

**8<sup>th</sup> November 2018**

**MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE ON  
PRESIDENTIAL AFFAIRS ON THE MANAGEMENT AND OPERATIONS OF  
THE CITY ABATTOIRS**

**Rt.Hon. SPEAKER and Honourable Members,**

**1.0 Introduction**

On Thursday 26<sup>th</sup> September 2017, a motion for adoption of the report of the Committee on Presidential Affairs on the management and operations of the city abattoir was moved by the then Vice Chairperson of the Committee, Hon. Amero Susan in accordance with Article 90 of the Constitution of the republic of Uganda and Rule 177 (e) of the Rules of Procedure of Parliament. The report was presented and a number of issues arose.

As a result of the debate that ensued, the decision on the motion for adoption of the report was deferred and the Rt. Hon. Speaker Rebecca Kadaga guided the House that the Clerk to Parliament would extract the Report of the Public Accounts Committee on the Compensation to Habba Group of Companies Ltd and Rhino Investments Ltd in the FY 2009,2010 for members to study before taking a decision that would be contrary to the recommendations that had been earlier on passed by the House.

**2.0 The Report of the Public Accounts Committee, findings, Conclusions & Recommendations.**

The Committee have had the opportunity to extensively scrutinise the Report of the Public Accounts Committee on Government Compensation to Haba Group of Companies Limited and Rhino Investments Limited in the Financial Year 2009-2010. This was in line with the concerns raised by some Honourable Members of Parliament that the said report made recommendations concerning the same subject matter, which if not reconciled would lead to contradictory findings, conclusions and recommendations.

The purpose of the extensive scrutiny into the report was to ascertain its relevancy and impact on the findings and conclusions of the report of the Committee on Presidential Affairs and to harmonise any recommendations in so far as the Management and operations of the City Abbottior is concerned.

Having perused the report of the Public Accounts Committee, the Committee has been able to ascertain the following;



- i) The subject matter of investigation related to compensation claims for Nakasero Market, Shauliyako Market, Constitutional Square and Balikudembbe/Owino Market by Haba Group of Companies and Rhino Investments Limited. Throughout the investigation, findings, conclusions and recommendations of the PAC report, there is no mention of any investigation, findings and recommendations in respect of plots 1 and 3 Old Port Bell Road, also known as the City Abattoir, the manner of acquisition of interest by BHS and the claim of compensation for failure by KCCA to grant vacant possession of the land, which frustrated the said company from redeveloping the abattoir and commercially benefitting from it.
- ii) All the guidance that may be picked from the said PAC report is that a recommendation of the Committee in as far as compensation is concerned has to be supported and justified before it is sanctioned. The Report also gives alternatives that may be explored to minimise government exposure to ensure that the compensation is not exaggerated.

### **3.0 The Position of the Committee on Presidential Affairs**

#### **3.1 The Intention of the Committee**

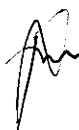
The intention of the Committee on Presidential Affairs in this matter was to investigate the management and operations of the city abattoir located on plot 1 and 3 Old Port Bell Road, Kampala under Kampala Capital City Authority (KCCA), following numerous complaints from KCCA that the Authority was not any Non-Tax Revenue (NTR) from the abattoir.

The Committee wishes to report that it caused a thorough investigation into the subject matter, within its terms of reference and made appropriate recommendations. The recommendations were well founded and there is documentary evidence to support the position of the Committee.

### **4.0 Justification for the Findings, conclusions and recommendations in the Committee Report**

#### **4.1 The issue of acquisition of Interest by BHS**

- i. Kampala City Council is no doubt the lessee of plots 1 and 3 Old Port Bell Road, also known as the City Abattoir. It has a title and is registered as such. As a Committee we are guided by the registration status. We maintain our position that on perusal of evidence availed to the Committee, KCCA is the registered lessee of the said land.
- ii. It is not in dispute that KCCA as the lessee entered into a management contract with BHS Co. Ltd on 1<sup>st</sup> March 2000, for the management of the abattoir for five years renewable, subject to fulfilment of the conditions in the agreement.



- iii. The evidence available to the Committee confirmed that position. No evidence was availed that the same has ever been successfully contested in any court of law. Indeed by subsequent communication the Executive Director KCCA re-affirmed that position. ***A copy of the letter is attached hereto marked "C"***
- iv. The Sub lessee paid the agreed premium and initial ground rent in accordance with the Sub lease terms. The sub lessee has not paid the outstanding balance of Shs 450 million going concern and ground rent to date. The failure to pay was attributed to the continued failure by KCCA, the sub the lessor, to assure the sub lessee of vacant possession. KCCA does not deny that position.
- v. BHS co. Ltd was indeed prevented from enjoying effective occupation by CATDA, who are currently in occupation.
- vi. Being out of possession, BHS could definitely not be expected to comply with clause 5 of the sublease agreement, which required them to construct an ultra-modern slaughter and meat handling facility.

#### **4.2 The Status between KCCA and BHS**

- i. Due to the lack of standard meat handling equipment which poses a health risk to meat consumers, Coupled with non realisation of Revenue from the City abattoir, KCCA made a proposal to take over management of the City Abattoir and this was formalised by a Memorandum of Understanding between KCCA and BHS which was executed on the 13<sup>th</sup> Day of November 2014. ***(A copy of the MOU is attached and marked appendix 1)***

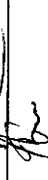
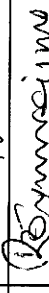







#### **Conclusion**

The Report of the Committee was laid before this House. The position of the Committee is that we stand by the contents, conclusions and recommendations therein. I wish to re-iterate the Committee recommendations and also implore the House that the Report of the Committee of Presidential affairs on the Management and operations of the City Abattoir, which was presented on 26<sup>th</sup> September 2017, be adopted.

I beg to move.



**COMMITTEE ON PRESIDENTIAL AFFAIRS**

<b>Sn</b>	<b>MEMBER</b>	<b>CONSTITUENCY</b>	<b>PARTY</b>	<b>SIGNATURE</b>
1	Hon. Ababiku Jesca - CP	DWR Adjumani	NRM	
2	Hon. Anyakun Esther - D-CP	DWR Nakapiripirit	NRM	
3	Hon. Tumusiime Rosemary	Entebbe Mun.	NRM	
4	Hon. Alero Tom Aza	West Moyo	NRM	
5	Hon. Nsubuga Simeo Nsubuga	Kassanda South	NRM	
6	Hon. Ssekabiito Joseph	Mawogola County	NRM	
7	Hon. Mutebi Noah Wanzala	Nakasongola County	NRM	
8	Hon. Kasumba Patrick Paddy	Bujenje County	NRM	
9	Hon. Olega Ashraf Noah	Aringa County	NRM	
10	Hon. Chekamondo Rukiya	DWR Kapchorwa	NRM	
11	Hon. Ogwang Peter	Usuk County	NRM	
12	Hon. Amongin Jacqueline	DWR Ngora	NRM	
13	Hon. Tusiime Michael	Mbarara Mun.	NRM	
14	Hon. Kangwagye Stephen	Bukanga County	NRM	
15	Hon. Kabaziguruka Michael	Nakawa Division	FDC	
16	Hon. Kasozi Ibrahim Biribawa	Makindye East	FDC	
17	Hon. Mbaju Jackson	Busongora County South	FDC	
18	Hon. Among Anita	DWR Bukedea	Indep	
19	Hon. Kyagulanyi Robert Sentamu	Kyadondo East	Indep	
20	Hon. Nokrach William Wilson	PWD	Indep	
21	Hon. Mafabi Ishma	Youth- Eastern	Indep	



# Kampala Capital City Authority

OFFICE OF THE EXECUTIVE DIRECTOR  
P. O. BOX 7010  
KAMPALA

REF: ED/KCCA/1104

7<sup>th</sup>, September 2011

The Chairman,  
City Abattoir Traders Development Association (CATDA)  
0772 977 327  
0772 447 259

PETITION AGAINST MISTREATMENT AND DISSATISFACTION IN THE  
MANAGEMENT AND OWNERSHIP OF THE CITY ABATTOIR  
ABBATOIR - LOCATED AT PLOT 1, 2 AND 3 PORTBELL ROAD

We are in receipt of a petition from you ref: CATDA/001/2011 dated August 22<sup>nd</sup>, 2011.

We have noted with great concern the harassment and mismanagement pointed out in your petition. The purpose of this letter is to clarify some issues pointed out in your petition so that we are on the same footing as we work together to try and resolve some of these issues.

1. We are aware of a Ministry of Local Government press release regarding the "Policy on Sell of Markets' Land, Development and Management in the City, Municipalities and Towns" that was released on December 23<sup>rd</sup>, 2010.

2. Please be informed that Lufula Kampala City Abattoir and the land on which it sits was leased out by the then Kampala City Council on June 4<sup>th</sup>, 2001, for a term of 49 (Forty Nine) years, to M/S Basajjabalaba Hides and Skins Company Limited and is now a private entity that is managed privately by M/S Basajjabalaba Hides and Skins Company Limited.

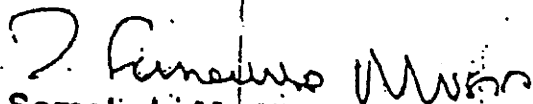
3. There are no fees collected from the vendors by M/S Basajjabala Hides and Skins Company Limited for Kampala Capital City Authority (KCCA) because M/S Basajjabalaba Hides and Skins Company Limited does not manage the abattoir for KCCA and is not a revenue collecting agent of KCCA.

The above notwithstanding, the following, in regard to your petition, are the duties of KCCA as can be seen in the Local Governments (Kampala City Council) (Meat) Ordinance, 2006.

1. Issuing Licenses and permits to slaughter houses (Section 4 of the ordinance).
2. Determining the fees payable for the slaughter of animals in slaughter houses from time to time (Section 6 of the ordinance)

In regard to the above,

1. KCCA is going to investigate and consider the fees payable for the slaughter of animals and where necessary cause a revision of the same in accordance with the law.
2. KCCA is going to inspect the premises, facilities used, hygiene, and other concerns raised like shortage of water and electricity and ensure that changes are made in as far as the law permits.



J Semakula Musingi  
EXECUTIVE DIRECTOR

cc: The Honorable Minister of Local Government  
cc: The Director Finance, KCCA  
cc: The Acting Director Health Services, KCCA

THE REPUBLIC OF UGANDA

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L

MEMORANDUM OF UNDERSTANDING

BETWEEN

KAMPALA CAPITAL CITY AUTHORITY

AND

BASAJJABALABA HIDES AND SKINS COMPANY LIMITED

**DRAWN BY**

*Directorate of Legal Affairs  
Kampala Capital City Authority  
Plot 1-3, Sir Apollo Kaggwa Road  
KAMPALA*



THE REPUBLIC OF UGANDA

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (herein after referred to as the MoU) is made this 13<sup>th</sup> day of November..... 2014;

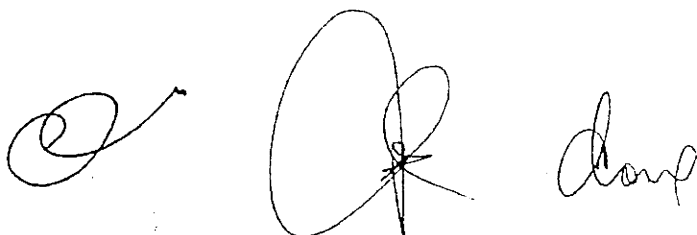
BETWEEN

KAMPALA CAPITAL CITY AUTHORITY of P.O. Box 7010 Kampala Uganda (hereinafter referred to as "the Authority"), an expression which shall include its successors, lawful assignees and agents) of the one part;

AND

M/S BASAJJABALABA HIDES AND SKINS COMPANY LIMITED of P.O. BOX 4639 KAMPALA Uganda (hereinafter referred to as "the Company") an expression which shall include its successors, lawful assignees and agents, of the other part;

- a) **WHEREAS** the Company is the sub-lessee of a property comprised in Plots 1 and 3 Old Port Bell Road (commonly and hereinafter referred to as the City Abattoir).
- b) **AND WHEREAS** the Authority is the Sub-lessor of the said Plots 1 and 3 Old Port Bell Road, which its predecessor in title, Kampala City Council, subleased to the Company for a period of forty nine (49) years with effect from the 4<sup>th</sup> day of June 2001.
- c) **AND WHEREAS** the Authority is in charge of the administration of Kampala Capital City on behalf of the Central Government and among others, the establishment, acquisition, erection, promotion, assistance or control, with the participation of the citizens, slaughter





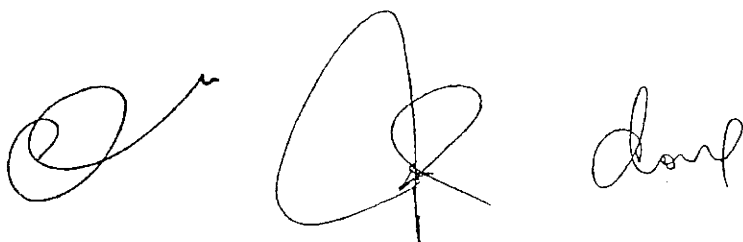
houses, cold storage facilities and premises for the inspection of milk, meat or hides and skins in the city and the regulation of health standards and the quality of meat offered for sale to the general public in its area of jurisdiction.

- d) **AND WHEREAS** the Company admits that the City Abattoir is in a dire state of disrepair, poorly managed and with no standard meat handling equipment, thus posing a health risk to meat consumers in Kampala and beyond.
- e) **AND WHEREAS** the management of the City Abattoir is currently in the hands of the City Abattoir Traders Development Association (CATDA), which has resulted in the Company's failure to meet its obligations to the Authority under the sublease, and as well, not observing the regulations in place for the management of abattoirs;
- f) **AND WHEREAS** there is a need to redress the above state of affairs and restore law and order in the City Abattoir and the Company is desirous of conditionally surrendering its residual interest in the said property and the City Abattoir to the Authority;
- g) **AND WHEREAS** the Authority has agreed to take over the management of the City Abattoir to ensure orderly management of the same and implement health standards therein;

**NOW IT IS WITNESSED AND AGREED AS FOLLOWS;**

**1. OBLIGATIONS OF THE COMPANY**

The Company shall surrender its interest in the said property to the Authority including any incidental responsibilities like collecting dues from individual traders at the execution of these presents on condition that the Authority commits to procure the



residual interest of the Company at a market value subject to Clause 3.1 hereof;

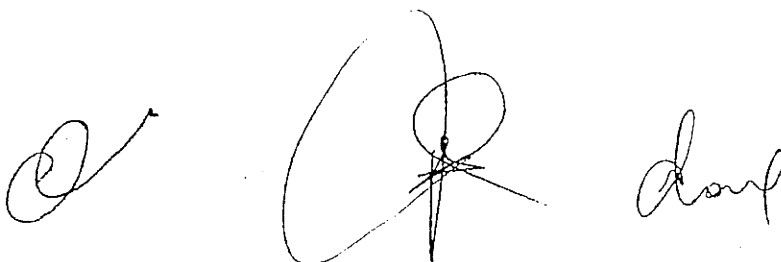
## 2. OBLIGATIONS AND DUTIES OF THE AUTHORITY;

The Authority shall;

- 2.1 Upon execution of these presents take over management of the City Abattoir.
- 2.2 Collect revenue from all traders operating at the City Abattoir on a day to day basis.
- 2.3 Provide all necessary security at the City abattoir and ensure that the same complies with the Authority's operational policies for abattoirs.
- 2.4 Ensure that the traders at the City abattoir comply with all its rules and regulations including health and safety standards and its policy on the management of the City abattoir.

## 3. THE PARTIES AGREE THAT:

- 3.1 The Authority's purchase of the residual interest of Company shall be subject to the following conditions;
  - a) Approval of the procurement of the residual interest of the Company by the Kampala Capital City Authority;
  - b) Availability of funds for the purchase of the residual interest of the Company.



c) Due process of procurement in accordance with the Public Procurement and Disposal of Public Assets Act and Regulations thereunder and any other relevant laws.

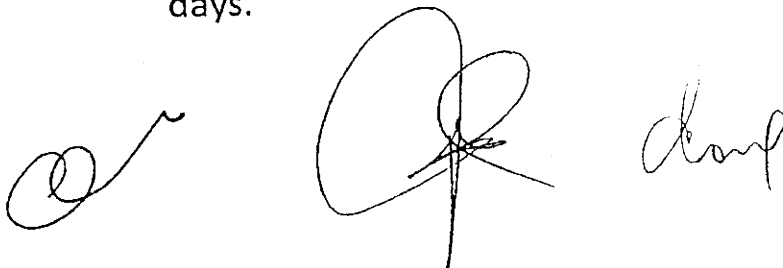
3.2 That in the event that the Authority is not able to satisfy the conditions in Paragraph 3.1 within the duration of this Memorandum of Understanding the parties shall share the revenue accrued during the period when the Authority shall have been in the management of the City Abattoir.

3.3 The apportionment of the revenue between the parties shall be determined after assessment of all the costs of managing the City Abattoir.

4. In the event that there is a fundamental breach or inability to achieve the objective of this Memorandum of Understanding, the parties shall mutually agree on the revenue arising from the collections to be apportioned between the parties.

## 5. SETTLEMENT OF DISPUTES

5.1 The Parties hereby agree to use every effort and endeavor to settle amicably any dispute, claim, controversy, disagreement and/or difference of whatever nature ('Dispute') arising out of or in connection with this Memorandum of Understanding or relating to the legality, interpretation, performance, breach, termination, rescission, or enforceability thereof within sixty (60) days. To this end, the disputing parties shall each promptly but in any case not later than fourteen (14) days in writing appoint representatives who shall meet promptly and attempt to resolve any dispute arising between them within sixty 60 days.



5.2 In the event that an amicable settlement has not been reached within sixty days after the Parties' representatives meeting pursuant to Clause 5.1 hereof, the Parties shall first refer such dispute to arbitration in accordance with the Arbitration and Conciliation Act, Cap 4 Laws of Uganda and the Arbitration Rules there under, by a three person arbitration committee appointed by the Centre for Arbitration and Dispute Resolution (CADER) before recourse to Courts of Law in Uganda. The place of arbitration shall be Kampala, Uganda and the proceedings shall be conducted in English.

## 6. AMENDMENT AND REVIEW

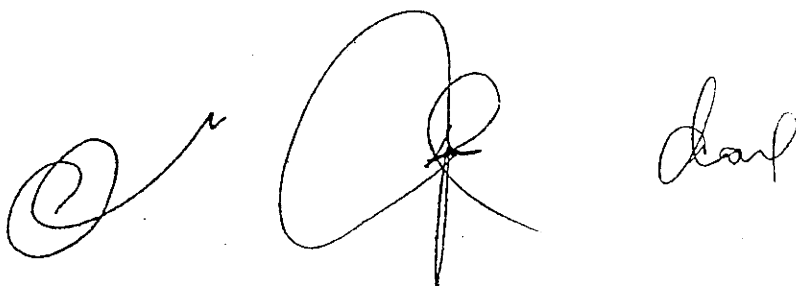
6.1 This Memorandum of Understanding may be amended by mutual consent of the parties.

6.2 This Memorandum of Understanding in general and clause 5.2 in particular shall be reviewed by the parties after a period of six (6) months.

## 7. TERM AND TERMINATION:

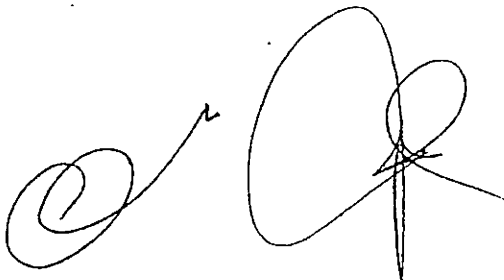
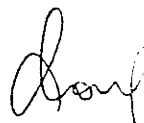
7.1 The Term of this Memorandum of Understanding shall commence on the date of execution by the authorized representatives of the parties hereto and shall be for a conditional period of eight (8) months;

7.2 The provisions of Clause 7.1 notwithstanding, this Memorandum of Understanding shall be renewable upon



mutual written consent of the Parties, which consent shall not be unreasonably withheld.

- 7.3 In the event of a fundamental breach (or requirement) relating to the enforcement of the terms and conditions of this Memorandum of Understanding, the affected party shall notify and require the other party to remedy the breach or provide the requirement within 30 (thirty) days effective the date of the notice or occasion of that requirement.
- 7.4 If the party required to provide the remedy does not do so in the agreed period, the affected party may at its sole discretion carry out the remedy at the cost of the offending party or elect to terminate this Memorandum of Understanding with a 30 (thirty) days' notice upon failure to comply with the provisions of this Memorandum of Understanding or any other lawful cause.
- 7.5 The cost of providing the remedy or any cost occasioned by or arising out of the acts/omissions of the offending party shall be redeemed by the offending party.
- 7.6 This Memorandum of Understanding terminates upon;
- a) fulfillment of the objective of this Memorandum of Understanding; or
  - b) expiry of eight months from the date of signature of this Memorandum of Understanding; or

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c) notification of one of the parties by way of 30 days' notice to the other party.

## 8. GENERAL PROVISIONS

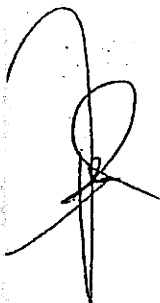
### 8.1 Governing Law.

This Memorandum of Understanding shall be construed and governed by the Laws of Uganda.

### 8.2 Notices.

Notices or communications herein required or permitted shall be given to the respective parties by registered or certified mail and the said notice shall be deemed to be given as of the date of mailing or by hand delivered at the following address unless either party shall otherwise designate its new address by written notice.

#### In the case of the Authority to:



The Executive Director,  
Kampala Capital City Authority,  
City Hall, Plot 1 – 3, Sir Apollō Kaggwa Road,  
P.O. Box 7010,  
Kampala, Uganda

#### In case of the Company to:

The Chairman  
M/S Basajjaabalaba Hides and  
Skins Company Limited, P.O. Box 4639  
Kampala, Uganda,

