

MURANG'A COUNTY ASSEMBLY

THE HANSARD

Thursday 25th June 2015

The House met at 2:32 p.m.

(First Chair Hon. Bernard Kariuki in the Chair)

PRAYERS

MOTIONS

REGISTRATION OF BROKERS INVOLVED IN BUYING OF AGRICULTURAL PRODUCE IN MURANG'A COUNTY

Hon. James Kariuki: Mr. Speaker sir, I beg to move the following motion:-

Aware, that Murang'a County is basically an agricultural county that deals with a number of horticultural crops that are meant for the export market, further aware that there are a number of middlemen who are involved in the business of buying such agricultural produce from farmers in order to sell to importers, cognizant of the fact that farmers have consistently and for many years received very low prices for their produce due to this exploitation by the middlemen; this Assembly urges the County Executive Committee Member in-charge of Trade, Commerce, Industry and Investment to register all the brokers who are involved in the buying of all agricultural produce in this County so that order can be realized in this Sector and thus translating into better prices for our farmers.

Mr. Speaker sir, this motion is informed by the fact that for many years our farmers have never enjoyed good prices for agricultural produce. There is a very big difference between the prices that are offered by middlemen and the ones that would fetch in the market if he or she was to sell directly; this is what has informed this motion. I am aware that this is a country of brokers since we have them in tea, coffee, insurance and all these brokers are regulated in one way or the other. When it comes to agricultural produce, we do not have any regulation for these middlemen. If we were to solve his middlemen challenge we would make big strides in improving payment to our farmers. Mr Speaker, we would like to know who these middlemen are, their personal details, their operation locations and their areas of jurisdiction.

When I look at horticulture products, that includes avocados, macadamia, mangoes bananas etc., they are all over and they are not regulated, so any Tom, Dick and Harry can come from anywhere and buy produce then sell outside Murang'a or any other part of the world without any regulation, I think we need to deal with this issue once and for all to know who these people are, what they deal with, from mangoes, French beans, avocados or macadamia. We do not want a free for all market where anybody can come and do whatever he wants.

We also want to know when they buy these produce, if you are not aware; there is a big problem of our products outside this country. Our horticultural products face challenges in the international market, looking at things like macadamia; you find that there are people who harvest macadamia and avocados when they are not ready. This presents a big problem to the country as a whole because your products can be banned, and the person who will suffer is the farmer.

Mr. Speaker, The Horticultural Crops Development Authority has a calendar of when we are supposed to start buying various horticultural; produce, but this calendar is not followed, you find people buying products that are not ready, more often, serious exporters, and we have one here, she will tell you that one of the questions that is asked by importers is are you Kenyans normal? How do you harvest something that is not ready and you expect people to buy it, this affects how we relate with international buyers.

We would also like to know how they transport these products, for some of these products like avocados, if you transport them in pickups, the way we see people doing, this is not the right way, they are supposed to be in crates to prevent scratching but this does not happen because there are no laws, there is no legal framework that says if you are going to transport this product, this is the way to go about it. It is a free for all thing, there is no order in this market. This is what I seek to correct with this particular legal framework which will come from the CEC Trade, because we need to bring order and make sure our farmers get value for their crops.

Looking at production, farmers are not educated on how to do crop husbandry, looking at things like avocados, farmers take the avocado tree like any other tree, they do not manure or water or anything, we only produce optimum production yet you find a mature tree producing 500 fruits while it should produce all the way to 3000 fruits. This is what we are seeking to correct. We have agriculture extension officers and agronomists on the ground, these are people who can educate the farmers on the way they are supposed to produce, it does not matter what it is, and we need to have proper production in this area.

Handling horticultural produce is haphazard and this is what we need to correct. In mangoes, avocados and oranges, there is a way to handle them, at times we even wax the produce so that when it goes to the export market it looks beautiful. We need to correct this situation, after coming up with the legal framework.

I have in mind that we can have an inspectorate, employed by the county government, people going round ensuring that these regulations are followed such that if it is in Kandara, which the largest producer of avocados you have an inspectorate that goes round when the season of harvesting comes and making sure we are doing things correctly. Some farmers are ignorant and they do not know how to handle their produce, we need to teach them what the export market requires and sometimes use a bit of force to ensure that this does not degenerate into a free for all situation. This is what I am intending in this motion.

I would be happy if the members support it because it would revolutionize the way we do our business; we should take agriculture seriously, as a business. The way we farm is out of this world, it is the farming practices of the 18th Century and we are in the 21st Century and we need to move with the times. I believe if these legal frameworks are put in place and we have an inspectorate ensuring that these standards are followed, then our agricultural products would fetch better prices and farmers would be happy.

As we speak, we have contracts that avocado farmers have signed with some exporters like Kakuzi and Vegipro, if you look at the products taken to these exporters, they are different. These are serious exporters who tell farmers that if you want to bring avocados to us, you must put them in crates, clean them up and they must be of a particular size so that farmers will realize that agriculture should not make us poor, but we have made ourselves poor because of our poor farming practices and product handling.

With those few remarks, I would like to ask one of the most experienced persons in this particular area Hon. Rebecca Mwicigi to second the motion.

Hon. Rebecca Mwicigi: I stand to second the motion that the CEC trade, Commerce introduces a legal framework for production, handling and transportation, selling and dealing in agricultural products.

Mr Speaker, this is a very close subject to me, I remember many years ago when I went out of this country and came back with tonnes of containers of French beans which we distributed free in Kandara and Mwea and thereafter I became an explorer for 15 years. Horticultural growing is a profitable enterprise, if taken seriously it can change this county and country.

The middleman is an important factor to consider bearing in mind that the Kenyan farmer is a multiple farmer, he has chicken, dairy horticulture, maize, beans and all those are supposed to be looked after by one farmer. The broker is an important sector in our growth. We have many educated people who have nothing to do and we would be happy if they became professional brokers. As the CEC develops a policy, it should include capacity growth of the broker; show them what is expected of them by the exporters. After this they will be registered, if anyone of them breaks the rules he or she will be reprimanded.

The broker's organization should not have a closure time, since many students from the agricultural sector with no money to start businesses will go to agricultural brokerage, it should be an organization that will cater for more, employ more youth who have gone to school and liked farming.

When I was the Chair of Fresh Produce Exporters Association of Kenya, we brought sanity to the exporters who were running all over. One exporter comes and finances the growing of French beans in a certain area and tomorrow you would see another exporter who had not even financed has gone there and has started buying the beans at a higher price than you have offered since he or she has done nothing. But when we brought sanity that you have to register the area you are buying the product, the area you have looked after and the area you have bridged the international regulations this brought sanity in the field because before the people who had financial muscle are the ones who were buying the product from the whole of Kenya and there were very few Africans who were doing that.

If these middlemen are registered like matatu sacco's, if they offend there is an office that farmer can go and claim payment for his products. No matter what we try to say that middlemen should not be there, even we farmers we prefer middlemen. The middleman wakes up very early in the morning goes and looks for an exporter, talks to him, they agree on a price and then he comes to tell you what they are going to pay.

If they are registered and they have an office the exporter will come and the farmer will be there and they agree on a price and you will definitely know what the broker is getting from you and you will not object because he is doing more.

These brokers should be like the assistant to extension officers, if they are trained properly as nobody goes to buy horticultural products unless you are interest in it. If well trained they can help farmers on good husbandry of crops, good handling and also he will be able to operate cold rooms. He will help extension officers because from what we saw in the last season there are a lot of things missing and if those people are trained they will be useful to our county.

Brokers are our children and they can be helped to come up with their co-operative. The young brokers hire pick-ups and if they come together, like any other co-operative in this county because we are assisting co-operatives, they can be helped. And they will start putting their money together because if you put Africans together they start contributing money I am sure they can be helped and they will have the pick-ups to transport the product and I am sure they will have a say at the end.

Like the avocados, you see if you transport them under very hot sun they change colour once they reach the other end of the sea, and when they change colour you get very little money and that is why you see sometimes the exporters are very frustrated.

The European market where we sell our horticultural products they do not want to buy products without history they want to know where was it planted, what was sprayed, how was it packed and if it is just an ordinary broker who is not answerable to anybody he will do anything he wants, he can even run to the washroom and then come and handle French beans then they go.

But when these people are made to handle them with care, they will take a carton to the laboratory and if they find it contaminated they will not pay for the whole container and when that container is rejected overseas you are told to go there and destroy it. You pay a lot to destroy that product and at times you even cry to your Embassy to assist you destroy it because they do not want you to put it somewhere it will rot. You have to destroy it properly by burning it and this can only be avoided if the middlemen are registered.

The middlemen if registered will also put into their tables and money in their pockets and some of the things we are experiencing here will be a thing of the past because these middlemen need money and they need to bring up good, healthy families and since we know jobs are not very easy coming we should encourage them to register and if they register what the mover has requested will be done and done well.

I am sure with the money put in the agriculture department this can be realized because it is an important sector and with those few remarks I second the motion and ask the members to support it because it is a very important motion to put sanity to this field. Thank you.

(Question proposed)

Hon. John Gitau: Thank you Mr. Speaker, I think to an extent the prayer is very good developing the legal framework but I think on a balance of probability I am not going to support this motion because the question we should ask ourselves is who we are protecting by registration of brokers. If you look at intricacies of horticulture for example when we have many brokers coming to the field the prices will go up for these products.

So if we start saying the brokers are registering, which is paying money they will make sure that the prices goes down but sometimes especially in horticulture we need to tell these brokers please come and come in large numbers so that they can compete.

I am not sure if these regulations will not conflict with national policies. We are moving from enclosed market to what we call liberalized market. If you want to help people produce more you must look for market. Without brokers some of the products will not actually sell because if you look at the products like French beans and other products mostly eaten in Middle East and Asian countries like cucumber, they are grown in large numbers at Kamahuha and farmers are happy when most people come to buy even if the exporting company can come and buy the farmers are happy because the more they come the higher the price will be because they compete for that product.

If you look at what the mover has said most of the people selling avocados to Kakuzi limited are not actually farmers, they are brokers who are going to the market to buy the product and then sell it to Kakuzi. This is good for the farmers because these people are going to produce more and more and it is also good to know when we specialize like we have brokers doing brokerage and farmers' doing the farming this is very important.

There is also the issue of mishandling the products, once the farmers have sold their products, most of the product is sold in cash and once the farmers sell their product they do not care how it will be handled because they are paid cash. I think before we say register we need to look at who we are protecting, whether we are protecting the farmer who is our main person or we are paining him. So in as far as I am concerned brokers are very healthy and should be encouraged.

Like when we are growing maize and beans in Kamahuha if brokers will come all the way from Mukuyu to come and buy the beans prices will go up. In fact there was a complaint one day that the area chief wanted only people from Kamahuha to be buying those beans. There was an outcry from the local people because prices would remain down constantly but when you get people from outside coming to compete for the market then that is healthy for the farmers. Thank you Mr. Speaker, I do not support the motion.

Hon. Samuel Wandia: I thank you Mr. Speaker, I rise to support this motion. When I look at this motion it is that we want to bring harmony in the business world as far as our products are concerned. When I look at the brokers especially of tea and coffee, these fellows will never stay at Mathare neither will they stay at Muthithi. If you go to Nairobi they are living in Muthaiga driving all types of car, they have big houses and poor Wandia here who is a coffee farmer is only walking along the roads here in Murang'a.

If we control these people it will bring decency and for us to do that and succeed we have to bring inter-county relationship. By this I mean if it is tea, coffee then Central Kenya we should unite and these fellows will not beat us. At the end of the day they need our products, they want to be in business and therefore if we bring some control in this field they will be controlled and they will continue to buy our products. So I beg to differ with member for Kamahuha, if he wants to push the brokers it is for the executive.....

(Hon. Duncan Njuguna rose on a point of order)

First Chair: What is the point of order member for Gitugi?

Hon. Duncan Njuguna: Mr. Speaker sir we need your guidance, the Hon. Member for Muthithi is not the mover of the motion and now he has started responding to whatever Member for Kamahuha has talked about. Can he contribute to the motion instead of responding since he is not the mover?

First Chair: Member for Muthithi you may appreciate that Member for Kamahuha is entitled to his opinion, you keep to the substance of you supporting.

Hon. Samuel Wandia: Mr. Speaker I thought that we are talking the same thing with Member for Kamahuha; there is nothing wrong with emphasising what he had said. I am therefore saying that if we want to eliminate brokers, the Executive should carry out aggressive marketing of our agricultural products. If they do that, we will succeed.

Now that the Chairman for Trade, Industrialisation, Tourism and Wildlife committee is here, he should put his foot down and press the Executive to do aggressive marketing of our products with a view to eliminating these brokers. This can also be done by encouraging the Executive to attend international and local trade fairs and exhibitions so that they can invite many customers to buy our products. We can also win the battle by conducting trade conferences in the country and out of the country.

Mr. Speaker sir, there was a conference the other day here in Kenya that had been organised by the Republic of China. The conference was attended by people from all over Africa. Why can't our Executive do the same by going outside there to market our County? We should also encourage the farmers to increase the production and quality of our produce. This can be done through training of the farmers by the extension officers. Rather than sit idle in their offices, they should train our farmers. If at all our farmers are trained and given subsidies, I am sure that this country and county will make strides in the field of trade as far as our produce is concerned.

As I conclude my speech on this issue, I also pray that each one of us in this Assembly plays the role of marketing this county. We also have a role to play in encouraging the Executive to work together and ensure that trade conferences are held inside this County, country and the outside world, thank you Mr. Speaker.

First Chair: Member for Kinyona.

Hon. Charles Kirigwi: Thank you Mr. Speaker sir, this is a good motion and if you look at Murang'a County, we have five pillars in agriculture; coffee, tea, dairy, horticulture and nuts, livestock and fisheries. If you look at the five of them, you will notice that this County Government has started putting some strides towards regulating the tea sector, and this Assembly is especially working on that. I also know that there is something we are doing

in the coffee sector. However, we appear not to be doing anything on horticulture and nuts, livestock and dairy, in terms of legal frameworks.

As the Chair for Trade, Industries, Tourism and Wildlife committee, I must say that, I and my CEC will take this very seriously and since we are in the process of making our work plan of July to December for the committee, we are going to have this captured and of course with the delivery date so that we move very fast and try to have a legal framework on this very important sector of our economy of Murang'a.

Agriculture being devolved, we must play our oversight role on whatever is happening to our farmers. Those who participated in the formulation of the Tea Bill are aware that we came out very strongly in our oversight role and that is why you heard and saw some institutions not very comfortable being over sighted from our level. I believe that we need to have quite distinct roles by those people who are dealing with farmers in this sector.

Going forward, my committee and the CEC will work together for the benefit of our farmers in the County. We are also going to work with the Assembly to transit a legal framework of a Bill in horticulture, fruits, vegetables and nuts so that we can have something that can be regulating us. Each and every player in this sector will need to put forward to a directorate or an inspectorate to demonstrate his or her business models. How are they going to engage with our farmers? We need to interrogate that so that we are sure of quality and better returns to our farmers.

The mover of the motion has generalised all the agricultural products, going by my opening remarks, tea, cereals, chicken, and bananas are agricultural products, therefore, the scope is so wide and I request the mover of the motion to maybe give the target crops because we do not appear to be working on all the agricultural products. How do you separate a cereal broker from an avocado broker? How do you put a line between a chicken broker in Muthithi market and an exporter who is exporting nuts to another country?

I therefore request the mover of the motion to, maybe with your guidance, adjourn the debate so that we can insert the target crops and avoid having a scope that is too wide. The County Government may fail to achieve the objectives of the motion if the scope is too wide. Otherwise, the spirit of the motion is good and I support it if we are guided well by the target crops. Thank you Mr. Speaker.

First Chair: The mover to respond.

Hon. James Kariuki: Mr. Speaker, I would like to inform the member for Kamahuha that if you look at the wording of the motion, it is mainly targeting horticultural exports. We are mainly talking about importers and middlemen, those are the operative words. When I was making this motion, I did not have regulating people who go to buy maize, cabbages, *sukumawiki*, *dania*, among others in mind. I know that is what they grow in Kamahuha but that is not what I had in mind.

Therefore, if you look at the wording, it is mainly concentrating on the horticultural aspect and maybe other cash crops such as coffee and tea. It is not the intention of this motion to regulate maize, cabbages and so on because I know that would be a very difficult thing. I appreciate the member for Kinyona because he has seen what I have in mind. When you talk about all agricultural products, it is not the case because I do not actually mean that, in real sense, in the regulations that will be made by the CEC member for Trade, he will have to differentiate in his own wisdom because you generally use your wisdom; you do not, for instance, go regulating even chicken. So, that is exactly what I had in mind.

Mr. Speaker, the Member for Kamahuha said that legislation of brokers is going to kill competition; it will not. We only want to know how many they are and where they operate from. You are not restricted to working in a place such as Kamahuha or Ng'araria; you can decide to be operating in the whole of Murang'a. You are not restricted and that way

you have a free hand to operate everywhere. It does not therefore kill the spirit of competition or liberalisation. I can say with confidence that we need this legal framework. When we used to sell our avocados to brokers, they were all over and the prices never went beyond Kshs. 2 for over 30 years, however, since last year, the prices have been going up and we are now at about Kshs. 6, they are giving us about Kshs. 3 and we shall then get a bonus of another Kshs. 3. We expect that by next year or by 2017, that price will have gone up to about Kshs. 10, that has been brought about because there is some order and sanity.

Therefore, the person we intend to protect here is actually the farmer; that is what the Member for Kamahuha wanted to know. We are not supposed to think about the middleman. We are elected by Wanjiku and we should protect her.

On the issue of all agricultural products, I agree with the Member for Kinyona, however, the motion can pass as it is but the CEC for Trade will use his own wisdom to know which agricultural products to regulate or bring a legal framework for and which middlemen are going to be registered and regulated. We shall leave that to the wisdom of the CEC Member but we need to start by having a legal framework first and foremost. I would urge members to pass this motion as it is; it is in good faith and the spirit is good. I think it will help our farmers earn better prices, thank you Mr. Speaker.

(Question put and agreed to)

First Chair: Next order

ADJOURNMENT

First Chair: Hon. Members, the House is adjourned until next week Tuesday morning, thank you.

The House rose at 3:17 p.m.