you cannot repay. If you borrow Kshs500,000, you cannot service this loan because of the high interest rates. Therefore, I am requesting the Minister through you, Mr. Temporary Deputy Speaker, Sir, to legislate that the interest rates charged on members for loans shall not exceed 10 per cent per annum.

Mr. Temporary Deputy Speaker, Sir, I would like also to touch on the issue of the Co-operative Bank. The Co-operative Bank is being turned into a commercial bank. This was not the original aim. Somewhere in 1985/86, we revolutionised the way we elect our directors to the bank. They are now directly being elected by the members. But there is an anomaly that, when they go there, they nominate one of the directors to be the chairman of the bank. This has ended up having fellows like the current Chairman of the Co-operative Bank who is the Chairman of the Goats and Sheep Society in Baringo.

(Mr. Munyi laughed)

This Minister is just laughing; he thinks it is a cheap, laughing matter. We want people who understand the operations of banks to manage that bank. There is just too much money in that bank to be managed by a person of that calibre. So, I am proposing that the chairman of the bank should be elected by the directors themselves without subject of approval from the Minister. This is what has happened, the chairman is being imposed on these other directors. The money that the Co-operative Bank has should be solely for the co-operators. I do not think the co-operators have benefited sufficiently from this money for the bank to go into commercial business. This is my own opinion.

Mr. Temporary Deputy Speaker, Sir, my other point is about how cheques are signed. I would like to appeal to the Minister that in this era of liberalisation, the hand of Government should, as much as possible, be far away from the co-operative societies. You should move out from the co-operative societies and leave the members to manage their societies alone. The counter-signing of cheques should be prohibited forthwith. The Commissioner for Co-operatives should move away from giving limits as to how much members can borrow from the society. That then would give the societies a free hand to manage their affairs properly because, liberalisation is meaningless if the control of Government is tightened. They should be given a free hand so that they can appoint their own auditors.

(Mr. Munyi stood up in his place)

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, if the Minister wants to inform me, he can do so.

The Temporary Deputy Speaker (Mr. Ndotto): Mr. Munyi, if you want to say something, please, say so.

The Minister for Co-operative Development (Mr. Munyi): On a point of information, Mr. Temporary Deputy Speaker, Sir. I would like to inform Mr. Obwocha that if a society in his own area is in problems, he should inform the Government for intervention. If what he is suggesting is implemented, then he will be in trouble because

his own people will blame him after the money has been mismanaged. That is important.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I hope the Minister will cross the bridge when he reaches there. He will have time to reply, but the Government still has the supervisory role. They are going to supervise the operations of the societies. Nobody has said that the Government is going to run away, they are going to supervise these societies. But all I am saying is that they should not be counter-signing the cheques. But regular supervision of these societies should be there. I have not said anything different.

Finally, I would like to request the Minister, in collaboration with the Minister for Lands and Settlement, to work hard and ensure that the land buying co-operative societies get their title deeds so as to give them to the members.

There are so many cases where people came together in co-operative societies and purchased farms. But up to now, some of the cases have never been resolved, 34 years after Independence. I do not know what this Government is doing. People are quarrelling that they did not get their parcels of land. Why do we not have the Government resolve these issues, give everybody his title and disband some of these societies because some of them do not even operate? In fact, some of them have ended up receiving notices of assessment from the Income Tax Department and so on, while they are not operating. We are asking the Minister to expedite the issue of title deeds to members of co-operative societies who formed these societies to buy land.

Mr. Temporary Deputy Speaker, Sir, we are grateful that at least, finally, this Bill has come to Parliament. We hope the Minister will take seriously some of the proposals we have given him because they are for the good of this country. The co-operative sector has helped many people and we would like it to flourish. But without proper rules and guidelines set out for the movement, members are likely to lose their money.

With those remarks, I beg to support this Bill.

Mr. Kibaki: Mr. Temporary Deputy Speaker, Sir, this Bill has been waiting for sometime, and I am happy the Minister has finally brought it before Parliament, finish its business so that we can at least have the co-operative movement in a strong position.

These days, we are getting wrong or mistaken advice from the Government. I hope the Minister will not listen to it. There are those who are talking about liberalisation and reducing the role played by the co-operative movement in our economy. They are so committed to private enterprise that they believe unmistakably, that the way to promote development is to go the whole hog for the private sector and to remove activities which have been activities of co-operatives to go back to private sector. This should be resisted. Those of us who know about the co-operative movement know that it is the movement which has helped the small producer to rise to some position. If he is going to be left alone to compete with private enterprise, he will not survive. So, we shall go back to having even more people very poor.

For example, in the field of farming, we want to continue to have our co-operatives and the co-operatives should be assisted with finances to improve where they are. There are many examples, but take typical ones. For example, last year, when there was a big quarrel about the marketing of milk, it was all because under the so called liberalisation, there were people in the Government who genuinely believed that they should promote some foreign companies which wanted to take over the processing and marketing of milk. They wanted to take it over from a co-operative belonging to producers of milk. It was a backward step. What worries me is that it has not been abandoned right up to this day. Those multi-national corporations - I need not name them, but at least two of them who were favoured at that particular time, have not abandoned their wish. So they have been visiting Kenya Co-operative Creameries (KCC) factories and they want to visit other places. They have been trying to induce some local people to go jointly with them into new factories, taking milk from the producers. A farmer who may have a substantial number of livestock, for instance like myself, can survive even if he does not belong to a co-operative society. But 90 per cent of the producers, who are members of the KCC, cannot survive on their own. They cannot organise transport of milk to the factory. Transport of milk must be provided by the co-operatives, otherwise a small farmer will never be able to do it, and he will suffer.

Mr. Temporary Deputy Speaker, Sir, that farmer who produces three to four gallons of milk is again the backbone of that industry and it is the co-operative society that makes him to be in that kind of business. I know that the Minister, although he has not travelled very widely, and if he were to visit a large area of the central region of Kenya where we have zero grazing, he will find out that fellows keep around three or five cows and produce a lot of milk for this nation. They survive because there is a co-operative society. The movement that is coming up now and is being encouraged, is promoting exclusively private enterprises which will destroy that small producer. This is because the basic things that he buys or organises through the co-operative movement, he cannot do them on his own as an individual and truly, it will be a very backward step if it was to happen. This is because so many of them will go out of production and will be short of milk and many people will lose this profitable source of income which enables them to educate their children.

Mr. Temporary Deputy Speaker, Sir, I do hope that in these days and age when everybody is talking about

promotion of private enterprises and the possibility of privatising everything, the co-operative movement has a bigger role than that one which it used to play before. When you look at the farmers who produce pork, you will find that by them being in co-operative societies, that is why we are able to have the supply of pork that we have in this country and become exporters. But many people operating in Nairobi do not know where the pork comes from. They only see bacon, market it and then sell it abroad. So, they talk about production being privatised. There are farmers who have come together to form small co-operatives to keep pigs, share costs for transporting pigs, share the transporting costs for buying foodstuffs and also share the costs of having a veterinary officer. This is because as you know now, the Government unfortunately has withdrawn from veterinary services and has left the producers at the mercy of private practitioners. But where farmers can share those services together, they are able to survive under a co-operative society. So, I hope the movement will continue to be assisted so that we can grow equally.

Mr. Temporary Deputy Speaker, Sir, the co-operative movement is now encouraging farmers to save under what we call SACCO societies. You will find that these SACCO societies have more money than anybody else. They are very rich. Unfortunately, many of their investment programmes have broken down and a lot of people have made losses. We should encourage SACCO societies to invest in buying shares in these companies which are being privatised by the Government. This is because the idea of encouraging privatisation is to make sure that the ownership spreads wider in order to encourage the SACCO societies to buy shares when you privatise any of these companies which are being privatised by the Government. But as it is now, this advice is lacking and many of the old members who belong to SACCO societies are not aware of the money that they can make in buying shares in those companies.

So, I do hope that in addition to everything else, the new co-operative movement will continue to undertake the education for the ordinary member of the society and to make him aware of the opportunities that there are for him to invest in various sectors of our economy. This is because that is where it will become helpful.

Mr. Temporary Deputy Speaker, Sir, there are co-operative societies which have been found in other parts of the world and which you should experiment in Kenya. You should not even experiment, but promote. In the Scandinavian countries: Sweden, Norway, Finland and Denmark, you will find that in those countries, ordinary people have formed co-operative societies for the purposes of building houses. In this country, as you know, a law was passed in Parliament making it possible for one to own one flat in a block of flats so that you can define the ownership of a flat in a block which is a huge building. Now, here is a role where the co-operative society can be very useful. These facts are not known to sacco societies and yet they have savings. They need to know that together whether they are two or three of them, they can build a block of flats in town and then sell them to their own members with each owning one flat.

It is a very cheap way of owning houses and you know that in all our towns, housing is the most difficult and most expensive of all the services that we have in this nation. It is a big problem because very many people cannot afford a house, but by belonging to a co-operative society, they can come to own a flat and that is all that the person working in town needs. He does not want to have to own huge mansions. With regard to those who own those mansions, then let them do their private enterprise. But in those countries that I am mentioning especially in Scandinavia, housing co-operative societies have played such a big role, but they started off from these savings and loan societies or sacco societies. So, we are asking for this education to be made available to members in Kenya so that the money that they are accumulating now does not get to be borrowed by people who will squander it, but let it go to fixed assets like houses which will be wonderful because the value is always there and it can never be lost. That way, we will begin to solve a social problem in towns which is a very big problem indeed in this nation. So, I hope that the Minister will make this issue to be part of their programme.

Mr. Temporary Deputy Speaker, Sir, the other point that I want to make is very important. In this nation we have so many levels of co-operative societies. We have the primary societies, district unions and other things. That kind of structure developed when communication was very difficult and district co-operative unions played a meaningful role. In the Kenya of today, co-operative unions, which cover whole districts are no longer playing any meaningful role. It is a great pity that the Ministry continues to support that movement and it is a great pity that the Ministry continues to support a structure which does not serve anybody.

If you take an example of a co-operative union in a district, whether you are talking about Kiambu, Nyeri, Meru or wherever you are, and you ask what service they render to the ordinary person, you shall be answered in the negative. This is because the services which are needed are provided by the primary societies which nowadays cover a location or a sub-location. They are the ones which provide transport or communication services and transport our produce. They are the ones through which we borrow money because the Co-operative Bank allows us to borrow using the primary societies. So, the district unions are no longer helping anybody, but we are still paying a cess to maintain them. Now, that is what the Minister should do immediately to salvage our position. He could make sure that the cess now being taken from producers of milk, coffee or any of the other products, or the cess which goes to maintaining a district union which has no role to play at all, is stopped so that the Ministry will deal with the primary societies

directly. This is because a primary society covering one location is able to buy a lorry and transport its own produce where it is needed. The Ministry should ensure that it is able to survive and it is more efficient and the farmer's money should be safe because as he says quite rightly in this Bill, the primary purpose of a co-operative society is to maximise the earnings of the member.

If it is to maximise the earnings of the members then any unnecessary deductions should be abolished. The cess which now goes to the district unions which have no job to do to help the members should be abolished. Therefore, if a union wants to survive, as a trading institution, it should become a company, but as a buyer or supplier of anything as a company not a union to which co-operative societies are forced to belong. That is what should be removed. That would be the best thing that could happen when this Bill is passed. But I do not know whether it will happen, because the Ministry, unfortunately, in their history has been so integrated with co-operative society members and their own officers have vested interest. They have vested interest because the Minister has many times made them signatories of the cheques of primary societies. Now, this should be abolished. Why should a co-operative officer in Nyeri District be a signatory to a farmers' primary co-operative society in Othaya? What does he know about it? Why should his permission be needed? It should not be. He is not aware, he is not helpful and he should not become a signatory because by making him a signatory, he now gets involved in checking where to buy the supplies. That is where the corruption comes in a big way. If the co-operative officer was not a signatory, he would not be interested where we buy supplies for fertilisers, spray, petrol and so on. Nowadays, they are taking interest because they are going to be signatory and they are going to negotiate with the supplier for special prices which gives them a commission. They are paid a commission on the site.

Mr. Temporary Deputy Speaker, Sir, the Ministry of Co-operative Development knows that these illegal commissions are being done by their officers in the field and they have no need for ten years. For ten years, they have not done anything and when we say that the co-operative officers should be removed from being signatories, we are told: "Co-operative societies need them". That is wrong. Co-operative societies are far ahead of co-operative officers should because they themselves have trained them. They have trained whoever is a the manager, clerk, treasurer and so on. The co-operatives have trained them. So, people know what they want to do and there is no need for them to be forced into that relationship because we are suffering. Money is stolen. Like now some co-operative unions which have forced some societies to buy useless sprays which they are paying heavily and it is not going to help the farmer with his crop.

Mr. Temporary Deputy Speaker, Sir, so I ask that the structure itself of co-operative union in the district to be abolished and we also remove the co-operative officer for having any responsibility whatever to do with the finances of the primary societies. The audit system can audit or check whoever is doing anything. Auditing is alright. That can be done, it is a separate thing. But let the officers supervise activities, and not become signatories to those cheques. Then we shall have a far better relationship.

Mr. Temporary Deputy Speaker, Sir, in choosing people who are to utilise the Co-operative College and other training facilities that are available for co-operative societies' members, it is important that we have some people who belong to a particular society to consider. We are getting people who are being enrolled and trained and who really are not attached to a particular society. In good old days, a fellow used to be recommended from home, primary society, then he will go to study. His education will be immediately be useful. We want the college to train people who are immediately useful to the movement.

Mr. Temporary Deputy Speaker, Sir, I was looking for a clause here which I am unable to identify, but by the time we come to the Committee Stage it ought to be really removed. I read these things some time ago.

Finally, Mr. Temporary Deputy Speaker, Sir, co-operative societies in this country have played such a big role and they will continue to play even a bigger role that they require to be assisted by good staff. As regards the Commissioner for Co-operatives, the powers being left to him in this Bill, are still too much. The co-operatives should enjoy greater freedom as very able organisations. We should take whatever risks we are taking rather than to put them under one man.

Mr. Temporary Deputy Speaker, Sir, it is not possible anywhere in the world for one person based in Nairobi to be in charge of so many thousands co-operatives--- We are going to have a Commissioner who has so much power that he can decide to suspend a committee of a co-operative society and appoint a district officer to be the chairman. It is atrocious! A DO has no interest in a co-operative society where he is a DO. He only wants to become chairman so he "eats" the money. That is all! We have known and we have brought this to the notice of the Minister where a DO or a DC or whoever has been appointed to become the chairman of a co-operative society. For example, Tetu Co-operative Society has suffered for the last seven years because every two years, we have a new DO who becomes the chairman and his work is to "eat" money because he knows he is going to go away. He has no interest and the farmers cannot discipline him because they did not elect him. He is brought there by the Commissioner who is a stranger to the society.

Mr. Temporary Deputy Speaker, Sir, that is the clause I am looking for here and I am going to identify it: "A society whose management committee has failed, can be dissolved, and a new committee is chosen." There is no need to go through an intermediate stage where the DO becomes our chairman. If you have to dissolve a committee which is badly mismanaged, let it be dissolved, but let members be called to choose a new committee immediately to take over. That is a civilised way of doing this matter. DOs are very busy anyway. And in any case, they are changed every time without any reference to the farmers. So, farmers are left to the mercy of a DO whoever pops in and most of them are greedy. He comes in here and meets a clerk who has been there. The DO is taken out for a drink, wanaenda kula mbuzi. Baada ya kula mbuzi mara tatu, anaambiwa "Tia sahihi hapa ili tule Kshs10,000". You hear they have signed for fictitious and so on. For example, if you check say a milk co-operative has bought you will know it is fictitious. It has nothing to do with any stage of milk processing or anything else. That is where the money of the farmers gets lost.

*[The Temporary Deputy Speaker
(Mr. Ndotto) left the Chair]*

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

Mr. Temporary Deputy Speaker, Sir, I am asking the Minister even without waiting for this Bill, to improve this practice by sending out a circular which says that where a co-operative society committee has failed, it should be suspended and a new one be chosen by the members immediately to take over instead of having a DO to become the chairman. We do not want the district officers to be in this game. In any case, they are busy enough and a lot of them have been proven to be "too corrupt" for us to be able to trust that they will do this job well.

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

Mr. Mutere: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me this chance to contribute on the Co-operative Societies Bill which was enacted in 1966 and it is now being revised.

Mr. Temporary Deputy Speaker, Sir, I will be very brief. I will address specific clauses starting with the role of the Department of Co-operative Development in the Ministry. It is true that the Department of Co-operative Development was instrumental in initiating co-operatives by organising the various groups into co-operative societies and then registering them. But I think the development has reached a stage where the co-operatives are mature enough to handle their own affairs and for that reason, the Department of Co-operative Development should relinquish its hold on the registered societies. I think the Bill should limit itself to the purposes of registration and general overseeing of the activities. But most of the management of the societies ought to revert back to the co-operatives.

Mr. Temporary Deputy Speaker, Sir, one of the clauses in this Bill which might not be necessary at the moment is the one dealing with the preliminary registration of the society. With the liberalised market in which the co-operatives are supposed to be playing a role, I would have recommended that the co-operative societies should be run like companies. If we were to take the pattern of the Companies Act, we only need to establish whether a certain co-operative society is feasible or not. That should be the starting point before we make up our minds whether it ought to be registered or not. If it is feasible, then on the very out-set, we need to either decide that it is feasible and, therefore, we should register it - then there will be no need for preliminary registration. I do not see any need for any preliminary operations. It is either that an organisation is feasible and, therefore, it should be registered *per se* or not. So, I would strongly recommend that this element of provisional registration of societies should be deleted from this new Act. If a co-operative qualifies for registration, then it should be registered straight away. There should be no intermediary step of preliminary registration.

Mr. Temporary Deputy Speaker, Sir, another point of concern is the rights and liabilities of members as shown in Clause 14. This originated from the original Act which was dealing with the common bond. The common bond from the original Act was very limited because it confined members either within their areas of residence or their employment or other things that made them to be very close together. But for a co-operative society like the PASACCO here in Parliament, one can be a member this Session and out during the next one. But such a Member might wish to retain membership of the co-operative society. In that case, one should be allowed to continue being a member as long as that person continues to contribute shares towards the development of the society. So, this question of limitation of the common bond should also be looked into.

Mr. Temporary Deputy Speaker, Sir, I also wish to comment on Clause 18 which deals with the limitation of Membership where it says:

"No person shall be a member of more than one co-operative society with unlimited liability."

Mr. Temporary Deputy Speaker, Sir, I think it is not wise to conduct any business in partnership on unlimited

liability basis. That is very dangerous. We should confine ourselves to the limitation of liability. In the case of unlimited liability, if the society runs into trouble, then apart from your shareholding, you will be compelled to sell some of your personal properties to off-set the liabilities of the society. So, this question of unlimited liability should be looked at. All co-operative societies should be limited by liability and not unlimited by liability.

Mr. Temporary Deputy Speaker, Sir, Clause 25 deals with the auditors. With regard to auditing, the accounts ought to be sanctioned by the Members of the management committee to justify that they are okay and then the approval is done by the general membership. Other than that, I believe that the Bill is in order.

With those few remarks, I beg to support.

Mr. Nthenge: Mr. Temporary Deputy Speaker, Sir, the co-operative movement can save this country, as it did immediately after Independence. But mismanagement of the co-operatives has let this country down. The solution to this problem is that we should have men of ability to lead the co-operative societies. I may have five cows and hon. Mulinge has got 10 and so on. The fact that I have put my cows there and hon. Mulinge has done the same does not mean that we are intelligent enough to manage them. Therefore, for anybody to qualify to be a committee member, one should meet certain minimum qualifications. We should not avoid putting people in positions of leadership in the co-operative societies and yet, they have little knowledge. I am one of those people who created the co-operative societies after Independence because we were going to take over European farms and so on. But we have been let down very badly by many committees which have failed to manage the co-operative societies. When we try to enquire, we find that it is not their mistake. It is due to inability. You cannot accuse somebody because of inability. When somebody makes a mistake, thinking that he is doing the right thing, that is a different issue. So, to avoid that, it is the duty of the Minister to make sure that he gives minimum qualifications to be met by people who lead co-operative societies. We should not let anybody to remain in leadership for too long because that is where they learn tricks of the game. They learn how to steal and so on. Let us rotate. If George Nthenge is the chairman of a co-operative society today, he should be in office for only two terms, so that we can give others chance. Let him give another person a chance so that he does not stay in that co-operative to the extent that he becomes an expert who can even steal. That is my second point.

Mr. Temporary Deputy Speaker, Sir, a leader should be in office of a co-operative society for a given period and then he retires. This idea that once you join an organisation you want to die in the office, is very cheap and is causing a lot of corruption. That is my third point.

Mr. Temporary Deputy Speaker, Sir, when I went to Israel in 1961 at the invitation of our host as a Member of this House, I was very much impressed by the co-operative movement there because it is run very well. I am urging the Minister to consider sending people to the other countries of the world, including Israel which have succeeded in the co-operative movement to learn practically, so that we can copy from them. You do not have to do an experiment on how to treat diabetes everyday if you already have one. Those who have found solutions of running co-operative movements go there to learn.

My other point is that we are no longer in the old Kenya of hon. Gen. Mulinge and George Nthenge "mambo zamani people". We have scholars here, like Dr. Kituyi and others, who are qualified in their areas of specialisation. Let us have these trained personnel employed to manage co-operative societies because they are dealing with a lot of people and money. It is not every Tom, Dick and Harry that has got that gift. God is great because He gives some people the ability to do things which others cannot do. For example, if we start running, there must be some Kipchoges of the world. Kipchoge ran and became the fastest athlete in the world at a certain time and he happens to come from Kenya, and, so we got a gold medal. That is a special gift from God.

There are people with sound academic credentials in every line, including management who have those gifts; let us employ them. Let us stop nepotism, tribalism and other consideration, like what kind of a sister do you have? Is she beautiful or not? That has got nothing to do with the ability to do something else. If you are interested in marrying his sister, you can go and ask her to marry you. But if she refuses, you can go to hell and marry another woman anyway. So, my point is: Let us go for high quality management. Banks and other organisations which deal with a lot of money have been managed by human beings, but those people have to be of a certain calibre. So, let the Minister for Co-operative Development go for people with good qualifications for any post in the co-operative society. Let us look for more qualified people. So, I am insisting on looking for more qualified people.

Mr. Temporary Deputy Speaker, Sir, the other mistake that we made in 1961-63 is that we had too many co-operative societies being managed by one person, unless he was a genius. By then we did not have very many qualified people, and the Europeans who could have been employed, also did not accept to be employed by Africans nor did the Africans want to employ them. Finally, you found a large farm or two, three to four farms joined together and they were given to a man of George Nthenge calibre to manage them. These four farms used to be managed by four different Europeans who were more qualified than I. How on earth could George Nthenge alone manage these four farms which were previously managed by four qualified people than myself, with better experience? It is very

wrong. We are trying the impossible. So, I am suggesting that the co-operative organisations should be divided into small groups and each one to be managed by qualified personnel and on top of that, we have a well learned man who can qualify to be a manager internationally to be in charge of all these four to six managers. This manager should be a man with good qualification and can be accepted by all. These gifts are not per a person's wishes, but it is God's plan. Some people can run faster than others, others can think better or speak better, others can pass examinations very well, while others can play football well. The fact that I am a footballer does not mean I am very good at shooting penalties, there are those with such a gift. Whether he is married to my sister or not, whether I like him or not, he is good at kicking penalties. So, why do we not ask him to shoot that penalty so that we score? My interest is Kenya succeeding, I am not interested in individualism because when Kenya succeeds, I am also succeeding since I am a Kenyan. If the hospitals are so good, why do we go to private hospitals? I want a good Kenya, and one of the things that would save Kenya is the co-operative societies if they are well managed.

Mr. Temporary Deputy Speaker, Sir, let us accept to be corrected because we make mistakes. But let us not continue because we have to continue. Let us divide these firms to be managed by our people and we will be able to produce more. Once you produce more, the Government will have rich people to tax and therefore, it gets richer, and the richer the Government, the better the services. If Kenya is very rich, you do not have to go to a private doctor. Why? Because Kenyatta National Hospital and all the other Government hospitals are managed by highly qualified doctors. But now if you go to a Government hospital, you would find things are so bad and if you have some money, you have no alternative, but to take your patient to a slightly better one where she can be attended well. If we had many co-operative societies properly run and rich, all this money will circulate and the Government will tax these people, thereby getting a lot of money to invest for the benefit of all.

Mr. Temporary Deputy Speaker, Sir, now the Government is broke---

QUORUM

Mr. Ruhiu: On a point of order, Mr. Temporary Deputy Speaker, Sir. I have come to the Chamber with the intention of contributing to this debate, but unfortunately I cannot because counting hon. Members, we have no quorum at all. We are only about 10 hon. Members.

The Temporary Deputy Speaker (Mr. Moiben): Yes, indeed, there is no quorum, but you are becoming a nuisance Mr. Ruhiu! You have just entered the Chamber---

Mr. Nthenge: On a point of order, Mr. Temporary Deputy Speaker, Sir. According to the Standing Orders, any hon. Member can raise a quorum hitch and nobody can complain about it.

The Temporary Deputy Speaker (Mr. Moiben): But he has just come in!

Mr. Nthenge: He counted the hon. Members present and he wants to be heard by many hon. Members because he is the next speaker.

The Temporary Deputy Speaker (Mr. Moiben): Short people are very dangerous! Ring the Division Bell.

(Laughter)

*[The Temporary Deputy Speaker
(Mr. Moiben) left the Chair]*

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

The Temporary Deputy Speaker (Mr. Ndotto): Order! There is quorum now. Proceed, hon. Nthenge.

Mr. Nthenge: Mr. Temporary Deputy Speaker, Sir, as I was saying, this Ministry is for the development of the poor people. During the time of the colonial masters, Africans were poor. We joined together so that we could afford to buy one thing like a farm, building and so on. It is something that can save this country. But as I have said, we have to check on how it will be managed. This is because our main failure in many things is mis-management. Instead of learning from those who have done experiments before and got the right thing, we try to start from new experiments. The fact that others have started and have known the right answer should be copied by us. My suggestion is that if we divide many of these farms into smaller manageable parcels by ordinary people, and then have top geniuses to supervise, control and manage them, we can produce a lot. If the co-operatives produce a lot, their members will have money and they will become rich. Therefore, they will be taxed because they will buy taxable items like shirts and others. So, this will make the Government richer and able to offer better services to the public.

You will not go to the police and be told, "we have a vehicle, but we have no petrol", as they do nowadays. If by any chance you were reporting a case of theft in your house, by the time you organise to get petrol, the thieves would have disappeared. It has become so bad that even the police themselves are badly paid due to poverty, and they sometimes collude with thieves so that they can get a share of the stolen goods. They do this because they are also poor. You know that a poor person is very bad.

I am proposing that we should do something to improve our co-operative movement. I would like to ask the Minister, who used to be a very good politician in the olden days and he has suffered for this country, to do whatever he can, and if necessary, get some of us to sit in his advisory committee, to get the co-operative movement working well. This will enable us to be a rich and a well managed country. The co-operative movement is a good way of making a country rich.

In general, the Minister should consult his experts to get these things done. Good qualifications and quality of work is necessary to attain optimum efficiency. We do not want third rate production. We should get top class production. We can only get that point, if we go for good quality and advice.

With those few remarks, I beg to support.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Osogo): Mr. Temporary Deputy Speaker, Sir, this Bill is long overdue and the loose ends that were in the Act that is being repealed are being sealed by this Bill. The co-operatives have suffered a lot because the clauses such as the ones restraining the management committees of the societies or surcharging them for any monies they steal, were not adequate in the existing Act. The Minister tried the best he could to close the loopholes, but it took him a long time to realise that there were a lot of inadequacies in the Act that he is repealing now.

I would like to begin by asking the Minister to warn his officers. They have been party to corrupting co-operative societies in many places. I have an example of my co-operative society; the Bunyala Fishermen Co-operative Society. This society has been mismanaged right from the beginning up to the time I am speaking. The co-operative officers, right from the provinces to the districts, collude with the management committee and "eat" all the money. I am told that this co-operative society would have been one of the richest societies in the country, unfortunately, it is the poorest. It has no money now due to poor management.

Going to specifics, I would like to draw the attention of the Minister to a certain clause in the Bill which calls for the surcharging of the officers who misappropriate funds. That is easier said than done. But the inspectorate which is going to discover the misappropriation of funds is not specifically stated. If a member draws the attention of the Registrar to the fact that there is misappropriation of funds, the Registrar appoints an inspectorate, in which case, after it has done its job, the payments of that work will be apportioned between the member who raised the matter and the officers who are there. If no member raises such an objection or request, the Bill is silent on how the Registrar can initiate on his own violation an inspection to be carried out.

There is another clause named agricultural produce. I am looking for it, but because it is a bit dark here, I am not able to find it. This clause fails miserably to include the fishing society. It insists on agricultural produce and does not mention any other produce such as fish. When it goes to the lending of money to purchase agricultural implements such as fertilizers and so on, it leaves out fishing nets. The person who wrote this Bill concentrated on the agricultural produce alone and did not look at the possibility of other forms of produce which are not agricultural so that they are also given specifications for a reference in any arbitration. The fact that fishing nets could also form part of the agricultural produce, is left out. So, anybody can say that the Bill does not seek to lend money to buy the things that Mr. Osogo is talking about. I would like the Minister to identify that and draw attention to it because I am in difficulties of seeing these small letters at this time because of the poor light. But I will draw his attention to what I am talking about.

Lastly, pages 325 to the end contain certain writings, but there is no heading to let us know what they are all about. I am told that these are sections being referred to in the Bill of the Companies Act, but that should have been stated. When you come to the Memorandum of Objects and Reasons, it is provided that sections being referred to or being repealed be shown. These are sections of the Companies Act, but there is no explanation as to why they are put here. Going through the Bill, some of these sections do not appear in the Bill so that we can closely refer to what is being provided there and what is being requested in the Bill or what is being provided in the Bill *visa-vis* the provisions of the Company's Act. So, the Minister needs to explain that. When he moved the Bill, I was not here, but when I went to consult him, he looked as unknowledgeable as myself. He does not even understand why those things are there. So, when he replies, maybe, he will let us know so that we can confidently refer the provisions inside the Bill to this section of an existing Act and then we will then follow properly. Otherwise, the Bill is well drafted and it is filling quite a number of loopholes that have been existing and which have enabled people, including officials in the Ministry, to "eat" a lot of money from the co-operative societies. I hope that when this Bill is passed they can now be vigilant and guide properly the existing societies.

Lastly, talking on the recommendations of the inspectors in the existing Act, if the inspectors are sent out and they find fault in a given co-operative society, it is important that their recommendations are entered into a book. I remember in 1994, a team of experts was sent from the province to our co-operative society. They did their inspection and found a lot of faults and recommended surcharges, punishments and recoveries from the management team that was there. To-date, those recommendations have not been reinforced at all either by the Commissioner, his representatives or the management committee that took over.

Mr. Temporary Deputy Speaker, Sir, that brings a lot of discontent among the members when they realise that a recommendation had been made that those who had misappropriated their money must repay it, and nothing happens for many years. Many members become disillusioned. At the moment, members of the Bunyala Co-operative Society are very disillusioned. I have written complaint letters to those officers, including the Commissioner, whom I have addressed on this issue, but in many cases he does not reply. When you go to the provincial headquarters, you are sent to the district headquarters. From there, you are referred to the division where the person manning it looks so blank. So, you become aware that there is a chain of corruption all along the line. We have pointed these issues out and we hope that when this Bill goes through, His Excellency the President to sign it immediately. It should be the first Bill to be signed, so that we can take these committees to task.

With these few remarks, I beg to support.

Bishop Njeru: Thank you, Mr. Temporary Deputy Speaker, Sir, for allowing me to contribute to this Bill. The co-operative movement was started in most developing countries to benefit farmers. For example, in Switzerland and India, farmers are more powerful than the ministry that supervises co-operatives. In Kenya, the Minister for Co-operative Development has taken over the role of coffee, tea or rice farmers who are co-operators in various societies. As a result, they cannot make any decisions in their own co-operative societies.

Mr. Temporary Deputy Speaker, Sir, if this Bill passes through, the Ministry should consider letting the farmers run their own co-operatives without restrictions. Sometime back, Mr. Birgen, who was the Commissioner for Co-operatives, used to run all the co-operative unions without even one person asking him a question, just because he was so powerful, empowered by the rules and by-laws that guided co-operatives. He did a lot of damage to the co-operative movement because during his tenure, many societies were almost collapsing and many farmers abandoned their coffee plantations. Even during the co-operative societies' elections, nobody could be elected without approval of the district co-operative officer and others who supervised the societies. Because of liberalization, we are going to market our produce anywhere. We must, therefore, allow our tea, coffee, rice, pyrethrum and cotton farmers to market their own produce in their capacities as farmers, without interference and restrictions from the Ministry.

Mr. Temporary Deputy Speaker, Sir, I have been a co-operator for a long time. At one time I headed Mwea Amalgated Rice Growers Co-operative Society for a long time. If I recall well, it was during my leadership in the co-operative movement that I requested the then Commissioner for Co-operatives, Mr. Ilako, to allow us, irrespective of whether some rules did not allow it, to amalgamate our small co-operative societies into one giant co-operative society. He was fair enough and allowed us to do so. It was after that, that our co-operative society started to be prosperous.

The Government should allow co-operative societies to be run according to the wishes of members. The Ministry of Co-operative Development is one of the Ministries which form the backbone of our economy. We educate our children and get loans and fertilizers through our co-operative societies. That is why we would like the Ministry of Co-operative Development to minimise interference with co-operative societies. This is one way of strengthening the economy of this country. Without this Ministry and that of Agriculture, Livestock Development and Marketing, I do not think that this country can be stable economically.

I also want to say that there should be a separation of powers in the co-operative movement. The chairman of a co-operative should be allowed to run his society according to what he thinks is right. When we come to electing societies' officials there is a lot of politics because of multi-partyism. We tend to prefer a candidate from this or that party. We may end up destroying the co-operative movement because of politics. I think that the Government should look into this, so that when we go for elections for co-operative societies we do not bring in political parties. If we support the co-operative movement I am sure that our economy will be stable within three or four years from now.

The other thing is that by-laws are not specific on who should be elected to the leadership of co-operative societies. The only qualification required for one to stand for election is membership of the society. In one society, whose name I am not going to mention, the treasurer has never seen the inside of a classroom. Such a person can only pretend to sign documents. These are the people whom the officials of the Ministry of Co-operative Development prefer to be elected to the leadership of co-operative societies so that they can use them to swindle us of our money.

So, I am suggesting that if we are going to have stable co-operative societies, let us come out with--- I think we should include a provision in the Bill to say that, if somebody is vying for the post of the executive, where we have a member, chairman, honorary secretary and a treasurer, he should, at least, be knowledgeable because the members

of staff are very wise. This is because where they have a banking section, if those people have no knowledge of society affairs, it will give room for corrupt practices because there will be nobody with knowledge of the co-operative movement to supervise the society matters. So, I am suggesting that, if there is any way in which the Government can help us it is important to know that we are living in a century where people are more knowledgeable and more enlightened about their own responsibilities. If somebody who has never gone to school is elected to be the union treasurer, there is danger in that society. If he is told that "here is the money", and we are now talking about using the dollar, how can he account for that, if he does not understand financial transactions? That is what the Minister should have included here to cater for those to be elected. I am not saying that they should not be elected, but at least, for those who are taking executive responsibilities, they should have some knowledge of the co-operative movement so that when the co-operative officials come in to supervise, they will know what is being supervised. Mr. Temporary Deputy Speaker, Sir, the other thing is about auditing. After the audit, the audit report is read by the person who was auditing the books of the society. The first people to hear and listen to the audit report are the management. That is where they start by raising issues and questions about that audit before it is taken to the rest of the members. I am surprised to know that in the past, even the Ministry for Co-operative Development used to audit the books of the societies--- Whenever they realised that there was a serious problem in a very big society, like Mathira and Mwea, they would want to audit the books of those societies for a cover-up. There are some books which were submitted to the Ministry of Co-operative Development; and even today, there is no audit report that has been presented to the members of the society. So, I am saying that the Ministry should stop auditing those books. I do not know under what rule they audit our books. The members are asked to propose the firms they would like to be their auditors. But then, sometimes the Ministry intervenes and says that, "the Ministry is going to audit this one." That is why there is corruption because when they see that the man who had swindled the money is a powerful chairman or a treasurer and is protected---

Mr. Temporary Deputy Speaker, Sir, I want to tell the Minister that I have been requesting that the society which belongs to Urumandi and Murinduko--- I have raised that question since I came to this Parliament, but from the way I see it, every location has its own society. But as for Murinduko and Nyangati--- Murinduko and Nyangati are locations but you will find that the people who are now growing a lot of coffee are from Murinduko Location and they are punished because of the protection of the chairman who wants to stay in office, whereas in Nyangati they do not grow a lot of coffee. Of course, we have submitted the statistics and the percentage of the coffee that Murinduko grows. The distance from Momboine to Nyangate-Mutungara Coffee Society is 12 miles. I do not think you can use a donkey cart or walk on foot for all that distance, carrying coffee. We raise this issue but nobody takes us seriously because of protection. Nobody realises that Murinduko people need to have proper roads. Now, for the last four years, the people of Murinduko have abandoned their coffee, they have cycled(?) their coffee; so that they can grow tomatoes and french beans because there is good market for these products and there is not much control. I hope that the Minister will now take these complaints seriously. There is no need for one location to sell coffee to another location. This never happens in Nyeri or Mathira. Why is it happening only in Mwea? Why do people in Murinduko sell their coffee to another location? They go all the way from Momboine to Tongonye, Defatha, Murori to Mutungara. Of course, this is punishing the farmers. If I were a coffee grower in Murinduko, I would quit the business because that is punishing the farmer for no good reason. So, when it comes to growing coffee, let every location grow their coffee and sell it to the closest area. As a Government, that is the only way we can encourage our people to grow coffee and prove to them that we are really concerned with what they grow.

Mr. Temporary Deputy Speaker, Sir, farmers do not get paid promptly for their coffee. Hon. Anyona raised this issue here this morning and said that some people from his constituency have been subjected to non-payments for more than six months. What is the Government doing about these delays in payments? The farmers need the money to pay school fees as well as purchase other things for domestic use. That is why we are saying that this Government is not serious and I think the best thing to do is to remove this Government from power so that we in the Opposition can take over and show our seriousness in managing our economy.

(Mr. Munyi interjected)

I do not want to exchange words with the Minister. But I am saying that the delay in payments is disappointing. We had sold all our rice by late December, 1996. But up to now, we have not been paid. I think we shall be paid at the end of the year. The Government should instruct whoever is responsible for paying this money to pay promptly. In fact, we should be paid as soon as we deliver our produce. Why should payment be delayed for a period of one year or six months? That is why we are saying that if this Government is not serious, there are some people who are very serious and who are ready to manage this Government properly. I think if the DP takes over the Government, I should be made Minister for Co-operative Development so that I can do what the current Minister has

failed to do.

Mr. Temporary Deputy Speaker, Sir, my other point concerns growers of french beans and tomatoes in Mwea. The Ministry should help these people because they are doing a good job, the business in Mwea now is good. The french beans in places like Kimbibi are doing very well. All that these people need is advice and field officers to advise them on how they can form co-operative societies instead of being only brokers. Those people who are selling the french beans and tomatoes are not the ones who grow them, and those who sell are not the ones who export. So you can see that there are almost four people involved in this transaction. For the farmer to benefit, I am requesting this Government to advise those growing tomatoes in areas like Mwea, Kangai, Murinduko and even in Mutithi accordingly so that they can be able to sell their produce directly; maybe, from the farmer, directly to the exporter.

Mr. Temporary Deputy Speaker, Sir, there are so many middlemen and that is why the Government should advise farmers on how they can form their own society. This is the responsibility of the co-operative officers who should visit them and tell them that they can become rich by selling their french beans directly instead of getting the middlemen to secure markets for them.

Mr. Temporary Deputy Speaker, Sir, while concluding my speech, I would like to say that there are so many people in Mwea who are growing rice without seeking the mandate of the National Irrigation Board. We have been growing our rice under the direction of the Ministry of Land Reclamation, Regional and Water Development. However, we have been exploited for a long time by the National Irrigation Board. Instead of selling us the fertiliser at the normal market prices, they have been selling us this fertiliser at inflated prices. This is due to the fact we are not allowed to buy the fertiliser directly from the ordinary stores. We have to buy it from the National Irrigation Board.

Mr. Temporary Deputy Speaker, Sir, you will be surprised to have a look at a note that I am going to lay on the Table.

(Bishop Njeru laid the note on the Table)

You will find that after somebody has taken the fertiliser, they do not indicate the price on that note. You sign and you endorse that paper although it does indicate the price. When a Question was asked here, we were told that from that day henceforth, nobody would receive fertilisers or any spray without the price being entered in that invoice. You can see from this note here that after the gentleman took the fertiliser, no price was entered in the invoice so that the Board in the end may put a price that they think is comfortable to them. So, we need protection from the Government. I hope that the Minister concerned will be very serious and take steps to stabilise the co-operative movement and make the Ministry better than it is at the moment.

With those few remarks, I beg to support.

The Assistant Minister for Home Affairs and National Heritage (Mr. Mutiso): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for allowing me also to say a few words on this very important Bill.

Mr. Temporary Deputy Speaker, Sir, the Co-operative Societies Bill is coming at a very opportune time in that this country is moving very fast towards bringing every economic activity of the people of this nation under co-operative societies. It will be noted that in the developed countries the co-operative movement has helped those countries to develop very fast. Indeed, co-operative members have been able to really look after themselves and their families in a more helpful and progressive manner than in any other field of economic activity.

Mr. Temporary Deputy Speaker, Sir, I am saying so because when we look at Scandinavian countries which actually started the co-operative movement, we can witness ourselves when we visit those countries the range of income of ordinary people, how they live and look after their families. This is a move that is very much welcome in this country because before the introduction of co-operative societies in this country, we could see the difference between what existed then and what we have at the moment. For example, even in this Parliament and workers in the Civil Service workers have organised themselves into co-operative societies and they have managed to always assist their members when they are in difficulties, particularly in paying school fees and meeting other needs. When a member runs into some financial problems, he can ask for a loan from the co-operative. By so doing, we find that many of the workers actually live a better life compared to those who do not have societies.

Mr. Temporary Deputy Speaker, Sir, when we look at the farming industry where we have co-operative society, be it in coffee, tea or in other farming activities like horticulture, there has been a lot of interference by middlemen who actually come between the farmer who is the producer and the buyer. They sort of come in as people who can look for a market and then they buy farm products from the producer at a low price only to sell them later at an exorbitant profit margin. It is on this ground that I would like to ask the Minister to really examine where there have been difficulties in people organising themselves into co-operative societies to find out what has been the reason. I am speaking from experience. I am referring certain areas in Ukambani, and particularly where people produce horticulture crops, especially, Yatta in particular, where farmers along the Yatta canal produce Asiatic food which

normally the Africans do not eat but sell to Nairobi for it to be exported. However, they are being exploited by the middlemen who come and get prices from the Asians and later offer them a different kind of prices. We cannot allow these people to form a co-operative society because they know that the moment they do that, they will lose the market.

Mr. Temporary Deputy Speaker, Sir, in order to organise these people, we need to come in and assist them to form co-operative societies. Farmers are willing to form co-operative societies but some Asians use money to divide them. I would like the Minister to assist farmers to form co-operative societies whenever they express their wish to do so, now that there is a Bill that is going to become law to control the co-operative societies. Such a move would help the farmers to market their farm produce in a profitable manner.

Mr. Temporary Deputy Speaker, Sir, the other thing which I would request the Minister to look into, when this Bill becomes law is the question of some people who form themselves into co-operative unions. These unions act as an umbrella over and above the farmers co-operative societies and yet, they produce nothing of their own, but they make sure that they control the transactions between the societies and the banks. They make a lot of profits and by so doing, they deny the farmers the direct profit that they can get from the sale of their farm produce. A good example is the Machakos District Co-operative Union. The Minister is aware that this particular union exploited the people of Machakos in a great way. In fact, it has taken a lot of money belonging to the farmers and it has never been accounted for. The people who took that money have never been brought before a court of law. The Minister for Health can attest to this because he is a farmer. He is a coffee producer and he knows the problem in Machakos District Co-operative Union. Now that we are going to give the Minister legal powers to ensure that co-operators run their societies, he should ensure that nobody will stand between the producers and the markets. They produce their own crops and they should be left free to market the produce, but the Ministry should assist by organising the market for them.

The other thing, Mr. Temporary Deputy Speaker, Sir, that I would like to bring to the attention of the Minister is that when you read the Memorandum of Objects and Reasons of the societies Act, it is evident that the Bill is intended when enacted, to repeal the existing Co-operative Societies Act, Cap. 490 of the Laws of Kenya. It will also liberalise the co-operative sector. Another object of the Bill is to democratise and professionalise the management of the co-operative societies. I think this is a very good idea and I would like to ask the Minister to ensure that those who shall be overseeing the implementation of this particular process are people who will be having the interests of the co-operators at heart, so that the co-operators can see the benefits of their labour. If co-operative societies are run well, they are a great asset to the country because, as I said earlier on, developed countries from which we get a lot of help, were originally organised on co-operative societies basis and they are still running on that basis. For example, the Scandinavian countries and most countries in the western world-- Since Kenyans have picked up this idea very fast, it is my hope and belief that the Government, and the Ministry in particular, will put a lot of propagation to the workers of this country, and also the farmers, that it is for their own interest and good to organise themselves into co-operative societies, and that they shall be the masters of themselves. They shall control these co-operative societies themselves and nobody else.

Mr. Temporary Deputy Speaker, Sir, presently there have been a lot of problems in running these co-operative societies. You find that the management committees, the chairman and other people, gang up to embezzle the money of the contributors and it has very difficulty, even to remove some of them from their positions. Even after they have passed a vote of no confidence in their management, the committee members go around through the Commissioner for Co-operative Societies and many others and buy their way back to the office. I do not know whether they bribe them or what, but they convince them to an extent that the same officers are still in office despite the fact that members do not want them. So, this attitude and exercise must now stop when this Bill becomes law so that if the co-operators express a vote of no confidence in any of their leaders, since the provision is there, then they are removed. But retaining them in office despite the fact that the members do not want them, means that the co-operative society would never make a move or achieve the aims and objects for which it was registered.

Mr. Temporary Deputy Speaker, Sir, I feel this Bill is very important and it has come at the right moment, and I would like to commend it to the House so that when it is passed and becomes law, this country will move into a new era whereby co-operative societies will be responsible for their own affairs. Now that they have got their own bank which actually has also taken full operations of a bank, I think this will really give this country a new face and it should be supported fully.

With these few remarks, Mr. Temporary Deputy Speaker, Sir, it is my wish and hope that every hon. Member will support this Bill because it is for the interest of our people and for this nation in general. I support.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Wetangula): Order! This may be a correct time for us to break and

the House is adjourned until tomorrow, Thursday, 28th August, 1997, at 2.30 p.m.
The House rose at 6.30 p.m.