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Paper Laid
By Hon. A. Duale (Lom)
on Thurs. April 14, 2016 (am)

REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – FOURTH SESSION

OK

THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE REPORT ON THE CONSIDERATION OF PUBLIC PETITION ON DE-GAZETTEMENT OF LEGAL NOTICE NO. 103, THE CUSTOMS AND EXCISE ACT (CAP.472) TO GRANT REMISSION OF EXCISE DUTY AT FIFTY (50%) PER CENTUM IN RESPECT TO BEER MADE FROM SORGHUM OR MILLET

DIRECTORATE OF COMMITTEE SERVICES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

APRIL, 2016

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ABBREVIATIONS

EABL	-	East African Breweries Limited
KRA	-	Kenya Revenue Authority
VAT	-	Value Added Tax
KASAL	-	Kenya Arid and Semi Arid Lands Programme

1.0 PREFACE

On behalf of the Departmental Committee on Finance, Planning & Trade and pursuant to provisions of Standing Order 227, it is my pleasant privilege and honour to present to this House the Report of the Committee on the **de-gazettement of legal notice No.103, the Customs and Excise Act (Cap.472) to grant remission of excise duty at fifty (50%) per centum in respect to beer made from sorghum or millet.** The petition was tabled before the House pursuant to Standing Order No. 225 (2)(a) by the **Hon. Joseph M'eruaki M'uthari, MP , Igembe North Constituency**, on behalf of sorghum farmers on 2nd February, 2015.

1.1 Committee Mandate

The Departmental Committee on Finance, Planning & Trade is one of the Departmental Committees of the National Assembly established under SO 216 and mandated to:-

(a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
(b) study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.
(c) study and review all legislation referred to it
(d) study, access and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
(e) investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;
(f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (*Committee on Appointments*); and
(g) make reports and recommendations to the House as often as possible, including recommendation of proposed legislation, and
(h) consider petitions committed to it pursuant to Standing Order 227

1.3. Committee Membership

The Committee comprises of the following members:-

1. Hon. Benjamin Langat, MP **(Chairman)**
2. Hon. Nelson Gaichuhie, MP **(Vice Chairman)**
3. Hon. Jones M. Mlolwa, MP

4. Hon. Anyanga, Andrew Toboso, MP
5. Hon. Timothy M. .E. Bosire, MP
6. Hon. Shakeel Shabbir Ahmed, MP
7. Hon. Joash Olum, MP
8. Hon. Dr. Oburu Oginga, MP
9. Hon. Patrick Makau King'ola, MP
10. Hon. Abdullswamad Sheriff, MP
11. Hon. Sumra Irshadali, MP
12. Hon. Ogendo Rose Nyamunga, MP
13. Hon. Iringo Cyprian Kubai, MP
14. Hon. Dennis Waweru, MP
15. Hon. Tiras N. Ngahu, MP
16. Hon. Sakaja Johnson, MP
17. Hon. Jimmy Nuru Angwenyi, MP
18. Hon. Ronald Tonui, MP
19. Hon. Mary Emase, MP
20. Hon. Joseph Limo, MP
21. Hon. Lati Lelelit, MP
22. Hon. Kirwa Stephen Bitok, MP
23. Hon. Sammy Mwaita, MP
24. Hon. Daniel E. Nanok, MP
25. Hon. Eng. Shadrack Manga, MP
26. Hon. Abdul Rahim Dawood, MP
27. Hon. Sakwa John Bunyasi, MP
28. Hon. Alfred W. Sambu, MP
29. Hon. Sammy Koech, MP

1.4. Committal and consideration of the Petition

The Public Petition on De-gazettement of Legal Notice No. 103, the Customs and Excise Act (Cap.472) to grant remission of Excise Duty at fifty (50%) Per Centum in respect to Beer made from Sorghum or Millet was presented to the National Assembly by the Hon. Joseph M'eruaki

M'uthari, MP pursuant to Standing Order 225(2) and the Petition to Parliament (procedure) Act, 2012. The petition was dated 24th February, 2015 and signed by 30 citizens praying that:-

The National Assembly, through the Departmental Committee on Finance, Planning & Trade obtains an undertaking from the Cabinet Secretary in charge of the National Treasury that:-

i) **The National Treasury de-gazettes Legal Notice 103(2) of 18th June 2013;**

ii) **The National Treasury reviews and reverses the excise duty grant to one hundred per cent (100%) remission on beer produced from sorghum or millet;**

iii) **The Government invests more in drought tolerant crops; and**

iv) **The Government supports alternative uses of sorghum including production of bio-fuel.**

In considering the petition, the Committee invited and held a retreat in Mombasa with the petitioner (Hon. Joseph M'eruaki, MP).

1.5. Committee Observations

On analysis of the petition, it generally complies with the Standing Orders and the Petitions to Parliamentary Act, 2012 save for not disclosing whether or not efforts have been made to have the matter addressed by other the relevant authorities.

The Committee was able to establish that indeed reduction of excise duty remission from 100% to 50% in 2013 had the following negative effects:-

- High prices of senator keg that is made primarily from sorghum;
- Reduction in volume of sales of senator keg;
- Reduction in government revenue from taxing senator keg;
- Increased consumption of elicit brews;
- Loss of jobs across the value chain (sorghum processing);

On realizing the above negative effects, the National Assembly amended the Alcoholic drinks Act, 2011 that obligated the Cabinet Secretary for Finance to provide a 90 % excise duty remission on beer made from sorghum thereby answering the prayers in this petition.

1.6. Response to the Prayers in the Petition

The main prayers sought in the petition, de-gazettement of legal Notice No. 103(2) of 18th June, 2013, has already been granted through the enactment and implementation of the Alcoholic Drinks Control (Amendment) Act, 2015 (see annex 2). As to the other prayers, the Committee recommends as follows:-

i) The Government invests more in drought tolerant crops; and
ii) The Government supports alternative uses of sorghum including production of bio-fuel.

1.7. Acknowledgment

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate.

I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to consider the petition.

The Committee wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible.

Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Finance, Planning & Trade to present this report to the House pursuant to the provisions of Standing Order 227 (2).

SIGNED: .... **DATE:** 29-03-2016

THE HON. BENJAMIN LANGAT, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE

2.0. BACKGROUND INFORMATION

Article 199(1) of the Constitution provides that every person has a right to petition Parliament to consider any matter within its authority, including to enact, amend or repeal any legislation. This Particular provision is operationalized by the Petitions to Parliament (Procedure) Act, 2012 and Standing Order 219. Ensure that the Act is properly cited in the report.

The Petition by sorghum farmers was presented to the House by the Hon. Joseph Me'ruaki, MP, on 24th February, 2015 pursuant to Standing Order No. 225 (2)(a). Pursuant to House rules, the petition was referred to the Departmental Committee on Finance, Planning & Trade for consideration and preparation of a report within 60 days. The Committee considered the petition pursuant to the provisions of Standing Order 227.

The petitioners wished to draw the attention of the House to the following:-

i. **THAT,** Sorghum farming is an important agricultural and income generating activity especially in Western, North Rift Valley, Eastern and part of Central Kenya. The crop is drought tolerant and therefore popular in the dry parts of this country;

ii. **THAT,** the Kenya Arid and Semi-Arid Lands Programme (KASAL) in conjunction with the Kenya Agricultural Research Institute, introduced gaddam sorghum for commercial production as a measure to improve income generation and food security;

iii. **THAT,** the Government offered a tax relief for beer made from sorghum. Consequently, the East African Breweries Limited (EABL) ventured into manufacturing of a brand of beer using sorghum as one of the raw materials and further clustered farmers to combine their harvest for bulk sales to the Company;

iv. **THAT,** the Government set the price of the beer at a reasonable price that made the brand affordable to low income earners and served as an alternative to illicit brews and '*changaa*'. This led to a rise in the demand for sorghum hence the number of farmers recruited by the East Africa Malting Limited, a subsidiary of EABL, increased to over twenty thousand farmers;

v. **THAT**, the Government collects Value Add Tax (VAT) in excess of Kshs.1.5 billion from the sale of beer made from sorghum. Further, in September 2013, the Government increased the excise duty for the beer produced from sorghum as a raw material which led to a decline in sales, subsequent job losses and loss of income for these small-scale sorghum farmers;

vi. **THAT**, the Government did not consider the impact of the Legal Notice 103(2) of 18th June 2013 in regard to the welfare of its citizens, in particular, the sorghum farmers;

vii. **THAT,** the issues in respect of which the Petition is made are not pending before any court of law.

The Petitioners therefore prayed that, Parliament, through the Departmental Committee on Finance, Planning & Trade obtains an undertaking from the Cabinet Secretary for the National Treasury to:-

i) de-gazette Legal Notice 103(2) of 18th June 2013;

ii) review and reverse the excise duty grant to one hundred per cent (100%) remission on beer produced from sorghum or millet;

iii) invest more, through the relevant government ministries, in drought tolerant crops; and

iv) support, through the relevant government ministries, alternative uses of sorghum including production of bio-fuel.

3.0. SUBMISSIONS AND EVIDENCE

Having been seized of the Petition, the Committee invited the petitioner, the Hon. Joseph Me'ruaki, MP for a briefing session on 9th April, 2015. During the meeting, Hon. Me'ruaki informed the Committee as follows:-

1. Vision 2030 recognizes Agriculture as one of the key sectors to deliver sustainable economic growth and improved livelihoods for the poor in the rural areas. Productivity increases in agriculture can reduce poverty by increasing farmer's income, reducing and stabilizing food prices and thereby increments in consumption;

2. Kenya's agriculture sector continues to face challenges in production in marginal areas. This is mainly due to frequent and prolonged drought hence the need for drought tolerant crops like sorghum to address the issue of food security, household income and poverty alleviation, and climate change adaptation;

3. Sorghum is a stable food crop for mainly low-income households in Kenya and a raw material in the food, feed and brewing sectors;

4. Sorghum production does well in drought prone areas thus forming a major livelihood for these communities that inhabit these areas. This has been the driving force behind promoting sorghum production by various stakeholders in these regions (Eastern, Western and Nyanza);

5. The Kenya Arid and Semi-Arid Lands Programme (KASAL) in conjunction with the Kenya Agricultural Research Institute, introduced gaddam sorghum for commercial production as a measure to improve income generation and food security. The incentive to produce sorghum was enhanced by market access offered by EABL;

6. In 2004, the Government granted a remission of 30% on excise duty on beer made from sorghum, and increased to 100% in 2006. Consequently, the East African Breweries Limited (EABL) ventured into manufacturing Senator Keg (a brand of beer using sorghum as one of the raw materials) and further clustered farmers to combine their harvest for bulk sales to the Company;

7. The 100% tax remission allowed beer made from locally produced sorghum to be sold at the same price as most of the elicit brews. This was meant to promote the use of locally produced raw materials (sorghum) while encouraging consumers of elicit brew to switch to hygienically prepared beer;

8. The Tax break boosted sales of legal beer made from sorghum and allowed government to collect huge taxes arising from large volume of sales. It further reduced consumption of elicit brews;

9. In 2013, the government reduced the 100% excise duty remission on beer made from cassava, sorghum or millet to 50%. This was on top of 16% VAT that the same beer attracted;

10. The change in taxation regime negatively affected the Kenyan economy by:-

    - The price of senator keg increased way above the reach of the poor thus reverting to take elicit brews
    - The major buyer, EABL, cut its production by 22% in 2013 and therefore reduced purchase of sorghum from farmers
    - Reduction in sales (by 75% in 2013/2014) led to losses and therefore reduced government revenue
    - Job losses across the value chain with poverty setting in among the sorghum farmers who could no longer produce sorghum
    - Total estimated loss from sorghum value chain amounting to Kshs 6.4 billion in 2013/2014 financial year.

11. To ensure good livelihood of its citizens, especially those in marginallised areas, and also collect adequate revenues to develop Kenya, empirical evidence suggests that the government should grant 100% excise duty remission on beer made from sorghum.

4.0. COMMITTEE OBSERVATIONS

Upon analyzing the petition and through interaction with the Petitioner, the Committee made the following observations:-

4.1. Legal basis of Excise duty in Kenya

Prior to the enactment of the Excise Duty Act, 2015, the Excise tax in Kenya has been regulated by the Customs and Excise Act Cap 472. Excise Tax is a duty on goods and services manufactured in Kenya or imported into the country. Excise duty on locally manufactured excisable goods and services is payable to the Commissioner of Domestic tax. Excise duty on imported goods and services is payable to the Commissioner Customs Service Department.

An excise tax is a levy that is applied selectively on particular goods and services. The tax may be applied to either production or sale of domestic goods or imports. The tax is directly paid by the manufacturers, but the tax burden is passed to the consumers through an increase in prices. The main reasons as to why the government levies excise duty is to:-

1. Raise substantial revenue for the government at relatively low administrative and compliance costs.
2. Discourage consumption of those goods deemed to be socially undesirable. This, in economic terms, is referred to as correcting negative externalities. For example, this tax is levied on cigarettes and alcohol to deter excessive consumption of these products which are, not only harmful to the individual consuming them, but also to the society at large.
3. Improve vertical equity of the tax system or largely promote fairness in the system. Revenue collected from excise tax is used to promote equity by spending on job creation and pro-poor programmes to benefit the low-income groups

4.2. Implications of Excise Duty policy change on Beer made from sorghum

(a) Between the year 2004 and 2013

In 2004, the government increased excise duty remission alcoholic drinks made form sorghum to 30%. This figure was revised to 100% in the year 2006. This policy change led to increased production of sorghum by both small and large scale farmers; the EABL increased its production capacity of senator Keg; Keg's volume of sales increased leading to increased profits by EABL; consumption of elicit brews greatly reduced; the government revenue arising from excise duty on keg increased; more jobs were created along the sorghum value chain and therefore the economic prospects of the country were on the upward trajectory.

(b) Between June 2013 to June, 2015

In June, 2013, the government reduced the excise duty remission from 100% to 50% in respect of beer (senator Keg) made from sorghum. According to the National Treasury, this policy change was aimed at raising revenue in the 2013/2014 financial year to a tune of Khs 6.2 billion to help finance key government projects. This policy change had the following impact on the economy:-

1. Increased the price of senator Keg by 50%
2. The consumers of the drink are price-sensitive; many of them have switched to other unhygienic alternatives which have resulted to low productivity, loss of eye sights and deaths as was recently witnessed by the deaths of people in various counties across the country
3. Monthly sales of senator keg plummeted from 20 million litres to3.5 million litres
4. East Africa Breweries Limited (EABL) estimates that 7,500 distributors out of the original 12,000 that previously supplied senator have closed business as the effects of the excise tax imposed on Senator Keg beer began to bite. The estimated ripple effect of 7,500 outlets closed and the livelihoods they support in terms of employees and families could be over100,000 people affected directly or indirectly.
5. Reduction in government revenue arising from reduction in profits from the sorghum value chain. Manufacturers recorded a reduction in revenues from senator keg thus significantly reducing it profits and the corporate tax that the government collects from the manufacturers. The drop in sales had consequently resulted into loss of business and jobs directly for manufacturers and their distributors respectively.
6. The high increase in senator keg prices forced low-income earners to turn to low cost brews and spirits which are of questionable quality, some toxic leading to loss of lives and eye sight, low-productivity and dysfunctional families.
7. Farmers scaled down sorghum production ushering in poverty since sorghum production was the main source of their livelihoods

(c) Enactment of the Alcoholic Drinks Control (Amendment) Act, 2015

Arising from the adverse economic impact occasioned by 50% excise duty remission on senator Keg, the National Assembly amended the Alcoholic Drinks Control Act, 2011 by obligating the Cabinet Secretary for finance to provide 90% excise duty remission on beer made from cassava, millet or sorghum grown in Kenya. The Bill was assented to by H. E the President on 14thMay, 2015 and operationalized immediately after gazettement. This therefore grants the prayers sought in the petition.

(d) Government investment in drought tolerant crops

It was noted that the government's investment in drought tolerant crops commonly known as orphaned crops such as cassava, millet and sorghum has continued to dwindle. Considering that communities living in the Arid and Semi Arid Areas depend on these crops for their livelihoods, the government should investing in research with a view to developing early maturing varieties; provision of better cultivation equipment to farmers and value addition especially production of bio-fuel from these crops.

5.0. COMMITTEE RECOMMENDATIONS

Having considered the petition, the Committee noted that the first two prayers sought in respect to the de-gazettement of Legal Notice No. 103(2) of 18th June 2013 have already been answered through the Alcoholic Drinks Control (Amendment) Act, No.3. of 2015. On the other prayers, the Committee finds merit in them and therefore recommends that through the Cabinet Secretary for the National Treasury, the Government:-

i) Invests more in drought tolerant crops;

ii) Supports alternative uses of sorghum including production of bio-fuel ; and

iii) Considers giving 100% remission on beer produced from sorghum or millet in the budget for the next financial year.

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT
(THIRD SESSION)

PUBLIC PETITION

ON

DE-GAZETTEMENT OF LEGAL NOTICE NO. 103, THE CUSTOMS AND EXCISE ACT (CAP.472) TO GRANT REMISSION OF EXCISE DUTY AT FIFTY (50%) PER CENTUM IN RESPECT TO BEER MADE FROM SORGHUM OR MILLET

I, THE UNDERSIGNED, on behalf of the Citizens of Kenya in particular the Sorghum and Millet farmers,

DRAW the attention of the House to the following;

i. **THAT,** Sorghum farming is an important agricultural and income generating activity especially in Western, North Rift Valley, Eastern and part of Central Kenya. The crop is drought resistant and therefore popular in the dry parts of this country;

ii. **THAT,** the Kenya Arid and Semi-Arid Lands Programme (KASAL) in conjunction with the Kenya Agricultural Research Institute, introduced gaddam sorghum for commercial production as a measure to improve income generation and food security;

iii. **THAT,** the Government offered a tax relief for beer made from sorghum. Consequently, the East African Breweries Limited (EABL) ventured into manufacturing of a brand of beer using sorghum as one of the raw materials and further clustered farmers to combine their harvest for bulk sales to the Company;

iv. **THAT,** the Government set the price of the beer at a reasonable price that made the brand affordable to low income earners and served as an alternative to illicit brews and '*changaa*'. This led to a rise in the demand for sorghum hence the number of farmers recruited by the East Africa Malting Limited, a subsidiary of EABL, increased to over twenty thousand farmers;

PUBLIC PETITION

ON

DE-GAZETTEMENT OF LEGAL NOTICE NO.103, THE CUSTOMS AND EXCISE ACT (CAP.472) TO GRANT REMISSION OF EXCISE DUTY AT FIFTY (50%) PER CENTUM IN RESPECT TO BEER MADE FROM SORGHUM OR MILLET

v. **THAT,** the Government collects Value Add Tax (VAT) in excess of Kshs.1.5 billion from the sale of beer made from sorghum. Further, in September 2013, the Government increased the excise duty for the beer produced from sorghum as a raw material which led to a decline in sales, subsequent job losses and loss of income for these small-scale sorghum farmers;

vi. **THAT,** the Government did not consider the impact of the Legal Notice 103(2) of 18th June 2013 in regard to the welfare of its citizens, in particular, these sorghum farmers;

vii. **THAT,** we confirm that the issues in respect of which the Petition is made are not pending before any court of law.

THEREFORE your humble petitioners PRAY that the National Assembly, through the Departmental Committee on Finance, Planning and Trade obtains without delay, an undertaking from the Cabinet Secretary in charge of the National Treasury that:-

i) The National Treasury de-gazettes Legal Notice 103(2) of 18th June 2013;

ii) The National Treasury reviews and reverses the excise duty grant to one hundred per cent (100%) remission on beer produced from sorghum or millet;

iii) The Government invests more in drought resistant crops; and

iv) The Government supports alternative uses of sorghum including production of bio-fuel.

And your **PETITIONERS** will ever pray.

PRESENTED BY,

HON. JOSEPH M'ERUAKI M'UTHARI, MP
<u>MEMBER FOR IGEMBE NORTH CONSTITUENCY</u>
Date.............................

MINUTES OF THE 8TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE HELD ON THURSDAY 11TH FEBRUARY, 2016 IN CONTINENTAL HOUSE, COMMITTEE ROOM, 5TH FLOOR, PARLIAMENT BUILDINGS AT 10:00AM

PRESENT

1. Hon. Nelson Gaichuhie, MP — **Vice-Chairperson**
2. Hon. Eng. Shadrack Manga, MP
3. Hon. Jimmy Nuru Angwenyi, MP
4. Hon. Anyanga Andrew Toboso, MP
5. Hon. Jones Mlolwa, MP
6. Hon. Daniel Epuyo Nanok, MP
7. Hon. Kirwa Stephen Bitok, MP
8. Hon. Abdullswamad Shariff, MP
9. Hon. Abdul Rahim Dawood ,MP
10. Hon. Sammy Koech, MP
11. Hon. Sammy Mwaita, MP
12. Hon. Ronald Tonui, MP
13. Hon. Sakwa John Bunyasi, MP
14. Hon. Dr. Oburu Oginga, MP
15. Hon. Lati Lelelit, MP
16. Hon. Ogendo Rose Nyamunga, MP
17. Hon. Timothy Bosire, MP

ABSENT WITH APOLOGIES

1. Hon. Benjamin Langat, MP — **Chairperson**
2. Hon. Shakeel Shabbir, MP
3. Hon Kubai Iringo, MP
4. Hon. Mary Emase, MP
5. Hon. Dennis Waweru, MP
6. Hon. Alfred Sambu, MP
7. Hon. Tiras Ngahu, MP
8. Hon. Joash Olum, MP
9. Hon. Sumra Irshadali, MP
10. Hon. Patrick Makau King'ola, MP
11. Hon. Joseph Limo, MP
12. Hon. Sakaja Johnson, MP

IN ATTENDANCE

1. Mr. Nicodemus Maluki - Third Clerk Assistant
2. Mr. Fredrick Otieno - Third Clerk Assistant
3. Mr. Eric Ososi - Research Officer

MIN.NO. DCF/031/2016: PRELIMINARIES

The Vice Chairperson called the meeting to order at 10:30 am followed by a word of prayer.

MIN.NO. DCF/032/2016: CONSIDERATION AND ADOPTION OF THE REPORT ON PETITION ON DE-GAZETTEMENT OF LEGAL NOTICE NO. 103 BY HON. JOSEPH M'ERUAKI, MP

The Committee read through the draft report and adopted it unanimously with the following recommendations:-

i) Considering the climatic changes in the country the government should invest more in drought tolerant crops

ii) The government should support alternative uses of sorghum including production of bio-fuel

iii) The government should consider providing 100% excise duty remission on beer made from cassava, millet or sorghum grown in Kenya in the 2016/ 17 financial year budget.

MIN.NO. DCF/033 /2016: ANY OTHER BUSINESS

i) The Vice Chairperson informed Members that the Committee will be meeting the Governor, Central Bank of Kenya on the Imperial Bank Limited crisis on Tuesday 16th February, 2016. He urged Members to observe time.

ii) The Committee resolved to be engaging the Ministries and Agencies they oversight more regularly.

iii) The Secretariat was requested to avail the list of all foreign trips undertaken by the Committee in the next meeting.

iv) Hon. Abdul Rahim Dawood,MP indulged to brief the Committee on the Capital Gain Tax in relation to Finance Bill, 2016 . It was agreed that the Member will make his presentation at an opportune time.

MIN.NO. DCF/034 /2016: ADJOURNMENT

The Vice Chairperson adjourned the meeting at 1.50pm

Signed...**date**...8th March 2016...

Vice Chairperson

THE ALCOHOLIC DRINKS CONTROL (AMENDMENT) ACT

No. 3 of 2015

Date of Assent: 14th May, 2015

Date of Commencement: 4th June, 2015

AN ACT of Parliament to amend the Alcoholic Drinks Control Act, 2010

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Alcoholic Drinks Control (Amendment) Act, 2015. Short title.

2. Section 4 of the Alcoholic Drinks Control Act, 2010 (hereinafter referred to as "the principal Act") is amended by inserting the following new paragraph immediately after paragraph (e)— Amendment of section 4 of No 4 of 2010.

"(ea) provide support and assistance in the establishment of treatment and rehabilitation programmes that shall recognize alcoholism as a disease".

3. Section 65 of the principal Act is amended by inserting a new subsection immediately after subsection (5) as follows— Amendment of section 65 of No 4 of 2010.

"(6) In conducting the education and awareness campaign under this section, the relevant agency and the Government shall—

(a) recognize alcoholism as a disease and the alcohol use disorders as defined and classified by World Health Organization shall be recognized as disorders in Kenya;

(b) promote the establishment of treatment and rehabilitation programmes that are affordable;

(c) educate the public on the benefits of using affordable alternatives to dangerous liquor.

4. The principal Act is amended by inserting the following new section immediately after section 68— Insertion of new sections 68A into No 4 of 2010.

Tax policies.

68A. The Cabinet Secretary responsible for finance shall implement tax policies and where appropriate grant remission of duty under the relevant law on alcoholic drinks that are locally manufactured so as to promote compliance of those drinks with the objectives of this Act.

(2) Notwithstanding the provision of any other law, the Cabinet Secretary responsible for finance shall grant remission of excise duty at ninety per centum with respect to beer made from sorghum, millet or cassava grown in Kenya, if that licensed manufacturer—

(a) manufactures beer that has at least seventy-five per centum content of sorghum, millet or cassava, excluding sugar; and

(b) packs the beer in a pasteurised container of at least thirty litres or such other container and quantity as the Cabinet Secretary may approve.