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THE TEA ACT, 2020

AN ACT of Parliament to provide for the regulation, development and promotion of the tea industry, and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

PART I—PRELIMINARY

1. This Act may be cited as the Tea Act, 2020.

Short title.

2. In this Act—

Interpretation.

“auction” means a physical or electronic system where potential buyers place competitive bids for tea;

“auction organizer” means a person, company or firm established for the purpose of organizing tea auctions in Kenya;

“blending” means the art of mixing of teas of different types and grades to affect the flavour and characteristics of the tea for the purposes of packing and sale;

“Board” means the Tea Board of Kenya established under section 3;

“broker” means a person or company or firm established for the purpose of negotiating the purchase or sale of tea between tea growers or tea factories and buyers for a fee;

“buyer” means a person, company or a firm engaged in acquiring made tea for sale in the local or export market, including export of imported tea;

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to agriculture;

“commercial green leaf transporter” means a person, a firm or a corporate body contracted by a tea factory to provide green leaf transport services from the farm or leaf collection centre to the tea factory at a fee;

“commercial tea nursery” means a person or firm who maintains not less than five hundred tea seedlings or tea planting material for sale;

“county government” has the meaning assigned to it under Article 176 of the Constitution;

“crops inspector” means a person appointed as an inspector in accordance with section 49 of the Act;

“export” means to take tea or cause tea to be taken out of the Kenya customs territory or out of an Export Processing Zone;

“exporter” means a person, a firm, or a corporate body engaged in the business of blending, packaging and exporting of tea in bulk or in value added form;

“Foundation” means the Tea Research Foundation established under section 55;”

“Fund” means the Tea Fund established under section 54;

“grower” means any person who is cultivating tea in an area;

“green leaf agreement” means an agreement between a tea grower and a tea factory relating to the delivery of green leaf;

“import” means to bring tea into or cause to be brought into the Kenya customs territory or into an Export Processing Zone;

“importer” means a person, a firm, or a corporate body engaged in the business of importing tea into Kenya;

“large scale tea grower” means a person cultivating tea in a parcel of land above fifty acres;

“levy” means the levy imposed by the Cabinet Secretary on tea exports and imports in accordance with section 53;

“licensee” means a person who holds a manufacturing licence issued under the Act;

“made tea” means the derivative from tea leaf through a manufacturing process;

“management agent” means any person that is appointed by a tea factory through a specific management contract or agreement to perform or offer professional services other than company secretary services;

“manufacture” means the mechanical or chemical processing and conversion of green tea leaf into made tea or other tea products and includes the packaging, labelling, distribution of tea and tea products for sale;

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“manufacturing licence” means a licence issued under section 25;

“medium scale tea grower” means a person cultivating tea in a parcel of land of between ten and fifty acres;

“person” includes a firm, a company, an association, cooperative society or a corporate body;

“small scale tea grower” means a grower cultivating tea in a parcel of land of less than ten acres;

“specialty teas” means premium teas manufactured whole leaf, semi-aerated or non-aerated and includes green, purple, white, oolong and orthodox but does not include black curl tear and cut teas;

“tea” means the plant botanically known as *camellia sinensis* and includes its seed, tea plants and the leaf, whether on the plant or detached therefrom, and in the latter case, whether green tea or manufactured tea;

“tea block” means a block set out in the Third Schedule within which tea is grown;

“tea dealer” includes a warehouse operator, buyer, exporter, importer, broker, packer, manufacturer, management agent, and auction organizer;

“tea factory” means a factory that processes and manufactures tea leaf into made tea;

“tea grower” means a person who grows tea or cultivates tea in Kenya;

“tea packer” any person who blends, brands and packs tea into packets or containers holding not more than ten kilograms of tea intended for sale locally or for export;

“value addition” means improvements on made tea through packaging, blending, flavouring, tea extracts, tea aroma and branding;

“warehouse” means a premise used for the storage of made tea and specialty tea by a warehouse operator; and

“warehouse operator” means a company registered in Kenya which is in the business of storing tea.

PART II—THE TEA BOARD OF KENYA

3. (1) There is established a Board, to be known as the Tea Board of Kenya.

Establishment of Board.

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(2) The Board shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of—

- (a) suing and being sued;
- (b) purchasing or otherwise acquiring, holding, charging and disposing of movable and immovable property;
- (c) borrowing and lending money; and
- (d) doing or performing all other things or acts necessary for the proper performance of its functions under this Act which may lawfully be done or performed by a body corporate.

4. (1) The headquarters of the Board shall be in Nairobi City County. Headquarters.

(2) The Board may establish such branches in Kenya as it may consider necessary for the efficient performance of its functions.

5. (1) The Board shall— Functions of the Board.

- (a) develop, promote and regulate the development of the tea industry;
- (b) co-ordinate the activities of individuals and organizations within the tea industry;
- (c) facilitate equitable access to the resources, facilities and benefits of the tea industry by all interested parties;
- (d) make recommendations to the Cabinet Secretary on the formulation of policies, plans and strategies for the regulation of the tea sector;
- (e) register tea factories, small scale tea growers, medium scale tea growers, large scale tea growers, warehouse operators, tea packers, tea buyers, exporters, importers, tea brokers, management agents, tea auction organizers, commercial tea nurseries, commercial green leaf transporters;
- (f) license manufacturers;
- (g) promote best practices and standards in the production, processing, marketing, grading,

storage, collection, transportation and warehousing of tea;

- (h) facilitate marketing and distribution of tea through gathering and dissemination of market information and monitoring of the local and global supply-demand situation;
- (i) co-ordinate prioritization of research in tea;
- (j) regulate the sale, import and exports of tea;
- (k) develop, implement and coordinate a national tea marketing strategy;
- (l) prescribe the maximum period and minimum amount for payment of green leaf;
- (m) promote and advise on strategies for value addition and product diversification;
- (n) promote demand and consumption of tea locally and internationally;
- (o) identify market needs and trends and advise the Cabinet Secretary on issues related to national and international tea trade;
- (p) collaborate with national and international trade bodies on tea related matters;
- (q) monitor, conduct surveillance and enforce compliance with tea standards, this Act and any regulations made under it;
- (r) advise the national government on levies, fees and import or export duties on tea;
- (s) advise the county governments on agricultural cess and fees;
- (t) oversee the efficient utilization of available Board's funds;
- (u) undertake capacity building, technology transfer and technical assistance to the counties on matters related to tea; and
- (v) carry out such other functions as may be assigned to it by this Act, and any written law while respecting the roles of the two levels of governments.

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Powers of the
Board.

6. (1) The Board shall have all the powers necessary for the proper performance of its functions under this Act and in particular, but without prejudice to the generality of the foregoing, the Board shall have power to—

- (a) enter into contracts;
- (b) manage, control and administer the assets of the Board;
- (c) receive gifts, grants, donations or endowments made to the Board and make disbursement therefrom in accordance with the provisions of this Act;
- (d) collaborate with such bodies or organizations within or outside Kenya as it may consider desirable or appropriate and in furtherance of the object and purpose for which the Board is established;
- (e) determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Board;
- (f) ensure the proper and effective performance of the functions of the Board;
- (g) manage, control and administer the Tea Fund for purposes that promote the object and purpose of this Act;
- (h) subject to the approval of the Cabinet Secretary for the time being responsible for matters relating to finance, invest any of the Board's funds not immediately required for the purposes of this Act, as it may determine; and
- (i) operate a bank account into which all monies received by the Board shall be paid in the first instance and out of which all payments made by the Board shall be made.

(2) The Board may, if it considers it necessary, create or take part in the creation of, become a member of, or associate with a body or corporation designed to assist or promote the tea industry.

7. (1) The management of the Board shall vest in a Board of Directors consisting of—

- (a) a chairperson appointed by the President by notice in the *Gazette*;
- (b) the Principal Secretary responsible for agriculture or a representative nominated by the Principal Secretary in writing;
- (c) the Principal Secretary responsible for trade or a representative nominated by the Principal Secretary in writing;
- (d) the Principal Secretary responsible for National Treasury or a representative nominated by the Principal Secretary in writing;
- (e) one person of either gender, who shall have knowledge and experience in the tea sector and be from either the East and West tea blocks, nominated alternately by the Council of Governors;
- (f) four persons, two of either gender, representing and elected by small scale and medium scale tea growers from the East and West of the tea blocks:

Provided that two persons shall be from each of the tea blocks:

- (g) one person elected and representing large scale tea growers;
- (h) one person elected and representing tea traders;
- (i) a chief executive officer appointed in accordance with section 13 who shall be an *ex-officio* member of the Board.

(2) The Cabinet Secretary shall appoint the members under subsection (1) (d), (e), (f) and (g) by notice in the *Gazette*.

(3) The appointment of the chairperson or members of the Board under subsection (1) (a), (d), (e), (f) and (g) and shall take into account the gender, regional and other diversities of the people of Kenya.

(4) A person shall not be appointed to be a chairperson of the Board of Directors unless that person holds at least a degree or its equivalent in any discipline from an institution

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recognized in Kenya and has relevant experience in the tea sector.

8. (1) The persons appointed under section 7 (1) (a), (d), (e), (f), and (g) shall serve for a term of three years renewable for one further term.

Term of appointment.

(2) The persons appointed under section 7(1) (a), (d), (e), (f) and (g) shall be appointed at different times so that their respective expiry of terms of office shall fall at different times but not more than six months shall lapse between one appointment and another.

9. A person shall cease to be a member of the Board of Directors if such person—

Vacation of office.

- (a) is absent from three consecutive meetings of the Board without notifying the chairperson;
- (b) becomes an officer, agent or member of staff of the Board;
- (c) resigns in writing, addressed, in the case of the chairperson to the President and in the case of any other member, to the Cabinet Secretary;
- (d) is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months;
- (e) is declared bankrupt;
- (f) is unable to perform the functions of his office by reason of mental or physical infirmity; or
- (g) dies.

10. (1) The Board of Directors may establish such committees as it may consider necessary for the efficient performance of its functions and the exercise of its powers under this Act.

Committees of the Board.

(2) The Board of Directors may co-opt to sit in the committees established under subsection (1), such other persons whose knowledge and skills are necessary for the performance of the functions of the Board.

11. The Board of Directors may, by resolution, delegate to any committee of the Board or to any member, officer, employee or agent of the Board, the exercise of any of the powers or the performance of any of the functions of the Board under this Act or under any other written law.

Delegation by the Board.

12. The Board of Directors shall be paid such remuneration or allowance as the Cabinet Secretary shall, in consultation with the Salaries and Remuneration Commission determine.

Remuneration of members of the Board.

13. (1) The chief executive officer shall be competitively recruited and appointed by the Board on such terms and conditions as the Board shall determine.

Chief executive officer.

(2) The chief executive officer shall be responsible for the day to day management of the affairs of the Board.

(3) A person is not qualified for appointment under subsection (1) unless the person—

- (a) holds a relevant degree from a university recognized in Kenya;
- (b) has at least ten years knowledge and experience in a relevant field;
- (c) has at least five years' experience in a position of management; and
- (d) meets the requirements of Chapter Six of the Constitution

(4) The chief executive officer shall serve for a term of three years and is eligible for appointment for a further term of three years upon satisfactory performance.

14. The chief executive officer shall cease to hold office if the person—

Vacancy.

- (a) resigns in writing, addressed to the chairperson of the Board of Directors;
- (b) is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months;
- (c) is found liable for gross misconduct or abuse of office in contravention of the Public Officers Ethics Act or any other relevant law;
- (d) is declared bankrupt;
- (e) is unable to perform the functions of his office by reason of mental or physical infirmity; or
- (f) dies.

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15. (1) There shall be a Corporation Secretary who shall be competitively recruited and appointed by the Board.

Corporation
Secretary.

(2) The terms and conditions of service of the corporation secretary shall be determined by the Board in the instrument of appointment upon the advice of the Salaries and Remuneration Commission.

(3) A person is qualified for appointment under subsection (1) if that person—

- (a) holds a degree from a recognised university;
- (b) is registered under the Certified Public Secretaries of Kenya Act;
- (c) is a member of good standing of the Institute of Certified Public Secretaries of Kenya;
- (d) has at least five years' experience in a similar position; and
- (e) satisfies the requirements of chapter six of the Constitution.

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(4) The Corporation Secretary shall be the secretary to the Board and shall —

- (a) provide guidance to the Board of Directors on their duties and responsibilities and on matters of governance;
- (b) ensure timely preparation and circulation of Board and Committee papers and minutes;
- (c) maintain and update the register of conflicts of interest;
- (d) facilitate effective communication between the organisation and the shareholders; and
- (e) ensure that the annual returns and any other statutory documents required to be filed are promptly filed with the relevant authorities.

16. (1) The Board may employ such officers, agents and staff as are necessary for the proper and efficient discharge of the functions of the Board under this Act and upon such terms and conditions of service as the Board may determine.

Staff of the Board.

(2) In employing staff, the Board shall take into account the gender, regional and ethnic diversities of the people of Kenya, youth and persons with disabilities.

17. The affixing of the common seal of the Board shall be authenticated by the signature of the chairperson and the chief executive officer or a person designated by the Board.

Common seal of the Board.

18. All letters and instruments written or made by or on behalf of the Board of Directors, other than those required by law to be under seal, and all decisions of the Board of Directors, shall be signed under the hand of the chief executive officer or in the absence of the chief executive officer, a person authorized by the Board.

Signing authority.

19. The business and affairs of the Board of Directors shall be conducted in accordance with the First Schedule.

Conduct of business of the Board.

PART III—REGULATORY PROVISIONS

20. (1) Pursuant to the Fourth Schedule of the Constitution—

Role of national and county governments in the development of tea.

- (a) the Board, on behalf of the national government, shall be responsible for licensing and charging of levies;
- (b) each county government shall implement the national government policies to the extent that the policies relate to the county and in particular shall be responsible for—
 - (i) the development of tea grown within the county;
 - (ii) tea disease and pest control;
 - (iii) markets within the county;
 - (iv) cooperative societies within the county;
 - (v) register commercial tea nursery operators; and
 - (vi) soil and water conservation.

(2) In order to achieve the objects and purposes of this Act, the national and county governments shall provide an enabling environment for the development of the tea sector.

21. (1) A small scale tea grower and medium scale tea grower shall register with the tea factory to which the respective tea growers deliver green leaf or purple leaf using the prescribed form.

Registration of small scale tea growers and medium scale tea growers.

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(2) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of small scale tea growers and medium scale tea growers and the appeal process in case of refusal or denial of registration.

(3) Every factory shall keep or cause to be kept for statistical purposes, a register of all small scale tea growers and medium scale tea growers registered under subsection (1) specifying—

- (a) the name of the small scale tea grower and medium scale tea grower;
- (b) the location, size and parcel number of the land on which the tea is grown;
- (c) the net weight in kilogrammes of green leaf delivered and amount paid submitted annually;
- (d) the variety of tea grown; and
- (e) such other information as the Board may prescribe.

(4) Where the tea factory has reasonable cause to believe that a person whose particulars are so recorded has ceased to be a small scale tea grower and medium scale tea grower, it may, after giving that person written notification by registered post of its intention to do so, remove their name from the register.

(5) The register referred to in subsection (6) shall be prima facie proof of the fact that a person is a registered small scale tea grower or medium scale tea grower.

(6) The tea factory shall furnish the Board with particulars of all registered small scale tea growers or medium scale tea growers in such manner as the Board may prescribe.

(7) A person shall not sell or offer for sale green leaf unless the person is registered with a tea factory in accordance with this Act.

(8) A tea factory shall only buy green leaf from its registered tea growers.

(9) A small scale tea grower or medium scale tea grower shall not sell green leaf to any person other than the tea factory where they are registered.

(10) A small scale tea grower or medium scale tea grower wishing to change the tea factory where they deliver their green leaf shall inform their respective tea factory by giving a minimum notice of thirty days.

(11) A person who contravenes the provisions of this section commits an offence and shall, on conviction, be liable to a fine not exceeding one hundred thousand shillings, or imprisonment for a term not exceeding six months, or to both.

22. (1) The Board of Directors of tea factory limited companies shall be a maximum of five members.

Board of directors of tea factory limited companies.

(2) The Board shall put in place mechanisms to ensure that not more than two-thirds of the Board of Directors of tea factory limited companies elected or appointed are of the same gender.

(3) The Board of Directors of tea factory limited companies shall be elected through a democratic system of one grower, one vote.

(4) Where a Board member for tea factory limited company is temporarily unable to perform their duties, the Board may appoint another person from the respective block to act in their place during the period of absence.

23. (1) A large scale tea grower shall register with the Board in a prescribed form and shall pay the prescribed fee.

Registration of large scale tea growers.

(2) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of large scale tea growers and the appeal process in case of refusal or denial of registration.

(3) A person who grows tea in contravention of subsection (1) commits an offence and shall, on conviction, be liable to a fine not exceeding one million shillings, or imprisonment for a term not exceeding two years, or to both

24. The manager of a tea factory shall issue a certificate of registration to a small scale tea grower, medium scale tea grower or a large scale tea grower in the form prescribed in regulations.

Tea grower certificate.

25. (1) A person shall not manufacture tea for sale except under and in accordance with a licence issued under this Act.

Licencing of manufacturers.

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(2) A person shall apply for a manufacturing licence to the Board in a prescribed form and shall pay the prescribed fee.

(3) The Board may, after consultation with the Cabinet Secretary —

- (a) issue a manufacturing licence, in accordance with this Act
- (b) refuse to issue the licence on any ground which may appear to the Board to be sufficient and inform the applicant in writing of the reasons thereof;
- (c) cancel, vary or suspend any licence if in the findings of the Board, the licensee is found to have contravened the regulations made under this Act for the operation of manufacturing entities.

(4) A manufacturing licence issued under this section shall in addition to authorizing the holder to carry on the business set out in subsection (1), also authorize the holder to carry out the business of packing and blending tea.

(5) Before the issuance or renewal of a manufacturing licence for a tea factory limited company the Board shall satisfy itself that the applicant has a procurement policy providing for competitive procurement of goods and services.

26. The Board shall maintain a register, in such form as prescribed in regulations, of all manufacturers licensed under this Act and shall enter therein, in respect of each tea factory —

Register of
manufacturers.

- (a) the full names of the manufacturer;
- (b) the date of issue of the licence;
- (c) particulars of any cancellation, suspension or variation of the licence; and
- (d) any other particulars the Board may deem necessary.

27. (1) A person commits an offence if the person—

- (a) manufactures tea for sale in contravention of this Act;

Illegal
manufacture,
possession, etc.

(b) buys, sells, offers for sale, transports or has possession of tea which to the person's knowledge or belief—

- (i) has been grown, manufactured or processed otherwise than in accordance with this Act;
- (ii) is from a non-registered grower or dealer of such crop.

(2) A person who commits an offence under subsection (1) shall be liable, on conviction, to a fine not exceeding ten million shillings, or to imprisonment for a term not exceeding five years, or both.

(3) If a person is in possession or has control of tea for which the person is unable to account to the satisfaction of a crop inspector under this Act, such tea shall be deemed to have been grown, manufactured or dried otherwise than in accordance with this Act until the contrary is proved.

(4) If a person is convicted of an offence under this section, the court shall order that any tea and any vehicle, vessel or other conveyance in relation to which an offence has been committed shall be forfeited to the Government unless, in the case of a vehicle, vessel or other conveyance, the court deems it necessary, for reasons to be recorded by it in writing, not to do so.

28. (1) Every warehouse operator shall register with the Board.

Registration of warehouse operator.

(2) A person shall not store tea unless the person is registered in accordance with this Act.

(3) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of warehouse operators and the appeal process in case of refusal or denial of registration.

(4) A person who contravenes subsection (2) commits an offence and shall on conviction be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

29. (1) Every tea packer shall register with the Board.

Registration of tea packers.

(2) A person shall not pack tea unless the person is registered in accordance with this Act.

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(3) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of tea packers and the appeal process in case of refusal or denial of registration.

(4) A person who contravenes subsection (2) commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

30. (1) A person who intends to carry on the business of tea buying, tea exporting or tea importing shall register with the Board.

Registration of a tea buyer, exporter or importer.

(2) A person shall not carry on the business of buying tea, exporting or importing tea unless the person is registered in accordance with this Act.

(3) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of tea buyers, tea exporters and tea importers and the appeal process in case of refusal or denial of registration.

(4) A person who contravenes this section commits an offence and shall on conviction be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

31. (1) A person who imports tea into Kenya shall prior to importation—

Tea imports.

(a) provide evidence that the teas they intend to import are not available in the local market or at the tea auction;

(b) provide a sample of the teas to be imported and pre-import verification certificate from the country of origin; and

(c) obtain pre-import approval from the Board.

(2) A person who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

32. (1) Every tea broker shall register with the Board.

Registration of a tea broker

(2) A person shall not negotiate the purchase or sale of tea unless the person is registered in accordance with this Act.

(3) The Cabinet Secretary shall prescribe regulations providing for—

- (a) the procedure for registration of a tea broker and the appeal process in case of refusal or denial of registration;
- (b) the maximum number of tea factories that shall be served by a tea broker.

(4) The remuneration paid to a tea broker by a tea factory limited company and a tea buyer or exporter for services rendered shall not exceed zero point seven five per centum of the gross sales by the broker.

(5) A person who contravenes subsections (2) and (4) commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

33. (1) Every management agent shall register with the Board.

Registration of a management agent.

(2) A person shall not perform or offer professional services to a tea factory unless the person is registered in accordance with this Act.

(3) Every management agent shall submit annual returns to the Board and a copy to the respective county government in the form prescribed.

(4) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of a management agent and the appeal process in case of refusal or denial of registration.

(5) A person who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for term not exceeding three years or to a fine not exceeding five million shillings or to both.

34. (1) A person who intends to manufacture or deal in tea may engage the services of a management agent upon such terms and conditions as may be agreed in the management agreement between them.

Management agent agreement.

(2) A management agent shall sign a management agreement with each tea factory limited company that they intend to offer management agent services to.

(3) A management agreement between a management agent and a tea factory, shall be—

- (a) submitted to the Board for review and approval before execution by parties; and
- (b) for a period of five years, and may be renewed upon expiry at the discretion of the tea factory.

(4) The remuneration for services rendered by a management agent to a tea factory limited company shall not exceed one point five per centum of the net sales value of the tea sold per year.

(5) The staff costs for personnel seconded to the tea factory limited company by a management agent shall be borne by the management agent.

(6) Company Secretarial services shall be excluded from services to be offered by a management agent to a tea factory limited company.

(7) A tea factory shall recruit its own in-house Company Secretary or outsource the service.

(8) Despite subsection (7), a tea factory may enter into an arrangement with one or more tea factories to have a joint in-house Company Secretary.

(9) A director of a tea factory shall not serve as a director in another company having a direct or indirect commercial relationship with the tea factory where the person is serving as a director.

(10) Where the provisions of subsection (9) apply, a director of a tea factory shall forthwith relinquish his or her position.

35. (1) Every tea auction organizer shall register with the Board.

Registration of a tea auction organizer.

(2) A person shall not deal in tea as a tea auction organizer unless the person is registered in accordance with this Act.

(3) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of a tea auction organizer and the appeal process in case of refusal or denial of registration.

(4) A person who contravenes this section commits an offence and shall on conviction be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

36. (1) All teas processed and manufactured in Kenya for the export market with the exception of orthodox and specialty teas shall be offered for sale exclusively at the tea auction floor.

Auction process.

(2) All tea factory limited companies shall register with the Board and the auction organizer to participate in the tea auction directly and not through management agents.

(3) An auction organizer shall establish an electronic trading platform for the auction of tea that will be usable and accessible to all players in the value chain.

(4) A buyer shall pay in full the value of the tea bids they have won at the auction before collecting or taking custody of the tea.

(5) Tea brokers, buyers and the auction organizers shall ensure that the proceeds from the sale of tea are remitted to the tea factories accounts within fourteen days from the date of the auction.

(6) A tea factory shall within thirty days of receipt of the proceeds of the sale of tea, pay tea growers—

- (a) at least fifty per centum of payment due for green leaf delivered every month;
- (b) the balance due to the tea grower within three months from the end of financial year.

(7) An auction organizer shall develop trading rules to govern its operations and the trading rules shall be submitted to the Board for approval.

37. (1) A person who intends to carry on the business of commercial green leaf transporter shall register with the Board.

Registration of commercial green leaf transporters.

(2) A person shall not carry on the business of commercial green leaf transporter unless the person is registered in accordance with this Act.

(3) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of commercial

green leaf transporters and the appeal process in case of refusal or denial of registration.

(4) A person who contravenes subsection (2) commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

38. (1) A person who intends to establish a commercial tea nursery shall register with the county government where they intend to establish a tea nursery.

Registration of a commercial tea nursery.

(2) A person shall not establish a commercial tea nursery unless the person is registered in accordance with this Act.

(3) The Cabinet Secretary shall prescribe regulations providing for the procedure for registration of commercial tea nurseries and the appeal process in case of refusal or denial of registration.

(4) A person who contravenes subsection (2) commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

39. (1) The Board shall, before registering, licensing or renewing a registration or licence under this Act, satisfy itself that—

Considerations before registration and licensing and renewal.

- (a) the applicant has complied with the provisions of this Act and any other relevant law; and
- (b) the applicant or the directors of the company are fit and proper for the function for which they seek a licence or registration.

(2) In determining whether a person is fit and proper, regard shall be had to—

- (a) whether they have taken part in any business practice in the tea value chain that in the opinion of the Board was fraudulent, prejudicial or otherwise improper; or which otherwise discredited their method of doing business; and
- (b) whether they have been directors of a company or entity whose licence or registration certificate has previously been revoked or suspended by the Board for any cause.

(3) In determining whether a person or director is fit and proper, the Board shall have due regard to the provisions of the Fair Administrative Action Act, 2015, the Companies Act, 2015 and any other relevant law.

No. 4 of 2015.
No. 17 of 2015.

40. (1) A licence issued under this Act shall be subject to such conditions as the Board may determine and as are specified in the licence and to any conditions which may be prescribed.

Conditions of a licence.

(2) The Board shall consider the professional and moral suitability of a person applying for a license and satisfy itself that such a person is a fit and proper person for the grant of the license.

(3) For the purposes of this section, the criteria for assessing the professional or moral suitability of a person applying for a license shall be as prescribed in the Second Schedule.

(4) In considering an application for a licence, the Board may require to be satisfied as to—

- (a) the financial condition and history of the applicant;
- (b) the integrity of its management;
- (c) the professional and moral suitability of the persons proposed to manage or control applicant;
- (d) the adequacy of the capital structure of the applicant; and
- (e) the public interest which will be served by the granting of the licence.

(5) The Board may at any time during the validity of a licence—

- (a) vary the conditions of the licence; or
- (b) impose conditions or further conditions on the licence.

41. (1) An application for the renewal of a licence under this Act shall be made to the Board in a form prescribed not later than the first day of the month of June in which the current licence is due to expire.

Application for renewal of a licence.

(2) Despite subsection (1), a late application may be made upon payment of a late application fee as may be prescribed by the Board.

42. The Board may revoke, alter or suspend a licence issued under this Act if in its opinion —

Revocation or alteration of a licence.

(a) an offence under this Act, or in respect of the licensed activity under any other written law, has been committed by the licence holder or any employee of the licence holder; or

(b) a condition of the licence has been contravened or not complied with.

43. (1) The holder of a licence which is revoked shall immediately surrender it to the Board.

Surrender of licence.

(2) A licence holder may at any time surrender the licence to the Board and the licence shall cease to have effect immediately.

44. (1) An applicant for or holder of a licence who is aggrieved by a decision of the Board may appeal to the High Court on or in respect of—

Appeals to the High Court.

(a) the grant, refusal, renewal, variation or revocation; or

(b) the conditions imposed on the grant, renewal or variation, of a licence.

(2) An appeal under this section shall be lodged within thirty days from the date on which the appellant first received notice of the decision.

45. Any fee, commission or other dues charged by a broker, management agent or an auction organizer shall be subject to prior approval by the Board.

Approval of fees charged.

46. (1) A person who blends any or various grades of tea produced in Kenya with any other tea produced outside Kenya shall declare the percentage of Kenyan tea on the packaging and on the blend sheet.

Declaration of blended teas.

(2) A person who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding five million shillings or to both.

47. (1) Fees imposed by a county government shall not in any way prejudice national economic policies, economic activities across county boundaries or national mobility of goods, services, capital or labour.

Taxation of tea.

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No. 2 of 2012.

(2) The Cabinet Secretary shall, using the structures established under the Intergovernmental Relations Act, put in place mechanisms to harmonize fees and charges on tea across counties.

48. (1) All tea buyers or exporters shall value add at least forty per centum of their annual Kenya tea exports within eight years of the commencement of this Act.

Tea value addition.

(2) The Cabinet Secretary shall in accordance with regulations made under this Act and in consultation with the Board, facilitate the establishment of Common User Facility for tea value addition as may be prescribed.

PART IV — APPOINTMENT OF CROP INSPECTORS

49. (1) The Board may appoint qualified persons to be crop inspectors for the purposes of this Act.

Appointment of crop inspectors

(2) For purposes of subsection (1), the Board may, by regulations, prescribe the qualifications for a crop inspector.

50. A person duly authorized in writing in that behalf by the Board may, at all reasonable times and upon production of such authority to any person so requesting—

Entry and inspection.

- (a) enter any land or buildings occupied by the holder of a manufacturing licence issued under this Act, or a person registered under this Act;
- (b) make such inspection and enquiries as the person may deem necessary for ascertaining whether the provisions of this Act or the terms and conditions of the respective licence or registration are being complied with; and
- (c) may require any person found thereon to give such information as the person may require.

51. (1) For the purposes of this Act, an inspector who has reasonable grounds may at any reasonable time, enter upon any land, premises or vehicle and may take such persons and things as the inspector considers necessary and may—

Powers of entry.

- (a) perform the functions or exercise the powers conferred by this Act or any other written law;

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- (b) make enquiries or carry out a search to ascertain if this Act is being complied with;
- (c) demand the production by a licence holder of the licence for examination;
- (d) seize and remove any article or thing in respect of which the inspector has reasonable grounds for believing that an offence under this Act is being or has been committed; or
- (e) do any other thing authorized under this Act.

(2) The owner or occupier of or any person on land or in premises or a vehicle which is entered under subsection (1) shall render such reasonable assistance as may be required by the inspector.

(3) A person who refuses, unreasonably delays or fails to comply with a requirement under subsection (2) commits an offence.

52. (1) A person shall not prevent, hinder or obstruct an inspector in performance of the functions, and duties or exercise of powers conferred by this Act.

Obstruction of inspectors.

(2) A person who contravenes subsection (1) commits an offence and shall be liable, on conviction, to a fine not exceeding two million shillings, or to imprisonment for a term not exceeding three years, or both.

PART V—ESTABLISHMENT OF TEA LEVY AND TEA FUND

53. (1) The Cabinet Secretary may, by notice in the Gazette, impose a levy to be levied on tea exports and imports, to be known as the tea levy.

Establishment of Tea Levy.

(2) The levy imposed through a notice under subsection (1) shall be collected by the Board at a rate not exceeding one per centum of the auction value for teas sold through the auction and at such times, being not earlier than one after the date of publication of the notice, in such a manner, as is specified in the notice.

(3) The levy on tea imports shall be charged at a rate of one hundred per centum of the value of the imported teas.

(4) The levy imposed under this section shall be levied and collected in such manner as the Cabinet Secretary may prescribe through regulations.

(5) The tea levy collected under subsection (2) shall be apportioned as follows—

- (a) fifty per centum shall be applied by the Board for income or price stabilization for tea growers;
- (b) fifteen per centum shall be applied by the Board in the furtherance or exercise of any function or power of the Board;
- (c) twenty per centum shall be remitted directly to the Tea Research Foundation;
- (d) fifteen per centum shall be applied for infrastructure development in the tea subsector on a pro rata basis.

(6) A person who fails to pay the tea levy imposed under this Act commits an offence.

54. (1) There is established a Fund to be known as the Tea Fund which shall be managed by the Board.

Establishment of a Tea Fund.

(2) The Fund shall consist of—

- (a) monies appropriated by the National Assembly;
- (b) monies from the tea levy;
- (c) monies from a source approved by the Board; and
- (d) grants and donations made to the Board.

(3) The Board shall apply the monies received into the Fund to—

- (a) income or price stabilization; and
- (b) research and development.

PART VI— ESTABLISHMENT OF THE TEA RESEARCH FOUNDATION

55. (1) There is hereby established a body to be known as the Tea Research Foundation.

Establishment of the Tea Research Foundation.

(2) The Foundation is a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of—

- (a) suing and being sued;
- (b) taking, purchasing or otherwise acquiring, holding, charging and disposing of movable and immovable property;

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- (c) borrowing and lending money;
- (d) entering into contracts; and
- (e) doing or performing all other things or acts necessary for the proper performance of its functions under this Act, which may lawfully be done or performed by a body corporate.

56. (1) The Foundation shall—

Functions of the Foundation.

- (a) promote, co-ordinate and regulate research in tea and tea diseases; and
- (b) expedite equitable access to research information, resources and technology and promote the application of research findings and technology in the development of tea.

(2) For the purpose of carrying out its functions the Foundation shall—

- (a) formulate policy and make policy recommendations to the Cabinet Secretary on tea research;
- (b) prioritise areas for, and co-ordinate, tea research in Kenya in line with the national policy on tea;
- (c) determine and advise the Government on the resource requirements for tea research in Kenya both at the national and county level;
- (d) regulate, monitor and ensure that all tea research undertaken by other institutions or persons undertaking tea research is consistent with the national priorities specified in the relevant policy documents;
- (e) formulate or approve medium and long term research plans, strategies and budgets of the Foundation;
- (f) provide grants to institutions or persons desirous of carrying out research and training programs which are consistent with the national research priorities and plans of the Foundation;
- (g) support and promote the training and capacity building in relation to agricultural research;

- (h) liaise with and ensure the co-ordination of institutions, agencies and persons involved in tea research;
- (i) establish platforms for the purposes of sharing research information, advancing research and transfer of technology and dissemination of information relating to advancements made in tea research;
- (j) conduct training in industry best practice and value-addition;
- (k) ensure continuance of performance improvement in the field of tea research; and
- (l) perform such other functions as may be conferred on it by this Act or any other written law.

PART VII—FINANCIAL PROVISIONS

57. The funds and assets of the Board shall consist of—

Funds of the Board.

- (a) such monies as may be appropriated by the National Assembly;
- (b) such monies or assets as may accrue to or vest in the Board in the course of the exercise of its powers or the performance of its functions under this Act;
- (c) such monies as may be payable to the Board pursuant to this Act or any other written law;
- (d) such gifts as may be donated to the Board; and
- (e) monies from any other source granted, donated or lent to the Board.

58. (1) At least six months before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Board for that year.

Annual Estimates.

(2) The annual estimates shall make provision for all estimated expenditure of the Board for the financial year concerned.

(3) The annual estimates shall be approved by the Board before the commencement of the financial year to

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which they relate and, once approved, the sum provided in the estimates shall be submitted to the Cabinet Secretary for approval.

(4) No expenditure shall be incurred for the purposes of the Board except in accordance with the annual estimates approved under subsection (3), or in pursuance of an authorization of the Board given with prior written approval of the Cabinet Secretary.

59. (1) The Board shall cause to be kept proper books and records of accounts of the income, expenditure and assets of the Board.

Accounts and
Audit.

(2) Within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General the accounts of the Board together with—

- (a) a statement of the income and expenditure of the Board during that year; and
- (b) a statement of financial position of the Board on the last day of that year.

(3) The accounts of the Board shall be audited and reported upon in accordance with the provisions of the Public Audit Act, 2015.

No. 34 of 2015.

60. (1) The Board shall, within a period of three months after the end of each financial year or within such longer period as the Cabinet Secretary may approve, submit to the Cabinet Secretary a report of the operations of the Board during such year, and the annual statement and such other statements of account as the Cabinet Secretary shall require, together with the Auditor-General's report.

Annual report and
publication.

(2) The Board shall, if the Cabinet Secretary so requires, publish the report and statements submitted to him under subsection (1) in such manner as the Cabinet Secretary may specify.

(3) The Cabinet Secretary shall submit to Parliament the reports, statements submitted under subsection (1), within a period of fourteen days of the receipt of the reports and statements or, if Parliament is not sitting, within fourteen days of the commencement of its next sitting.

61. The financial year of the Board shall be the period of twelve months ending on the thirtieth June in each financial year.

Financial year of
the Board.

**PART VIII—COMPLAINTS AND
INVESTIGATION PROCEDURE**

62. (1) A person who is aggrieved by or is likely to be aggrieved by the contravention of any provision of this Act by a licensee may file a complaint requesting the Board to enforce the provisions of this Act against that licensee.

Complaint and investigation against a licensee.

- (2) The complainant shall, in the complaint, —
- (a) cite the specific provisions of this Act that the licensee has contravened or is likely to contravene;
 - (b) state the facts relating to the alleged contravention or likely contravention; and
 - (c) attach any documents relevant to the complaint.
- (3) The Board shall provide a written response to the complainant within fifteen days of receipt of a complaint.
- (4) The Board may by written notification to the complainant, extend the review of the complaint by up to thirty days where it determines that a complaint raises—
- (a) a novel issue whose disposition requires the Board to consider an issue that it has not previously addressed; or
 - (b) a complex issue whose disposition requires the Board to obtain significant factual information to resolve a difficult legal, factual or policy issue.
- (5) The Board may dismiss a complaint if—
- (a) the complainant fails to show that it has been injured, or is likely to be injured as a direct result of the alleged contravention of the provisions of this Act as cited in the complaint;
 - (b) the factual allegations in the complaint are unsupported or are without merit;
 - (c) the factual allegations in the complaint, even if proven to be true, do not constitute a contravention of this Act or the regulations made thereunder; or
 - (d) it concludes that the exercise of its enforcement discretion would not be appropriate.
- (6) Where the Board dismisses a complaint, it shall notify the complainant and provide a written explanation.

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(7) Where the Board admits a complaint, it shall issue a written notification to the licensee complained of and the complainant indicating —

- (a) the specific provisions of this Act that the licensee has been alleged to contravene; and
- (b) reasonable details of the alleged facts constituting the contravention.

(8) A licensee that is the subject of a complaint shall, within fifteen days of receipt of the notification from the Board, submit a response providing the basis on which it disputes the allegations of contravention.

(9) The Board shall, subject to section 68 on confidentiality, provide copies of all documents filed by each party to the other party.

(10) The Board may —

- (a) allow the filing of additional responses by the parties;
- (b) upon application and for good reasons, extend time for the filing of any documents or replies by the parties to the complaint;
- (c) request the complainant or the licensee complained of to submit additional information at any time during the course of the enforcement proceedings; or
- (d) direct an independent audit or appropriate investigation of the operations and books of account of a licensee to obtain information relevant to the complaint.

63. (1) A complainant may, at any time and with reasons, withdraw its complaint in writing addressed to the Board and the licensee complained of.

Withdrawal of complaint.

(2) The withdrawal of a complaint shall not preclude the Board from taking enforcement action on its own motion in the public interest.

64. (1) The Board shall issue its decision on a complaint within sixty days of receiving all necessary information.

Decision on a complaint.

(2) Where necessary, the Board may, by written notice to the parties and before the expiry of the sixty day review

period, extend the time and specify the date by which it shall issue its decision.

65. (1) Where the Board intends to commence an enforcement action against a licensee on its own motion, the Board shall—

Enforcement
action.

- (a) notify the licensee and clearly indicate the specific provisions of this Act the licensee is alleged to have contravened;
- (b) allow the licensee at least fifteen days to respond in writing with a clear statement, supported by documents, affidavits, or other relevant materials, providing the basis on which the licensee disputes the allegation; and
- (c) issue its decision within sixty days of receiving all necessary information.

(2) Where necessary, the Board may, by written notice to the licensee and before the expiry of the sixty day review period, extend the time and specify the date by which it shall issue its decision.

66. (1) At any time during an enforcement proceeding, the Board may issue an interim directive to a licensee to cease and desist from any specified conduct.

Interim directive.

(2) In determining whether to issue an interim directive the Board shall consider whether—

- (a) there is prima facie evidence that the licensee has contravened the provision of this Act;
- (b) continuation of the licensee's conduct is likely to cause serious harm to other licensees, consumers or the general public;
- (c) the potential harm of allowing the licensee to continue its conduct outweighs the burden on the licensee of ceasing the conduct; and
- (d) issuance of the interim directive is in the public interest.

67. (1) Where the Board determines that a licensee has contravened any provision of this Act, the Board may take such enforcement measures as it considers appropriate, including—

Enforcement
measures.

- (a) issuing a written warning to the licensee;
- (b) directing the licensee to cease engaging in conduct that is, or if continued will constitute, a contravention of any provision of this Act;
- (c) directing the licensee to take specific remedial action;
- (d) declaring any agreement or contract void;
- (e) imposing a financial penalty relative to the period that the breach persists; or
- (f) suspension or cancellation of the licence issued under this Act.

(2) A person aggrieved by the decision of the Board under this section may appeal to the High Court.

68. (1) A party submitting information to the Board may request that the information submitted be treated as confidential.

Confidentiality.

(2) The Board shall grant a request for confidential treatment if the requesting party demonstrates, with reasonable specificity, that the information for which it requests confidential treatment contains commercially sensitive information or that the disclosure of the information would have a material adverse impact.

(3) For the purposes of this section, “commercially sensitive information” includes information—

- (a) that is not otherwise available to the public; or
- (b) whose disclosure would cause commercial harm to the party or otherwise provide a commercial benefit to the party’s competitors, including business procedures, practices, plans or its assessment of market conditions.

PART IX—MISCELLANEOUS PROVISIONS

69. A party who is not satisfied with the decision of the Board may, within thirty days, appeal to a Court of competent jurisdiction.

Arbitration of disputes.

70. Liability shall not attach to the Board or to any of its members, officers, agents or staff for loss or damage

Protection of members and staff from liability.

incurred by a person as a result of an act or omission done or made in good faith and without negligence in the performance or exercise or the intended performance or exercise of any duty or power imposed by or conferred under this Act.

71. A person who commits an offence under this Act for which no penalty is provided shall be liable, on conviction, to a fine not exceeding five hundred thousand shillings or a fine not exceeding twice the value of the tea or tea products or, to imprisonment for a term not exceeding one year, or to both.

General penalty.

72. (1) Where an offence under this Act is committed by a body corporate or any other association, the offence shall be deemed to have been committed by a director, a partner or any other person involved in, or acting or purporting to act in the management of affairs of the body corporate or association.

Offences relating to body corporate.

(2) It shall be a defence to a charge under this section where the court is satisfied that—

- (a) the act or omission constituting the offence took place without the person's knowledge; or
- (b) the person took reasonable steps to prevent the commission of the offence.

73. If any conflict arises between the provisions of this Act and any other Act with respect to the development of the tea crop, the provisions of this Act shall prevail.

Conflict of laws.

74. (1) The Cabinet Secretary may, in consultation with the Board, make Regulations for the better carrying out if the provisions of this Act.

Regulations.

(2) Notwithstanding the generality of subsection (1), the Regulations made under this Act may provide for—

- (a) the regulation of the production, processing, importation and exportation of tea;
- (b) the procedure of registration of tea brokers, small scale tea growers, medium scale tea growers, large scale tea growers, commercial green leaf transporters, tea packers, tea buyers, tea importers, tea exporters, management agents, auction organizers, warehouse operators, commercial tea nurseries;

- (c) the procedure of licensing of tea manufacturers;
- (d) the forms to be used in the application for registration, licensing, contracts and related activities;
- (e) the prescribed areas for planting tea;
- (f) the appeal process in case of refusal or denial of a licence;
- (g) monitoring of the entire value chain in the tea sub-sector;
- (h) regulation of the conduct of tea auction including the volumes of tea to be sold through auction or through direct sales;
- (i) the promotion of fair and proper governance structures in institutions along the tea value chain in the interest of tea growers;
- (j) rules to avoid conflict of interest in the ownership and dealings between tea growers, tea factories and tea dealers;
- (k) the criteria for the pricing of green leaf;
- (l) maximum fees charged by players along the value chain;
- (m) the tenure of board members for tea factory;
- (n) procedures for ensuring internal democracy in tea growers' institutions and organizations;
- (o) value addition of tea exports and imports;
- (p) control of pests and diseases;
- (q) any fee charged under this Act;
- (r) the regulation of contracts between growers, tea factories and other players in the tea industry;
- (s) tea safety including transportation, processing and market standards of tea;
- (t) submission of returns and reports by the holders of licences and registrations under this Act;
- (u) regulation and controlling the method of blending, packaging and labelling of tea for purposes of traceability;

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(v) standards, and the manner of grading and classification of made tea products under this Act; and

(w) anything required to be prescribed under this Act

(3) For the purposes of Article 94(6) of the Constitution—

(a) the authority of the Cabinet Secretary to make regulations under this Act shall be limited to bringing into effect the provisions of this Act and for the fulfilment of the objectives of this Act;

(b) the principles and standards applicable to the regulations made under this section are those set out in the Interpretation and General Provisions Act and the Statutory Instruments Act, 2013.

Cap 2.
No. 23 of 2013

75. (1) The Crops Act is amended by deleting—

(a) paragraph (b) of section 14(1); and

(b) the term “tea” appearing in Part 1 of the First Schedule.

Consequential
amendments.

No. 16 of 2013.

(2) The Crops Act, 2013, is amended in Part I of the First Schedule by deleting the expression “Tea.....*Camellia spp*”

PART X—TRANSITIONAL PROVISIONS

76. All property, except such property as the Cabinet Secretary may specify in writing, which, immediately before the commencement of this Act, was vested in the Government for the use of the Tea Directorate of the Agriculture and Food Authority and the Tea Research Institute of the Kenya Agricultural and Livestock Research Organization, shall, on the date of commencement of this Act, vest in the Board and the Foundation, respectively, subject to all interests, liabilities, charges, obligations and trusts affecting that property.

Transfer of assets
and liabilities.

77. All legal proceedings and claims pending in respect of actions and activities to which this Act apply shall be continued or enforced by or against the Board and the Foundation in the same manner as they would have been continued or enforced by or against the Agriculture and Food Authority and the Kenya Agricultural and Livestock Research Organization had this Act not been enacted.

Pending
proceedings and
claims

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78. Any reference to the Agriculture and Food Authority in any written law or in any contract, document or instrument of whatever nature, in relation to tea, shall, on the commencement of this Act, be read and construed as a reference to the Board.

Reference to written laws.

79. All licences and registrations existing before the appointed day shall remain valid until their expiry, and subsequent licences and registrations shall be issued under this Act.

Existing licences and registrations.

80. (1) The staff of the Tea Directorate employed by the Agriculture and Food Authority prior to the commencement of this Act, shall be the staff of the Board.

Transfer of Staff .

(2) The staff of the Tea Research Institute employed by the Kenya Agricultural and Livestock Research Organization prior to the commencement of this Act, shall be the staff of the Foundation.

81. In this Part—

Interpretation.

“appointed day” means the day this Act comes into operation.

FIRST SCHEDULE s. 19**CONDUCT OF BUSINESS AND AFFAIRS OF THE BOARD**

1. (1) The Board of Directors shall meet at least once in every three months to conduct the business of the Board.

Meetings of the Board.

(2) The Chairperson shall convene the ordinary meetings of the Board of Directors at the premises of the Board.

(3) Despite the provisions of sub-paragraph (1), the Chairperson shall, upon a written request by at least two thirds of the members of the Board, convene a special meeting of the Board of Directors at any time where the chairperson considers it expedient for the transaction of the business of the Board.

(4) Unless three quarters of the total number of the members of the Board otherwise agree, at least fourteen days written notice of every meeting of the Board of Directors shall be given to every member of the Board by the Secretary.

(5) The quorum for the conduct of the business of the Board shall be five members.

(6) The Chairperson shall preside at every meeting of the Board at which the Chairperson is present and in the Chairperson's absence, the members of the Board present shall elect one person from their number to preside over the meeting of the Board of Directors and that person shall have all the powers of the Chairperson.

(7) Unless a unanimous decision is reached, a decision on any matter before the Board of Directors shall be by a majority of the votes of the members present and voting and in the case of an equality of votes, the Chairperson or person presiding over the meeting shall have a casting vote.

(8) The proceedings of the Board of Directors shall not be invalidated by reason of a vacancy within its membership.

(9) Subject to provisions of this Schedule, the Board of Directors may determine its own procedure and the

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procedure for any committee of the Board and for the attendance of other persons at its meetings thereof.

2. (1) If a member of the Board of Directors is directly or indirectly interested in any contract, proposed contract or other matter before the Board of Directors and is present at a meeting of the Board of Directors at which the contract, proposed contract or other matter is the subject of consideration, that member shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the member's interest in the matter and shall not take part in the deliberations over, or vote on, the matter.

Disclosure of
interest.

(2) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made.

(3) Any contract or instrument which if entered into or executed by a person not being a body corporate, would not be required to be under seal may be entered into or executed on behalf of Board of Directors by any person generally or specially authorized by the Board of Directors for that purpose.

SECOND SCHEDULE s. 40(3)**CRITERIA FOR ASSESSING PROFESSIONAL OR MORAL SUITABILITY**

1. In order to determine, for the purposes of this Act, the professional and moral suitability of persons, proposed to be Directors and senior officers of a licensee, the Board shall have regard to the following qualities, in so far as they are reasonably determinable, of the person concerned—

- (a) possession of adequate professional credentials or experience or both for the position for which the person is proposed;
- (b) ability to recommend sound practices gleaned from other situations;
- (c) ability to provide dispassionate advice;
- (d) ability to avoid conflicts of interest in his or her activities and commitments with other organizations;
- (e) ability to absent oneself from decisions when the person is incapable of providing objective advice.

(2) For the purpose of and without prejudice to the generality of the provisions of paragraph (1), the Board, may have regard to the previous conduct and activities of the person concerned in business or financial matters and, in particular, to any evidence that such person—

- (a) has been convicted of the offence of fraud or any other offence of which dishonesty is an element;
- (b) has contravened the provisions of any law designed for the protection of members of the public against financial loss due to the dishonesty or incompetence or other malpractices;
- (c) has taken part in any business practices that, in the opinion of the Board, were fraudulent, prejudicial or otherwise improper (whether unlawful or not) or which otherwise discredited the person's methods of conducting business; or

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(d) has taken part in or been associated with any other business practices as would, or has otherwise conducted himself in such manner as to cast doubt on the person's competence and soundness of judgment.

(3) The Board may request any person to furnish such additional information as may be necessary in determining the professional or moral suitability of the person as stipulated under the Act.

THIRD SCHEDULE**s.2****TEA BLOCKS****EAST**

Kiambu, Murang'a, Nyeri, Kirinyaga, Embu, Tharaka-Nithi, Meru and Narok.

WEST

Kericho, Bomet, Nakuru, Kisii, Nyamira, Nandi, Kakamega, Vihiga, Trans-Nzoia, Baringo, Bungoma, Elgeyo Marakwet and Uasin Gishu.

