

LEGAL NOTICE NO.....

THE DAIRY INDUSTRY ACT

(Cap. 336)

THE DAIRY INDUSTRY (PRICING OF DAIRY PRODUCE) REGULATIONS, 2020

ARRANGEMENT OF REGULATIONS

Regulation

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Corr. LN 81/72

Schedule

LEGAL NOTICE NO.....

THE DAIRY INDUSTRY ACT
(*Cap. 336*)

IN EXERCISE of the powers conferred by Section 19 of the Dairy Industry Act, the Cabinet Secretary for Agriculture, Livestock, Fisheries and Cooperatives, on the advice of the Kenya Dairy Board makes the following Regulations —

DAIRY INDUSTRY (PRICING OF DAIRY PRODUCE) REGULATIONS, 2020

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| Citation | 1. These Regulations may be cited as the Dairy Industry (Pricing of Dairy Produce) Regulations, 2020. |
| Interpretation | 2. In these Regulations, unless the context otherwise requires— |
| Cap 336 | “Act” means the Dairy Industry Act;

“aggregator” means a person who collects milk from a primary producer for the purpose of bulking, processing or for resale;

“Board” means the Kenya Dairy Board;

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

“farm gate price” means minimum payment made to a primary producer by a purchaser of milk;

“payout price” means the price paid by a purchaser to an aggregator;

“primary producer” has the meaning assigned to it under the Act;

“purchaser” means a person who buys milk for consumption, aggregation, processing or resale;

“compliance officer” means a compliance officer as defined under the Dairy Industry (Compliance Officer) Regulations, 2020. |
| Application | 3. These Regulations apply in respect to pricing of dairy produce. |

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| Objects of the Regulation | 4. The objects of these Regulations are to –
(a) ensure that a primary producer receives a guaranteed minimum monetary return for milk sale;
(b) protect the investment interests of both the seller and the buyer of dairy produce; |
| Minimum payout price | 5. (1) The Cabinet Secretary may on a need basis and on the advice of the Board, prescribe the minimum payout prices for raw milk or imported milk as the case may be through an order published in the <i>Gazette</i> .

(2) The minimum payout price for milk shall in accordance with Form A in the Schedule.

(3) In determining the price to be prescribed, the Board and the Cabinet Secretary shall take into account —
(a) production cost;
(b) quality of raw milk;
(b) production systems;
(c) changes in seasons;
(d) the needs of stakeholders and;
(e) any other factor that would impact on the price of dairy produce.

(4) Kenya Dairy Board shall further stipulates circumstances in which the need in 5(1) may arise. |
| Minimum farm gate price | 6. The Cabinet Secretary may on the advice of the Board determine the minimum farm gate price in accordance with the formula in Form B the Schedule. |
| Records & disclosure of price and deductions | 7. A producer group or any other registered entity acting on behalf of producers shall maintain a record of the milk purchased, and shall disclose to the primary producer, by way of a monthly statement—
(a) the payout price; and
(b) all deductions made to determine the farm gate price. |
| Inspection records | 8. A compliance officer may inspect any records relating to a payout made by purchaser, or the farm gate price paid to a primary producer, and may require the purchaser to provide additional information relating to the payout price or the farm gate price made by a purchaser. |

Offence
penalty

9. A person who —

- (a) pays below the farm gate price or charges above the maximum consumer price prescribed under these Regulations;
- (b) fails to make the disclosure as provided in regulation (8);
- (c) fails to maintain a record as provided under regulation (8); or
- (d) obstructs or attempts to obstruct a compliance officer in carrying out their duties under these Regulations,

commits an offence and is liable on conviction to a fine not exceeding ten thousand shillings or to imprisonment not exceeding twelve months or, to both such fine and imprisonment.

Revocation of *LN*
258/61,
125/70,143/77,62/1
971,131/71.,
Corr.L
N 81/72
Sub Leg

10. The following are revoked:

- (a) Dairy Industry (Prices of Dairy Produces) Regulations
- (b) Dairy Industry (Prices of Dairy Produces) Order
- (c) Dairy Industry (Prices of Dairy Produces) (Kisumu) Order

SCHEDULE

FORM A (reg. 5(2))

MINIMUM PAYOUT PRICE

$$P = C_p + C_p(P_m) + T + C + Q_v - T_x$$

where;

P Payout

C_p Cost of Production

P_m Profit Margin

T Transport Cost

C Chilling Cost

Q_v Premium paid for Quality

T_x Statutory deduction

MINIMUM FARM GATE PRICE

$$\text{Fgp} = (\text{Cp} + \text{Cp}(\text{Pm}) + \text{T} + \text{C} + \text{Qv} - \text{Tx}) \times 0.95$$

Fgp Minimum Farm Gate Price

Dated the2020

Peter Munya
Cabinet Secretary for Agriculture, Livestock, Fisheries and Cooperatives