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KENYA NATIONAL ASSEMBLY

10TH PARLIAMENT- 3RD SESSION

DEPARTMENTAL COMMITTEE ON ENERGY,
COMMUNICATIONS AND PUBLIC WORKS

REPORT ON THE TOUR OF MOMBASA PORT
(25TH JULY, 2008)

Clerks Chambers,
National Assembly,
NAIROBI

April, 2009

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REPORT ON THE TOUR OF MOMBASA PORT

1. PREFACE

Mr. Speaker Sir,

1.1. The Departmental Committee "B" on Energy, Communications and Public Works was constituted at the commencement of the tenth Parliament pursuant to provisions of Standing Order 151; whose paragraph (4) mandates the Committee to carry out these functions:-

- i. to investigate, inquire into and report on all matters relating to its mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
- ii. to study the programme and policy objectives of ministries and departments and the effectiveness for the implementation;
- iii. to study and review all legislation after the First Reading subject to the exemptions under Standing Order 101A(4);
- iv. to study, assess and analyze the relative success of the Ministries and Departments as measured by the results obtained as compared with its stated objectives;
- v. to investigate and inquire into all matters relating to the assigned Ministries and departments as it deems necessary and as may be referred to it by the House or a Minister; and
- vi. to make reports and recommendations to the House as often as possible including recommendation of proposed legislation.

1.2. The subjects falling within the purview of the Committee are:-

- i. Energy production and distribution;
- ii. Transport and communications;
- iii. Construction and maintenance of public roads, rails and buildings, air and sea ports;
- iv. Information and broadcasting

1.3. The Committee comprises the following:-

- i. The Hon. James G. Rege, M.P. - Chairperson

- ii. The Hon. Kambi Kazungu, M.P.
- iii. The Hon. Maina Kamau, M.P.
- iv. The Hon. Wambugu Clement, M.P.
- v. The Hon. Isaac Muoki, M.P.
- vi. The Hon. Kathuri Emilio, M.P.
- vii. The Hon. Ekwee Ethuro, M.P.
- viii. The Hon. Eng. Nicholas Gumbo, M.P.
- ix. The Hon. Charles L. Lugano, M.P.
- x. The Hon. Edwin O. Yinda, M.P.
- xi. The Hon. Charles M. Nyamai, M.P.

1.4. On 25th July, 2008, the Committee made a tour of Mombasa Port to apprise itself on the operations and activities of the port and also to fact-find on the congestion at the port, which was alarming.

1.5. The delegation comprised:-

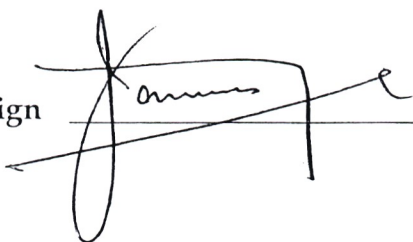
- i. The Hon. James G. Rege, M.P. - Chair
- ii. The Hon. Maina Kamau, M.P.
- iii. The Hon. Isaac Muoki, M.P.
- iv. The Hon. Kambi Kazungu, M.P.
- v. The Hon. Edwin O. Yinda, M.P.
- vi. Mr. George Gazemba - Secretary

1.6. The Committee expresses gratitude to the Hon Speaker for sanctioning the visit and the Clerk for providing technical support. The Committee also expresses gratitude to Ministry of Transport and the management of Kenya Ports Authority (KPA) for putting in place appropriate arrangements for the tour.

Mr. Speaker Sir,

1.7. On behalf of the Committee, I now wish to lay on the Table of the House the report of the Committee in respect of the tour, pursuant to provisions of Standing Order 162.

The Hon. James G. Rege, M.P.
Chairman, Departmental Committee on Energy, Communications and
Public Works

Sign A handwritten signature in black ink, appearing to read 'James G. Rege', written over a horizontal line. The signature is stylized with a large initial 'J' and a long horizontal stroke.

Date May 6, 09.

2. THE PORT OF MOMBASA

The Port of Mombasa can trace its history back to many centuries when dhows called at the old port on the North side of Mombasa Island. The old port is next to Fort Jesus, which was built by the Portuguese in the 18th century. This was during the famous spice trade between the Arabian Gulf, the East Coast of Africa, the Indian subcontinent and the Far East.

In the 18th and 19th centuries East Africa was colonized, Kenya and Uganda by Britain and Tanzania by Germany. Trade began to boom and between 1895 and 1907 a railway line was built from Mombasa to Kampala in Uganda to open up the hinterland for trade. As trade expanded and the railway line opened up the interior of East Africa, demand grew for a fully-fledged seaport with a spacious deepwater harbour. This resulted in the building of a new port at Kilindini in 1896.

In 1907 the first of two lighterage wharves was built on the South of Kilindini with four handling points. Development of the modern Port of Mombasa began in earnest in 1926 with the completion of two deepwater berths supported by transit sheds at Kilindini Harbour. Three more berths, also supported by sheds, were completed in 1931 and the Shimanzi Oil Terminal became operational in the same year.

Owing to a sudden increase in traffic as a result of Britain's wartime naval requirements in the Indian Ocean, two more berths were built in 1944. A 6th berth was left out due to technical reasons. A second lighterage wharf was built in 1954 with eight jetties. Two deepwater berths were built in 1955 and 1958. As the level of cargo and ship traffic continued to rise, the port was obliged to expand to the mainland at Kipevu where the 11th and 12th berths were built in 1961. The Kipevu Oil Terminal was built in 1963 to serve the East Africa Oil Refinery. Two more berths were built in 1967. 1975 marked the beginning of the container trade in Mombasa and two deepwater berths were built in the same year.

As container traffic continued to grow, the 16th and 17th berths were converted into container handling berths and a third container-handling berth was built in 1980. The rapid increase in container traffic constrained KPA to extend the container handling operations upcountry and two inland container depots were built at Embakasi in Nairobi in 1984 and Kibos in Kisumu in 1994.

Mombasa port serves the hinterland markets of Kenya, Uganda, Rwanda, Burundi, Eastern Democratic of Congo, Northern Tanzania, Southern Sudan and Ethiopia.

3. KENYA PORTS AUTHORITY (KPA)

The Kenya Ports Authority (KPA) was established on 20th January 1978 through an Act of Parliament to replace the East African Harbour Corporation, which became defunct following the collapse of the East African Community in 1977. The Authority was enlarged in 1986 following a merger with an autonomous state organization of Kenya Cargo Handling Services.

The Port of Mombasa is the second largest in Africa in terms of tonnage and containers handled after Durban. Cargo traffic through the port averages 14 million tonnes per annum. The port is the second best connected after Durban with 17 shipping lines calling and has direct connectivity to over 80 ports of the world.

3.1. Mandate

Kenya Ports Authority's mandate is to maintain, operate, improve and regulate all scheduled seaports situated along Kenya's coastline. Apart from Mombasa, other ports are Lamu, Malindi, Kilifi, Mtwapa, Kiunga, Shimoni, Funzi and Vanga. Mombasa Port is fully developed with modern equipment and is the principal port of the region.

Kenya Ports Authority's (KPA) is mandated to provide the following services:

- (i) Safe navigation
- (ii) Pilotage
- (iii) Berthing
- (iv) Mooring
- (v) Pollution control
- (vi) Stevedoring
- (vii) Shore handling
- (viii) Storage services

KPA,s objectives are:-

- (i) To improve managerial, operational and financial performance.
- (ii) To develop, maintain and sustain port facilities and infrastructure to meet the customer needs.
- (iii) To promote the Port of Mombasa as a primary gateway to the Great Lakes Region and also serve the Horn of Africa.
- (iv) To maintain and promote a clean, safe working environment.
- (iv) To integrate the functionality of the Port of Mombasa in the development vision of the Republic of Kenya and the region.

(vi) To instill sound corporate governance practices.

4. PORT FACILITIES

Mombasa port had in the recent times undergone change in terms of acquisition and rehabilitation of cargo handling equipment and marine floating crafts. This had been done through a Kshs 5 billion loan obtained from a consortium of local banks and an additional Kshs 2.6 billion from Kenya Ports Authority's revenues.

The port has 16 deep water berths, 2 bulk oil jetties, 1 cased oil jetty, 5 container berths, 2 bulk cement berths, 2 lighterage and dhow wharves, 1 explosive jetty, 2 dhow jetties, 8 quay transit sheds, 3 back of port transit sheds, 2 lighterage area transit sheds, 1 customs warehouse, 4 old port godowns, stacking grounds (114,117 sq metres), 17 travelling cranes, 3 portal electric fixed cranes, 1 electric traveling overhead crane, 61 fork lift trucks, 4 tractors, 11 mobile cranes, 17 gantry container cranes, 2 40 tonne top loader, 13 40 tonne reachstackers, 54 terminal tractors, 2 empty container handlers, 12 lorries/minibus and 3 fire fighting engines. Some of the facilities were however old and require upgrading.

The port recently achieved the coveted International Safety Management (ISM) rating. There are standards set by the International Maritime Organization (IMO) for safety and maintenance of marine floating crafts within ports and the rating was achieved after auditing by the International Maritime Organization through Det Norske Veritas Company of Norway.

5. CARGO HANDLING

5.1. Container handling

Container shipment is the fastest growing mode of shipment in the world. About 70 per cent of the port's total cargo is transported in containers. Container traffic is growing at a rate of 12 per cent per annum. Mombasa Container Terminal became operational in 1979, and is a purpose-built facility with three berths and four 40-tonne ship-to-shore gantry cranes. The port of Mombasa handled 438,000 containers in the year 2004 and 436,000 in 2005. It is expected that the port will be handling 1 million containers per annum by the year 2015.

Through more efficient use of space and improved cargo handling facilities, Kenya Ports Authority aims to reduce average dwell time to five days, which will effectively raise the capacity of the terminal. At the same time, Kenya Ports Authority is using its recently installed Information Technology (IT) system to reduce time-consuming documentation procedures, speed up the flow of traffic and produce quicker turn-arounds for ships, trains and trucks.

KPA had invested in several new container handling equipment in the recent years which include:-

- (i) Four new Panamax
- (ii) Ship-to-shore gantry cranes,
- (iii) Twelve new rubber tyred gantry cranes
- (iv) Two new rail mounted gantry cranes,
- (v) Six 40-tonne SISU reach stackers
- (vi) 30 terminal tractors.
- (v) New office for container shipment operations

This will boost the handling rate to about 25 moves per hour for cellular vessels, thus bringing the terminal in line with international standards.

The implementation of a modern computerized integrated Port Operational and Management System incorporating; administration, terminal planning, ship planning, yard, rail and gate management is also on track. This will culminate into an interactive system between KPA and stakeholders,

In the long term, KPA will build a second container terminal, just south of the existing facility, to give a combined capacity of 700,000 containers per annum. Berths Nos. 11 to 14 will be converted into a second facility called the East Container Terminal. Work had already commenced on demolishing old sheds on these berths to free up space for the new terminal.

5.2. General cargo handling

5.2.1. Imports

General cargo imports are handled as follows:-

- (i) Bags (handled mainly on berth 7-9 and 11-12)
- (ii) Steel (handled mainly on berths 4,5,7 and 8)
- (iii) RORO (handled mainly on berths 1, 5, 7 and 8)
- (iv) Others (handled mainly on berths 1-9 and 11)

General cargo is normally offloaded by Kenya Ports Authority's quayside portal cranes, often assisted by ship's gear. Most cargo is loaded on trucks and transported from the quayside to a yard at the port or outside the port pending collection.

Bags and steel are the largest cargo and also have the largest parcel sizes and employ more gangs per shift.

5.2.2. Exports

General cargo exports are handled as follows:-

- (i) Bags (handled mainly on berth 5-9 and 11-12).
- (ii) RORO (handled mainly on berths 1, 5, 7 and 8).
- (iii) Others (handled mainly on berths 1-9 and 11-12).

The mode of operation is similar to general cargo imports.

5.2.3. Vehicles

Vehicles are offloaded at berths 1-10, whereby there is a preference for berths 1 and 5. Vehicles are offloaded by KPA gangs and stored at the G-Section (Vehicle terminal) near berth 1. Vehicles for the local Kenyan market are taken on direct delivery basis from the ship to external depots in Mombasa for customs clearance.

5.3. Bulk cargo handling

5.3.1. Cement and fluorspar

The Bamburi Cement Company operates a facility at Mbaraki wharf for loading bulk cement for export. This facility was built in 1968 by the then East African Railways and Harbours Corporation. The cement company has a concession from Kenya Ports Authority to manage its own operations and perform its own refurbishment work.

5.3.2. Soda ash

The Magadi Soda Company operates a facility at berth No. 9 for handling exports of soda ash. The facility was developed in 1920 and includes a storage shed outside the port area which is linked by conveyor with berth No. 9. The shed and the conveyor are leased by KPA to Magadi Soda Company, which is responsible for maintenance.

In order to bring the soda ash terminal in line with international environmental and technological standards and meet the growing demand for soda ash, the company plans to upgrade its facilities including the construction of a new railway siding. Quayside improvements will include an upgrading of the conveyor system and the installation of an eco-friendly ship loader at berth No. 9.

5.3.3. Grain and agri-bulks

Handling of bulk grain and other agri-bulks is an important line of business for the Port of Mombasa. Today, the vast majority of bulk grain discharged in Mombasa is handled by a new state-of-the-art terminal equipped with two Buhler Portalino ship off loaders with a combined rate of 600 tonnes per hour.

The terminal is one of the most modern in Africa and is operated by a private company, Grain Bulk Handlers Ltd (GBHL). It is designed to handle a wide range of dry bulk cargo including barley, malt, rice, sorghum and soya beans as well as wheat, maize and fertilizer.

Foodstuffs currently imported in bagged and containerized form such as barley, malt, rice and soya beans can benefit from economies of scale by being handled in bulk form. Moreover, there are cost savings resulting from the specialised handling system operated by GBHL.

A key feature of the GBHL facility is that the storage silos are located outside the port area so that there is easy access for trucks. A modern conveyor system is used to transfer grain and other produce from the ship hatch to the storage area. For rail transport, the terminal has its own siding which enables trains to be loaded.

Other bulk handling services at the Port of Mombasa are available through the use of conventional methods and equipment such as Hoppers and Vacuators.

5.3.4. Oil

The Port of Mombasa has two oil handling terminals. The Shimanzi oil terminal for chemical products and the Kipevu oil terminal for handling crude oil and other refined oil products. Kipevu oil terminal can handle vessels with a maximum size of 85,000 DWT and a length overall of 259 metres while Shimanzi can handle vessels of 35,000 DWT and length overall of 198 metres.

5.4. Multipurpose terminal

A new berth for handling bulk minerals and petroleum products was being developed as an extension of Mbaraki wharf. The project would provide the port with a multipurpose bulk terminal available to all port users. KPA had already agreed to place this project in the hands of a third party developer.

6. SHIP REPAIR

The port of Mombasa provides ship repair services through African Marine &

General Engineering Co. Ltd (AMGECO), one of the largest on the East Coast of Africa. The port has ample berthage for floating repairs as well as tow slipways for small vessels up to 120 tonnes.

These docking facilities are supported by a comprehensive array of workshops capable of handling every kind of engineering task from fabrication and steelwork to electric motors and electronic equipment. AMGECO has certified life-raft service station and supplies a wide range of safety and rescue equipment.

7. PASSENGER SERVICES (CRUISE)

The Port of Mombasa is one of the world's favourite ports of call for cruise liners on international itineraries. With its attractive climate, unsurpassed wildlife parks and rich cultural heritage, Kenya is a natural tourism destination for many cruise shippers.

The cruise season in the Indian Ocean region stretches from November to March of the following year. During this period the regional waters are calm and cruise ship operators reposition their vessels from their traditional sailing areas in search of warmer climates during the European Winter.

The port has two cruise ship berths for handling visiting cruise vessels and provides the following services to the vessels:-

To the Ship:-

- (i) Pilotage
- (ii) Tug
- (iii) Berthing
- (iv) Mooring
- (v) Fresh Water supply (via shore hydrant or barge)
- (vi) Garbage disposal.

To the Passengers:-

- (i) Free (porter) Baggage-handling
- (ii) Postal and telephone
- (iii) Shore excursions
- (iv) Taxi services.

7.1. Development of cruise tourism in the Indian Ocean

Kenya Ports Authority (KPA) is a member of the Cruise Indian Ocean Association (CIOA). The Association comprises port authorities and national tourism boards in the sub-region of the Eastern and Southern Africa

The objective of the association among other things, is the joint marketing of the Eastern and Southern Africa region and South West Indian Ocean Islands to the world as an attractive cruise destination capitalizing on common strengths and highlighting individual states' unique and multifaceted tourist attractions.

7.2. Planned port developments for passenger services

Kenya Ports Authority has plans to convert berths 1 and 2 into an ultra modern cruise complex. The cruise terminal will provide a range of airport-style facilities including a lounge restaurants, souvenir shops, reception counters for cruise operators and offices for Customs and Immigration officers.

8. WASTE RECEPTION

The port has a new state-of-the-art waste reception plant, which became operational in June 2003. This facility not only goes a long way towards tackling the problem of waste dumping in the Mombasa area but is also likely to provide an incentive for more ships to call at Kenya's premier port.

This US\$ 2 million facility is a private sector initiative by the Kenyan government. It was given the green light following a feasibility study carried out by the International Maritime Organisation at the government's request.

A total of 20 staff are employed at the waste plant, which currently operates only in the daytime. However, it is designed to run continuously if required.

8.1 How the plant works

The new waste reception plant is currently used to break down sludge from ships into its basic constituents and then recycle them. The plant removes the solids and separates the oil and water so effectively that the recovered oil can be used as industrial fuel while the water is pure enough for irrigation use. Solids are converted into land compost – so everything is used.

There is even an on-site laboratory where samples of sludge from different vessels are analysed. This allows staff to adjust the machinery for optimum handling and disposal of various grades of sludge.

After being delivered by road tanker and placed in temporary storage tanks, the sludge is heated to 70°C and a vibrating screen is used to separate solid particles, which are released to a skip.

A centrifuge is used to separate oil and water, with finer solids being filtered out. This fining process continues until the oil is clean enough to be stored in intermediate tanks.

Meanwhile, the oily water is processed further to remove most of the oil content, producing water of irrigation quality which is actually used to refresh the grass of a miniature golf course located on site.

Solids are disposed of by mixing them with fibrous material such as grass or seaweed or grass, which is then broken down by natural bacteria to create agricultural compost.

9. BUNKERING AND OIL TRANSFER WITHIN THE PORT

No bunkering or oil transfer from ship to ship is allowed unless with written permission on application by the Harbour Master or KPA's Pollution Control Officer.

Commencement time of bunkering or oil transfer must be notified. The operation must take place in the presence of a Pollution Control Officer or Bunkering Superintendent. The officers are empowered to stop the operation if they consider operation unsafe or does not comply with port requirements.

There are very stiff penalties for discharging oil in seawaters.

10. FRESH WATER

Fresh water is available at Berths No.1 to No. 3 on shore hydrants. Average rate is 20 tonnes per hour. Fresh water is also available at anchorage by fresh water barge (max. 300 tonnes per trip and harbour tug El-Lamy (max 150 tons per trip).

11. SHIP CHANDLING

Ship chandling services are readily available and are provided by private companies.

12. INLAND CONTAINER DEPOTS

Inland Container Depots are dry ports equipped for storage of containerized cargo as well as empties. In addition to managing and operating the sea ports, Kenya Ports Authority owns and manages three Inland Container depots strategically located in Embakasi in Nairobi, Kibos in Kisumu and Eldoret.

Inland container depots are directly linked to the container terminal at the port of Mombasa by rail. Under this service, containerized cargo is transported through Bill of Lading Status.

12.1. Objectives for establishment of Inland Container Depots (ICDs)

The Kenya Ports Authority saw it fit to set up Inland Container Depots because of:-

- (i) Bring Port services closer to hinterland port users.
- (ii) Decongesting the Port of Mombasa.
- (iii) Ease pressure on the road leading to damage and carnage.
- (iv) Provide safe and secured transport of transit cargo. Rail transport is safer and secure when compared to road transport.
- (v) Save inland port users on time and costs involved in traveling all the way to Mombasa to clear, collect and forward cargo.

13. THE VESSEL DELAY SURCHARGE (VDS) THREAT

In October, 2007, the port was faced with the Vessel Delay Surcharge (VDS), a penalty prescribed by the International Maritime Authority for delays occasioned to shipping lines by the port authorities but through collaborative efforts by stakeholders, the penalties were not imposed.

14. PRESENT STATE OF THE PORT

Owing to its modernity and capacity to handle cargo, Mombasa port was becoming busier and busier. The rate at which cargo particularly containers had outstripped capacity and this had culminated into Kenya Ports Authority (KPA) contracting Private Container Frigate Stations (CFS) which collect cargo from the port as soon as it arrives and keeps it pending clearance and forwarding. This had greatly contributed to reduction of congestion at the port.

On occasions vessels destined for Dar-es-salaam port in Tanzania had been diverted to the port of Mombasa owing to congestion at the destination. This was also contributing to congestion at Mombasa port.

The state of railway transport services was worrying. In the past, rail transport used to account for 20% of upcountry cargo delivery and this had reduced to 6% percent, thereby contributing heavily to congestion at the port.

The port requires a lot space for incoming and outgoing cargo and was investing heavily in equipment and hoped to record improved service delivery. The government was going to provide kshs 5 billion for expansion specifically to dredge the harbor channel and make it 15 metres deep and widen the turning basin to enable it handle bigger and larger post Panamax vessels.

There were plans to build a second container terminal at a cost of Ksh 16 billion. The terminal would be built on 100 hectares land adjacent to the present container terminal and will have capacity to handle 1.2 million containers per year five times the capacity of the present terminal. The funding of the project will be through a loan from the Japan Bank for International Cooperation (JBIC) which had an annual interest of 0.2% with a repayment period of 40 years including a grace period of 10 years. Parliament had approved the borrowing by Kenya Ports Authority (KPA).

The new container terminal will be built on reclaimed land which will involve dredging of a nearby channel and will be directly linked by an exit road of 4 kilometres to Miritini along the Mombasa/Nairobi road.

Plans were underway to build a new port at Lamu.

15. MAKING MOMBASA AN E-PORT

In 2002, Kenya Ports Authority (KPA) embarked on an ambitious programme of making Mombasa an e-port. In that year, KPA commenced an Information Technology (IT) project which was to be implemented in three main phases namely the Enterprise Resource Planning (ERP), the Waterfront System and the Community Based System (CBS).

The ERP became operational in November, 2002 under the Systems Applications Product (SAP) which automated KPA's internal managerial systems which included finance, human resources and procurement.

The second phase was to automate all cargo handling and clearing processes under a system which became known as Kilindini Water Front Automated Terminal Operations System (KWATOS). The system became operational on 1st July, 2008 and was the best for getting rid of rogue port users. The third phase which would bring all cargo interveners to a common information platform was

ongoing and was being implemented by Kenya Ports Authority (KPA) and Kenya Revenue Authority (KRA).

Leading ports of the world were fully automated and the port of Mombasa too had to be fully automated for the purposes of increasing efficiency and comparison with the best in the world.

16. DISPUTE BETWEEN KPA AND THE DOCK WORKERS UNION

There was a dispute between KPA and the Dock Workers Union over working hours. A few years ago, the industrial court made a ruling in favour of KPA that employees work 5 days a week and rest for 2 days but the two days needed not be necessarily on a weekend. There were other issues pending in court over the same subject matter.

The Union had however asked its members to stage a go-slow in order to press for their demands. This was threatening port operations. KPA was constrained to limit working hours after some employees overworked themselves thereby exposing themselves to a risk of danger. There were instances where some employees had injured themselves through accidents caused by fatigue and lack of sleep.

17. COMMITTEE'S FINDINGS ON CONGESTION

The Committee made various findings on causes of congestion namely:-

17.1 The KWATOS system

The current congestion at the port is attributable to the delayed clearance occasioned by the introduction of the new system. Most port users have not embraced the system. Some clearing and forwarding agents are Information Technology (IT) illiterate and don't have IT facilities in their offices. KPA discovered errors in some of the documents lodged and had to return them for correction thereby bringing about delay.

The system had also experienced some technical difficulties at one time after it had become operational but this had been rectified. Implementation of the system was also facing resistance from rogue port users.

17.2. Rail transport services

Some cargo had stayed at the port for long owing to poor rail transport services to the port. Rail transport used to account for 20% of upcountry cargo delivery and this has reduced to 6% percent, thereby contributing heavily to congestion at the port as trucks were overwhelmed.

17.3. Kenya Revenue Authority (KRA)

It is a requirement that Customs officers witness and consent to the offloading of cargo from ship. Some vessels dock in at night and cannot be offloaded and cleared for collection because there are no Customs Officers at such hours. KPA employees work 24 hours.

Container Freight Stations (CFS) cannot release goods without consent of KRA. Goods overstay at CFS yards because of delayed consent from KRA. There are cases where motor vehicles had overstayed at the port because of delayed issuance of registration plates by KRA. CFS agents have on the other hand charged demurrage which is not fair to port users.

KRA has put restrictions on container movement. Containers can only be moved by road from Mombasa to Inland Container Depots under a bond.

17.4. Shipping companies

Some shipping companies delay in availing cargo manifests to KPA and KRA and under such circumstances, cargo could not be cleared thereby causing congestion.

17.5. Strikes

Strikes by dock workers would no doubt cause congestion at the port. The intended strike by dockworkers in July 2008 over working hours was likely to worsen the congestion at the port.

17.6. Diversion of vessels destined for Dar-es-salaam

This is usually done when there is congestion at Dar- es-salaam port.

18. CAUSE OF CONGESTION IN JULY, 2008

The congestion was the port's worst and was caused by the introduction of the KWATOS system which rogue port users were resisting while genuine users were slowly adapting to.

19. RECOMMENDATIONS

Following the tour, the Committee recommends that:-

- (i) The government should ensure the planned expansion and modernization of the Mombasa port is fast-tracked as a way of mitigating against congestion, increasing efficiency, and meeting future challenges.
- (ii) The government should ensure Kenya Revenue Authority (KRA) also works 24 hours in order to ensure speedy clearance of cargo at the port.
- (iii) There is need by Parliament to review and harmonize KPA and KRA Acts and enabling rules and regulations in order to ensure efficiency and speedy clearance and transport of cargo.
- (iv) The government should ensure improvement of rail services not only to the port but also countrywide to ensure quick transport of both import and export cargo. Rail transport services should account for not less than 30% of import and export cargo.
- (v) The government should expedite on plans to build a second seaport at Lamu and connected infrastructure in order to ease pressure on the Mombasa Port. The second port would also cushion Mombasa port in case of tragedy.
- (vii) In realizing (iv) above the committee calls upon the government to consider the option of Building Owning and Transferring (BOT) to the government by private developers, but must ensure transparency and accountability of the process.
- (viii) The Committee supports the making of Mombasa an e-port and urges port users to embrace all systems aimed at realizing this goal. The government should however ensure port users are supported to become compliant particularly through capacity building.

- (ix) The government should ensure the development of modern cruise ship facilities and other infrastructure to meet the demands of the modern cruise industry.
- (x) The government should facilitate the creation of export processing zones or free trade zones within and around the port. Such zones would benefit from regional trading arrangements by African Growth Opportunities Act (AGOA) and Common Market for East and South African States (COMESA)
- (xi) The government should enhance the role of private sector participation particularly in the use of privately owned godowns in the provision of port services and other institutional efficiency related programmes.
- (xii) The government should put in place measures to ensure shipping lines avail manifests in time to KPA, KRA and other players to ensure quick clearance of cargo.
- (xiii) The government should ensure port users are not charged demurrage for delays occasioned by KRA and KPA. Instead, KRA and KPA should indemnify port users for inconveniences and losses caused by delays attributed to them.
- (xiv) The government should establish independent Port Authorities to be concurrently running each port in the country with a regulatory body at the Ministry of Transport. This will bring about competition which is necessary for efficient delivery of services.

MINUTES OF THE FORTY FIFTH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY, COMMUNICATIONS AND PUBLIC WORKS HELD ON MONDAY, 20TH APRIL, 2009 AT 02.30 P.M. IN THE COMMITTEE ROOM ON FIFTH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS

PRESENT:-

The Hon. James Rege, M.P. - Chair
The Hon. Isaac Muoki, M.P.
The Hon. Emilio Kathuri, M.P.
The Hon. Clement Wambugu, M.P.
The Hon. (Eng) Nicholas Gumbo, M.P.

ABSENT WITH APOLGIES:-

The Hon. Edwin O. Yinda, M.P.
The Hon. Maina Kamau, M.P.

ABSENT:-

The Hon. Charles M. Nyamai, M.P.
The Hon. Kambi Kazungu, M.P.
The Hon. Charles Lugano, M.P.
The Hon. Ekwere Ethuro, M.P.

IN ATTENDANCE:-

NATIONAL ASSEMBLY:-

Mr. George Gazemba - Clerk Assistant

MINUTE No. 133/2009:- CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Confirmation of minutes of previous meeting was deferred.

MINUTE No. 134/2009:- MEETING WANANCHI GROUP KENYA LTD

Wananchi Group Kenya Ltd was represented by:-

- (i) Evan F.D. Fannell - Group Chief Executive
- (ii) Dorothy M. Fannell - Assistant Chief Executive
- (iii) Ian Njuguna - Compliance Manager
- (iv) Wallace Kantai - Communications Consultant

The group sought the Committee's support in having certain provisions of the Kenya Communications Act amended because:-

- (i) It was impossible for broadband and pay television service providers to delete certain content as required by the Act.
- (ii) South African based Multichoice Ltd had acquired exclusive rights of broadcasting certain programmes in Kenya at the expense of local broadcasters. They cited Nigeria which had enacted legislation that safeguarded the interests of local broadcasters against Multichoice Ltd.

MINUTE No. 135/2009:- CONSIDERATION OF REPORT

The Committee considered its report on the tour of Mombasa port in July, 2008 and adopted it. The committee had in September 2008 considered the report and adopted it but resolved to hold in abeyance its laying on the floor of the House pending a study tour of the Port of Singapore whose findings were aimed at enriching the report in terms of recommendations. The study tour of Singapore had since then failed to materialize.

MINUTE No. 136/2009:- ADJOURNMENT

There being no other business to transact, the Chair adjourned the meeting at thirty five minutes past four in the evening.

SIGNED: Signed

Hon. James Rege, M.P.

(CHAIRMAN)

DATE: 24th April, 2009