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[Signature]
14/08/2025

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY


THIRTEENTH PARLIAMENT – FOURTH SESSION- 2025

DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE

REPORT ON:

**THE CONSIDERATION OF THE AIR PASSENGER SERVICE CHARGE
(AMENDMENT) BILL (NATIONAL ASSEMBLY BILL NO. 35 OF 2025)**

**Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI**

	
THE NATIONAL ASSEMBLY	
PAPERS LAID	
DATE:	14 AUG 2025
DAY:	<i>Thursday</i>
TABLED BY:	<i>Hon Samuel Chepkonga On behalf of Chairperson</i>
CLERK AT THE TABLE:	<i>Randa Tillet</i>

AUGUST, 2025

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ABBREVIATIONS

AAID	- Aircraft Accident Investigation Department
APSC	– Air Passenger Service Charge
ICAO	– International Civil Aviation Organization
KAA	– Kenya Airports Authority
KCAA	– Kenya Civil Aviation Authority
KMD	– Kenya Meteorological Department
KMSA	– Kenya Meteorological Service Authority
TF	– Tourism Fund
TPF	– Tourism Promotion Fund
WMO	– World Meteorological Organization

LIST OF ANNEXURES

Annexure 1: Signed list of Members who attended the sitting that considered and adopted the report.

Annexure 2: Minutes of the Committee on sittings considering the Bill and adoption of the report

Annexure 3: Copy of the Air Passenger Charge (Amendment) Bill, 2025.

Annexure 4: Correspondence to stakeholders requesting for submission of Comments.

Annexure 5: Newspaper advertisement inviting the public to submit memoranda on the Bill.

Annexure 6: Written submissions from Stakeholders.

CHAIRPERSON'S FOREWORD

The Air Passenger Service Charge (Amendment) Bill (National Assembly Bill No. 35 of 2025) was read a First Time on 5th August 2025 and subsequently committed to the Departmental Committee on Transport and Infrastructure for consideration and reporting to the House pursuant to the National Assembly Standing Order 127(1).

While conducting public participation, the Committee placed advertisements in the print media on 6th August, 2025, seeking comments from the public on the Bill pursuant to the provisions of Article 118 of the Constitution and Standing Order 127(3). The Committee also invited relevant stakeholders, namely the Ministry of Roads and Transport; the Ministry of Environment, Climate Change and Forestry and the Ministry of Tourism and Wildlife. Their submissions are included in this report.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during the consideration of the Bill. I wish to express my appreciation to the Committee Members and the Committee Secretariat for their resilience and devotion to duty, which made the consideration of the Bill successful. Finally, I wish to express gratitude to the Members of the public who submitted their views and comments on the Bill in the course of public participation. Their views and comments indeed were vital in the consideration of the Bill.

On behalf of the Committee and pursuant to the provisions of Standing Order 199 (6), it is my pleasant privilege and honor to present to this House the report of the Committee on its consideration of the Air Passenger Service Charge (Amendment) Bill, (National Assembly Bill No. 35 of 2025).

HON. GK GEORGE KARIUKI, CBS, MP
CHAIRPERSON

CHAPTER I

I.0 PREFACE

I.1 Introduction and Committee Mandate

- I. The Departmental Committee on Transport and Infrastructure is established under the National Assembly Standing Orders No. 216 (1). The functions and mandate of the Committee as per Standing Orders, No. 216(5) include: -
 - a) To 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) To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;
 - c) To study and review all the legislation referred to it;**
 - d) To 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) To 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) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);
 - g) To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
 - h) To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
 - i) To examine any questions raised by Members on a matter within its mandate.
 - j) To examine treaties, agreements and conventions;
2. The subject matter of the Departmental Committee on Transport and Infrastructure are stated in the Second Schedule of the National Assembly Standing Orders as follows: Transport, including non- motorized transport and maintenance of Roads, rails, air and marine transport, seaports and national integrated infrastructure policies and programmes and transport safety.

I.2 Committee Subjects and Oversight

3. The Committee is mandated to consider the following subjects as per the Second Schedule of the Standing Orders:
 - (i) Transport, including non-motorized transport;
 - (ii) Construction and maintenance of roads;
 - (iii) Rails, air and marine transport; Seaports and national integrated infrastructure
 - (iv) policies and
 - (v) programmes; and
 - (vi) Transport safety.
4. The Committee oversights the Ministry of Roads and Transport which has three (3) State Departments namely:
 - i) The State Department for Roads;
 - ii) The State Department for Transport; and
 - iii) The State Department for Aviation and Aerospace Development.
5. Further, Committee oversights the State Department for Shipping and Maritime Affairs which is under the Ministry of Mining, Blue Economy, and Maritime Affairs.

I.3 Committee Membership

6. The Committee comprises the following Members:

The Hon. G.K. George Kariuki, CBS, M.P - **Chairperson**
Ndia Constituency
United Democratic Alliance Party

The Hon. Mutua Didmus Wekesa Barasa, M.P- **Vice- Chairperson**
Kimilili Constituency
United Democratic Alliance Party

The Hon. Arama Samuel. M.P
Nakuru Town West Constituency
Jubilee Party

The Hon. Abdul Rahim Dawood, M.P.
North Imenti Constituency
Independent

The Hon. Naicca, Johnson Many, CBS, M.P
Mumias West Constituency
Orange Democratic Movement Party

The Hon. Elsie Muhanda, M.P.
Kakamega County
Orange Democratic Movement Party

The Hon. Francis, Kajwang' Tom Joseph,
CBS, MP
Ruaraka Constituency
Orange Democratic Movement Party

The Hon. Chege John Kiragu, M.P.
Limuru Constituency
United Democratic Alliance Party

The Hon. Kiaraho, David Njuguna, M.P. Ol
Kalao Constituency
Jubilee Party

The Hon. Kiunjuri Festus Mwangi, M.P.
Laikipia East Constituency
The Service Party

The Hon. Bady, Bady Twalib, M.P.
Jomvu Constituency
Orange Democratic Movement Party

The Hon. Abdirahman, Husseinweytan
Mohamed, M.P.
Mandera East Constituency
Orange Democratic Movement Party

The Hon. Komingoi Kibet Kirui, M.P.
Bureti Constituency
United Democratic Alliance Party

The Hon. Saney Ibrahim Abdi, M.P
Wajir North Constituency
United Democratic Alliance Party

The Hon. Jhanda Zaheer, M.P
Nyaribari Chache Constituency
United Democratic Alliance

I.4 Secretariat

7. The following Members of Staff service the Committee:

Head of Secretariat
Ms. Tracy Chebet Koskei
Principal Clerk Assistant II

Mr. Mohamednur M. Abdullahi
Clerk Assistant

Ms. Clare Chopper Doye
Clerk Assistant

Mr. Abdinasir Y. Moge
Fiscal Analyst

Mr. Erick Kariuki
Research Officer

Ms. Faith Makena
Serjeant-at-Arms II

Ms. Patricia Gichane
Legal Counsel

Ms. Rinha Sainey
Media Relations Officer

Mr. Danton Kimutai
Audio Officer

CHAPTER TWO

2.0 BACKGROUND

2.1 Introduction

8. The Air Passenger Service Charge (Amendment) Bill (National Assembly Bill No. 35 of 2025) is sponsored by Hon. Kimani Ichung'wah, EGH, M.P, the Leader of the Majority Party. The principal object of the Bill is to amend the Air Passenger Service Charge Act, Cap. 475, to provide for the allocation of proceeds derived from the air passenger service charge to the Tourism Fund, the Kenya Meteorological Service Authority, in addition to the Kenya Airports Authority and the Kenya Civil Aviation Authority.
9. The Bill seeks to reallocate the proceeds designated to the Tourism Promotion Fund to the Tourism Fund established under the Tourism Act (Cap 381). To limit duplication of roles, improve efficiency and enable the Government to support the financing of tourism-related projects from a single source.
10. The Bill also allocates proceeds to the Kenya Meteorological Service Authority to finance its key functions and responsibilities and thereby deliver on its statutory mandate efficiently and effectively.

2.2 Overview of the Bill

11. The Bill contains 3 Clauses for consideration:

- 1) Clause 1 of the Bill provides for the short title.
- 2) Clause 2 of the Bill amends section 3 of the Air Passenger Service Charge Act, Cap. 475, to provide for the allocation of proceeds derived from the air passenger service charge to the Tourism Board, the Kenya Meteorological Service Authority, in addition to the Kenya Airports Authority and the Kenya Civil Aviation Authority.
- 3) Clause 3 of the Bill provides for the amendment of the Tourism Act, Cap. 381 to reallocate the proceeds designated to the Tourism Promotion Fund to the Tourism Fund.

2.3 Situational analysis

i. Air Passenger Service Charge Act (Cap. 475)

12. The Air Passenger Service Charge Act (Cap. 475) commenced on 20th November, 1970 and has subsequently been amended twenty-four times to date. The Act provides for the modalities for imposing a service charge on passengers departing by air from an airport within Kenya.
13. Section 3 of the Act provides that there shall be paid by every person who purchases a ticket for an external or internal journey an air passenger service charge of—
- (a) **fifty United States dollars** or the equivalent in specified currency or in Kenya shillings for an external journey: and
- (b) **six hundred shillings** for an internal journey.
14. The Act empowers the Cabinet Secretary to vary the charges specified by notice in the *Gazette*, from time to time.
15. Further, the Act provides that all proceeds of the charge imposed under this section shall be apportioned between the Kenya Airports Authority, the Kenya Civil Aviation Authority and the Tourism Promotion Fund in such manner as the Cabinet Secretary may, by notice in the *Gazette*, specify.

ii. The Air Passenger Service Charge (Apportionment) Order (Legal Notice 143 of 2018, Revised by Legal Notice 221 of 2023 on 31st December 2022)

16. The Air Passenger Service Charge (Apportionment) Order provides for the apportioning of the proceeds of the air passenger service charge among the Kenya Airports Authority, the Kenya Civil Aviation Authority and the Tourism Promotion Fund as follows¹ (as revised on 31st December 2022).
- (a) In the case of **fifty United States dollars** or the equivalent in specified currency or in Kenya shillings for an external journey (International Departures)
- Sixty percent (60%) to Kenya Airports Authority;
 - Twenty percent (20%) to Kenya Civil Aviation Authority; and
 - Twenty percent (20%) to Tourism Promotion Fund
- (b) In the case of **six hundred shillings** for an internal journey (Domestic Departures)
- Fifty percent (50%) to Kenya Airports Authority;

- Thirty percent (30%) to Kenya Civil Aviation Authority; and
- Twenty percent (20%) to Tourism Promotion Fund

iii. Statistics on Domestic and International Departures

17. Table Two below portrays the number of domestic and international passenger departures as extracted from the Kenya National Bureau of Statistics “Economic Survey 2025”

Year	Domestic Departures	International Departures
2020	1,147,000	751,300
2021	1,913,100	1,316,900
2022	2,524,000	2,513,500
2023	2,648,900	3,326,500
2024	2,647,500	3,645,400

Source: Economic survey 2025

iv. Reallocation of proceeds of Air passenger charges from Tourism Promotion Fund to the Tourism Fund

18. In January 2025, the Cabinet approved recommendations aimed at reforming State Corporations through measures that streamline government operations, reduce waste, and curb excesses. The reforms are aimed at addressing operational and financial inefficiencies, enhancing service delivery, and reducing reliance on the Exchequer.
19. The reforms include merging 42 State Corporations with overlapping or related mandates into 20 entities to improve operational efficiency and eliminate redundancy. In the proposed reforms, the **Tourism Promotion Fund** and the **Tourism Fund were earmarked for merger into a single** entity.
20. This Amendment aims to reallocate the proceeds designated initially for the Tourism Promotion Fund (TPF) to the Tourism Fund established under the Tourism Act (CAP. 381). This adjustment is intended to align with the executive's aspirations regarding State Corporations reforms.

v. Allocation of proceeds of Air Passenger charges to the Kenya Meteorological Service

21. The World Meteorological Organization documents that meteorological information is crucial for the safe, efficient, economical and environmentally friendly operation of civil aviation. Weather information helps to make informed decisions about: Safety; Flight schedules; flight planning; Air traffic management; and Airport operations².
22. National meteorological services and other designated agencies worldwide are responsible for providing a wide range of meteorological services, including observations, forecasts and warnings to the Aviation industry.
23. The International Civil Aviation Organisation (ICAO) establishes international standards and recommended practices for aeronautical meteorology, emphasising the importance of accurate weather information for flight planning and operations.
24. The Kenya Meteorological Department (KMD) provides meteorological services to the Kenya Civil Aviation Authority. The Aeronautical Meteorology Division of the Kenya Meteorological Department (KMD) is essential to the safety, efficiency, and regularity of both national and international air navigation. KMD provides accurate, real-time meteorological information and briefings to pilots, air traffic controllers, and airport operators.
25. The Civil Aviation (meteorological services for air navigation) Regulations, 2018, specifically section 10 on provisions for meteorological services for air navigations states that the objective of meteorological service shall be to contribute towards the safety, regularity and efficiency of air navigation.
26. Further, the regulations provide that the objective of meteorological services shall be achieved by supplying the following users with the meteorological information necessary for the performance of their respective functions;
 - (a) air operators and flight crew members;
 - (b) air traffic services units;
 - (c) search and rescue services units;
 - (d) airport management; and
 - (e) any other person as identified by the Authority.

CHAPTER THREE

3.0 PUBLIC PARTICIPATION / STAKEHOLDER ENGAGEMENT

27. To undertake public participation in the Constitution and Standard Orders, an Advertisement inviting the public to submit memoranda on the Bill was published in the newspaper on Wednesday, 6th August 2025. The Committee also invited comments on the Bill from relevant stakeholders namely; the Ministry of Roads and Transport vide a letter Ref: NA/DDC/T&I/2025/065 dated 7th August 2025; the Ministry of Environment, Climate Change and Forestry vide a letter Ref: NA/DDC/T&I/2025/068 dated 7th August 2025 and the Ministry of Wildlife and Tourism vide a letter Ref: NA/DDC/T&I/2025/067 dated 7th August 2025.
28. The Committee received submissions from the following stakeholders:
- a) The Ministry of Roads and Transport;
 - b) The Ministry of Environment, Climate Change and Forestry;
 - c) The Ministry of Tourism and Wildlife;
 - d) Kenya Civil Aviation Authority (KCAA); and
 - e) Kenya Airways

29. The submissions of the stakeholders are outlined below:

3.1 Submission by the Ministry of Roads and Transport

30. The Ministry of Roads and Transport made submissions to the Committee vide a letter dated 13th August 2025.
31. The Ministry submitted that the purpose of the Air Passenger Service Charge Act is to impose a service charge on passengers departing by air from airports within the country. This charge is intended to generate revenue for the Kenya Airports Authority, Kenya Civil Aviation Authority, and the Tourism Promotion Fund.
32. The Ministry further submitted that it supports the Air Passenger Service Charge (Amendment) Bill (National Assembly Bill No. 35 of 2025 which seeks to replace the Tourism Promotion Fund with the Tourism Fund established under the Tourism Act (Cap. 381) and adds the Kenya Meteorological Service Authority (KMSA) as a new beneficiary to the charge.
33. The Ministry noted that the primary objective of the Bill is to eliminate duplication by consolidating tourism funding under a single Tourism Fund, thereby improving efficiency and enabling the strategic financing of tourism projects, and to provide KMSA with a dedicated funding stream to effectively fulfil its critical statutory mandate.
34. The Ministry, The proposed amendments to have the funds to be received by Tourism Fund provide for a more strengthened legal framework as Tourism Fund is established by an act of

Parliament (Tourism Act Cap.381) as compared to Tourism Promotion Fund established through a Legal Notice under Public Finance and Management (Tourism Promotion Fund Regulations) Act.

35. This also guarantees continuity as the Tourism Promotion Fund regulations have provision for review and or winding of the fund after ten years.
36. in their submission, proposed an amendment to the Bill to also include the Aircraft Accident Investigation Department (AAID) in the current Air Passenger Service Charge revenue sharing arrangement.
37. They justified the need for the amendment as there was a need for both operational and financial independence of the AAID to ensure credible and timely investigations and reporting. Likewise, the International Civil Aviation Organization (ICAO) obligates Kenya to guarantee the financial independence of AAID. Further, the proposal aligns with these requirements and reinforces AAID's autonomy given its critical role in the aviation ecosystem.

3.2 Submission by the Ministry of Environment, Climate Change and Forestry

38. The Ministry of Environment, Climate Change and Forestry made a written submission vide a letter **Ref: MEF/ADM/I6 VIL. XII** dated 8th August 2025 stated as follows;
39. That the Bill presents a unique opportunity to secure sustainable financing for the proposed Kenya Meteorological Service Authority (KMSA) to deliver safety-critical aeronautical meteorological services in accordance with Kenya's obligations under the Convention on International Civil Aviation, ICAO Annex 3, and World Meteorological Organization (WMO) standards.
40. The Ministry stated that Meteorological services constitute an indispensable component of civil aviation, providing the scientific basis for safe, regular, and efficient operations of aircraft. By furnishing timely and accurate forecasts, warnings, and real-time weather observations, these services enable pilots, air traffic controllers, and airline operators to anticipate and avoid hazards such as thunderstorms, turbulence, wind shear, icing, volcanic ash, and low visibility conditions. Such capability is directly aligned with Kenya's obligations under the Convention on International Civil Aviation and the standards prescribed in ICAO Annex 3, which mandate the provision of meteorological information in support of international air navigation.
41. In addition to enhancing safety, meteorological services underpin operational efficiency in the aviation sector. By facilitating optimal flight planning, route selection, and altitude profiling, these services contribute to fuel savings, reduced maintenance costs, and improved punctuality. The services also support the management of air traffic capacity during adverse weather, thus minimising delays and economic losses. The strategic integration of meteorological services into aviation operations ensures that Kenya's air transport system remains safe, competitive, resilient, and capable of meeting the highest

international standards, while safeguarding passengers, crew, and national economic interests.

42. The Ministry observed that the only beneficiaries recognised under the current Air Passenger Service Charge Act (Cap. 475) are the Kenya Airports Authority (KAA), the Kenya Civil Aviation Authority (KCAA), and the Tourism Promotion Fund. The Ministry therefore proposed that the Kenya Meteorological Service Authority be included as a statutory beneficiary in the proposed amendment and that the allocation be clearly defined. This is to enable the Kenya Meteorological Service Authority to finance its key responsibilities and functions and thereby deliver on its statutory mandate efficiently and effectively.
43. The Ministry proposed the following amendment to the Kenya Airports Authority Act No. 3 of 1991:

Part III – Functions and Powers of the Authority, Section 17c (b) to read that “*Monies for the expenditure of the Kenya Civil Aviation Authority, Kenya Meteorological Service Authority, and Tourism Fund in accordance with section 3(3) of the Air Passenger Service Charge Act.*”

Justification

44. This will align the Kenya Airports Authority Act No. 3 of 1991, Section 17c (b) with the proposed Air Passenger Service Charge (Amendment) Bill, 2025.

Committee Observation

The Committee rejected this proposal as it is beyond the scope of the Bill.

3.3 Submission by the Ministry of Tourism and Wildlife

45. The Ministry of Tourism and Wildlife made written submissions, vide letters **Ref: MT/I/24** dated 12th August 2025 and Ref. MT/I/24 dated 13th August, 2024, stated as follows;
46. The Ministry expressed its concurrence with the proposed amendments to Section 3 of the Air Passenger Service Charge Act and the consequential amendment to Section 66(2) of the Tourism Act, Cap. 381, stating that this was in enhancement of the Whole-of-Government approach and in pursuit of the Bottom-Up Transformation Agenda.
47. The Ministry further proposed the following additional consequential amendments to the Tourism Act, Cap 381;
- (a) Amend section 68(a) to read "*Finance the development of tourism products, services, programs, activities, events and promotion and branding of the tourism sector.*"

Justification

48. The amendment seeks to expand the scope of activities that the Tourism Fund can finance.

Committee Observation

49. The Committee rejected this proposal as it is beyond the scope of the Bill.

- (b) Insert section 68 (h) immediately after 68 (g) to read "*Monitor and evaluate programmes, projects and initiatives funded by the Fund*".

Justification

50. The proposed amendment seeks to create a new paragraph (h) that widens the scope of utilisation of the Tourism Fund to include monitoring and evaluation of projects financed by the fund.

Committee observation

51. The Committee rejected this proposal as it is beyond the scope of the Bill.

- (c) Amend section 69 I (a) to read "*collect the tourism levy imposed under section 105 of this act, receive and administer proceeds apportioned by section 3 of the air passenger service charge act*".

Justification

52. The proposed amendment seeks to extend the mandate of the Board of Trustees of the Fund to collect the Tourism levy and to receive and administer the air passenger service charge apportioned.

Committee observation

53. The Committee rejects the amendment as the Board of Trustees of the Tourism Fund is already vested with the mandate to operate and manage the Tourism fund under Section 66 (1) of the Act. Therefore, the Board can receive and administer the funds apportioned from the air passenger service charge upon enactment of the Bill.

- (d) Amend section 69 (l)(e) insert the word "*in consultation and concurrence with the Cabinet Secretary responsible for Tourism matters*" immediately after the word disbursement.
- (e) Insert immediately after section 69 (l)(f) "*To advise the Cabinet Secretary on amounts and timing for the fund levy collection or transfers into the Fund*".
- (f) In section 73 (2) insert the words "*Tourism or Economic or Business management*" immediately after the word financial and a new paragraph immediately after 73(3) to read "73(4) The Chief Executive Officer appointed under section 73(1) shall be the Administrator of the Fund." and the current section 73 (4) to be 73 (5).

Justification

54. The proposed consequential amendments are related to the Tourism Fund with regards to the appointment of the CEO, the functions of the Board of Trustees of the Fund and the objects and purpose of the Fund.

Committee observation

55. The Committee rejected the proposals as they fall outside the legislative scope of the Bill.
56. The Ministry of Tourism and Wildlife in its follow up submission, noted the proposal to fully reallocate the proceeds designated to the Tourism Promotion Fund to the Tourism Fund and subsequently leading to a total deprivation of the apportionment to Tourism Promotion Fund, therefore leaving the Promotion Fund with no financial provision to undertake the financial allocation and commitment already approved, appropriated and contractual agreement enacted by various tourism promotion projects and programs that are under implementation by Tourism Implementing agencies including Kenya Tourism Board, Kenya Wildlife Service, Kenyatta International Convention Centre, Tourism Regulatory Authority, State Department of Tourism and State Department of Wildlife.
57. The Ministry posited that, in order to mitigate against procedural and substantive risks to phasing out Tourism Promotion Fund, and stalling of Tourism Promotion and development projects and programs and TPF operational disruptions, the Committee considers the following amendments:
- (i) In the amendment of section 3 of the Air Passenger Service Charge Act Sub-Section 3 be amended and **retained** as it is, with Tourism Promotion Fund continue to get the apportionment and introduce and include Tourism Fund in the apportionment of the proceeds, together with Kenya Airports Authority, the Kenya Civil Aviation Authority, and Kenya Meteorological Service Authority, in such manner as the Cabinet Secretary may, by notice in the Gazette, specify".
 - (ii) The amendment of the Tourism Act is in section 66(2) by inserting the following new paragraph immediately after paragraph (c)-"*(ca) proceeds received under section 3(3) of the Air Passenger Service Charge Act to be considered as is.* The proposed consequential amendment will ensure that the objectives and purpose of the designated mandate of Tourism Promotion Fund is maintained and strategic and blended funding approaches for capital projects through Tourism Fund is achieved.
58. The Committee, however, observed that the proposal to retain both Funds defeats the purpose and object of the Bill, which was to limit duplication of roles, improve efficiency and enable the Government to support tourism-related projects from a single source.

3.4 Submission by the Kenya Civil Aviation Authority (KCAA)

59. The Kenya Civil Aviation Authority (KCAA) made written submissions vide a letter **Ref. KCAA/CONF/001C/VOL.7** dated 13th August 2025. The Authority submitted as follows:
60. That KCAA supports the reallocation of proceeds from the Tourism Promotion Fund to the Tourism Fund based on the justification in the invitation to submit memoranda, but without a change in apportionment.
61. The Authority also submitted that it supports the allocation of proceeds to the proposed Kenya Meteorological Service Authority save for the Meteorology Services for Air Navigation component and attendant charges that are housed at KCAA based on the requirements of International Civil Aviation Organization (ICAO) Annex 3 to the convention on international civil aviation - Meteorological Service for International Air Navigation and attendant submissions made before the Environment Committee of Senate in the write-up attached hereto.
62. The Authority noted that the proposed allocation to the Kenya Meteorological Service Authority should not affect the current apportionment to KCAA because the apportionment amount was arrived at based on the *ICAO cost-recovery Principle 3*.
63. The Authority further proposed an amendment of section 6A of the Air Passenger Service Charge Act (Cap. 475) by Inserting the words "...and the Kenya Civil Aviation Authority Fund established under the Civil Aviation Act, CAP 394, respectively," immediately after the words 'Kenya Airports Authority'; and Insert the words: "...in proportions determined by the Cabinet Secretary pursuant to section 10 of this Act" at the end of the sentence.
64. The justification of this amendment is to enable the Commissioner to remit KCAA's portion of the charge directly to KCAA as opposed to the current practice, where the charge is remitted through Kenya Airports Authority, a process that is fraught with reconciliation and delayed remittance challenges.
65. Further, as a consequence of the proposed amendment, the Authority also proposed the amendment of s. 17C(b) of the Kenya Airports Authorities Act, CAP 395 by deleting: the word 'monies for the expenditure of the Kenya Civil Aviation Authority' in accordance with section 3(3) of the Air Passenger Service Charge Act."
66. The committee considered the submissions of KCAA on the administration of the KAA Fund; however, the proposed consequential amendment will unduly expand the subject of the Bill.

3.5 Submission by Kenya Airways

Kenya Airways made a written submission vide a letter dated 13th August, 2025 and submitted as follows:

67. The aviation industry has long been a critical sector for global economic activity, connecting people, goods, and services across countries. However, the industry continues to grapple with increased financial burdens due to a variety of taxes, fees and charge structures imposed by governments worldwide, airport authorities, and other stakeholders.
68. These taxes and charges significantly shape airlines' operational costs, have a massive influence on ticket pricing, profitability, and passenger demand/traffic.
69. The National Carrier submitted that it supported the inclusion of the Kenya Meteorological Service Authority as a new recipient of the Air Passenger Service Charge proceeds as it would strengthen meteorological services given their role in enhancing flight safety and operational reliability.
70. The National Carrier, however, noted that any change in allocation should be structured so that it does not reduce the resources available to agencies whose functions directly enable airline operations, such as KCAA and KAA. Safeguarding these allocations will ensure continued investment in infrastructure, oversight, and services that benefit both the airline and the wider aviation sector.
71. The Airline also noted that International practice typically funds aviation meteorological services via air navigation charges and cautioned that introducing funding from passenger charges may affect cost distribution between passengers and operators.
72. Regarding the replacement of the Tourism Promotion Fund with the Tourism Fund as a beneficiary, the Airline noted that the change addresses duplication in tourism sector funding mechanisms, but also noted that transition arrangements should be clearly defined to ensure no disruption to existing tourism promotion commitments already financed through the Tourism Promotion Fund.
73. As regards the apportionment authority, the National Carrier noted that the Bill retains the Cabinet Secretary's authority to apportion funds by Gazette notice, but clarifies the reference to the Ministry of Transport. This approach preserves flexibility in revenue distribution. It emphasised the importance of continued engagement with stakeholders during any review of allocations to ensure that funding decisions align with sector priorities and support the sustainability of all beneficiaries.
74. Kenya Airways appreciated that the Bill does not alter the existing rates (USD 50 for external journeys, KES 600 for internal journeys) or exemptions. Maintaining the current

rates provides stability for passengers and operators, while the inclusion of a new beneficiary offers an opportunity to optimize allocations within the existing revenue framework so that all mandated functions, including those that directly support airline operations, continue to be well resourced.

75. As regards the power of the Cabinet Secretary to vary Charges, the Bill retains the provision empowering the Cabinet Secretary to vary these charges, from time to time, by notice in the Gazette. However, Kenya Airways noted that such variations, if done without consultations with the sector stakeholders, can have significant implications for the sector, particularly on ticket pricing and operational planning. It is therefore important that any proposed changes be preceded by a structured stakeholder engagement to ensure that adjustments are predictable, transparent, and aligned with sector priorities.
76. Discourses on aviation charges in Africa today appreciate the fact that the aviation sector in Africa is seriously being overtaxed, making travel by air very expensive. There is growing consensus on the need to use any available opportunity to reduce and or rationalize aviation taxes, charges and levies to spur air passenger and cargo traffic and thereby grow Africa's aviation.
77. Kenya Airways submitted that, according to the Official Airline Guide (OAG), Intra-Africa passenger traffic is only 30%, Domestic 37% and 33% international. Africa has a paltry less than 2% share of the global air passenger traffic. The lower traffic demand is mainly attributed to economical factors, low trade between states and other economic barriers. The high costs to airlines of operations, leases, ground handling, navigation, high government taxes among others lead to high fares, exacerbates the cost of travel and makes Africa's aviation noncompetitive.
78. The Airline brought to the attention of the Committee that in November 2024, the ECOWAS Experts and Ministers-in-Charge of Air Transport held a consultative Meeting in *Lome-Togo*, focusing on Aeronautical Charges. The meeting rightly observed that the aviation sector in Africa is seriously being overtaxed, making travel by air very expensive.
79. The Commission made the bold recommendation of removal of four taxes: *Ticket tax*, *Solidarity tax*, *Tourism tax* and *Foreign travel tax* as they do not contribute directly to the development of aviation and yet have a high adverse impact on the competitiveness of airlines. According to the Commission, the removal of these taxes would create/stimulate new and additional demand for air transport services, reduce the airfare by 40% and generate more revenue for the States.
80. Additionally, the Commission further recommended a minimum reduction of 25% of passenger charge and security charge, both considered excessive relative to the services provided. These were to enter into force by 1st January 2026. The total fare price of tickets within the EAC/ Northern Corridor region is impacted by the high taxation.

81. Kenya Airways made the following recommendations to ensure operationalisation of the Bill once passed:

- i) Ensure that the inclusion of the Kenya Meteorological Service Authority is implemented in a manner that sustains or enhances the funding of functions that directly support airline operations, such as air navigation oversight, safety regulation, and airport infrastructure.
- ii) Need to explore funding models for aviation meteorological services that align with ICAO principles and sector best practice, ensuring they are cost-neutral to airlines and passengers while still strengthening service delivery.
- iii) Put in place clear transition arrangements for the shift from the Tourism Promotion Fund to the Tourism Fund to safeguard ongoing programmes and maintain predictable funding flows.
- iv) Continue structured engagement with the aviation sector in any review of apportionment ratios so that allocation decisions reflect operational realities and support long-term sector growth.
- v) The charge should be maintained as is or in the worst-case scenario, reduced so as not to further impact the competitiveness of Kenya's aviation. Where the Cabinet Secretary exercises the authority to vary Air Passenger Service Charges, ensure that this is preceded by comprehensive consultation with the sector stakeholders, with adequate notice to allow for operational and commercial planning. Such engagement will help ensure that any adjustments are predictable, transparent, and aligned with sector sustainability.

82. Kenya Airways noted that the current Act does not provide a formal dispute resolution mechanism for disagreements between the Commissioner and collection agents. The Airline therefore proposed an amendment to introduce a structured process starting with written notice and engagement between the parties, followed by a formal objection procedure, and allow appeals to the Tax Appeals Tribunal and higher courts.

83. This amendment would provide a transparent and predictable process for resolving disputes, minimize uncertainty and protracted disagreements, reduce litigation costs, and enhance compliance while protecting revenue timelines.

Committee observation

84. The Committee rejected this amendment as it is outside the scope of the Bill.

85. In concluding its submissions, Kenya Airways presented that it fully supports measures that enhance aviation safety, operational efficiency, and service reliability, including improved

meteorological services that contribute to safe and timely flight operations. In implementing the Bill, it is important to maintain funding levels for functions that directly support airline operations, such as regulatory oversight and airport infrastructure. We encourage the adoption of an implementation framework that safeguards these priorities, ensures smooth transitions, and delivers outcomes that strengthen Kenya's position as a competitive regional aviation.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

- (g) The Committee, having had engagements with stakeholders and considered submissions received, made the following observations;
- 1) The proposed amendment aims to reallocate the proceeds originally designated for the Tourism Promotion Fund (TPF) to the Tourism Fund established under the Tourism Act (CAP. 381) to provide for the allocation of proceeds derived from the air passenger service charge to the Tourism Fund, the Kenya Meteorological Service Authority, in addition to the Kenya Airports Authority and the Kenya Civil Aviation Authority.
 - 2) The Kenya Meteorological Service Authority is a proposed entity that will be established under the Meteorology Bill 2023, which the Senate Majority Leader sponsors. At the time of considering this report, the National Assembly had passed the Senate Bill with proposed amendments. If this amendment to the Air Passenger Service Charge Act (Cap. 475) passes earlier than the creation of the Authority, funds will be earmarked for an entity that is legally non-existent;
 - 3) The Aeronautical Meteorology Division of the Kenya Meteorological Department (KMD) is essential to the safety, efficiency, and regularity of both national and international air navigation. KMD provides accurate, real-time meteorological information and briefings to pilots, air traffic controllers, and airport operators; and
 - 4) The Air Passenger Service Charge Act (Cap. 475) provides that all proceeds of the air passenger service charge shall be apportioned among the entities in such manner as the Cabinet Secretary may, by notice in the *Gazette*, specify. As the aviation sector continues to expand, the revenue generated from this charge is expected to increase significantly. This growth highlights the need for Parliament to enact legislation that clearly defines an equitable formula for sharing these funds.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATION

- (h) The Committee, having had engagements with stakeholders and considered submissions received, recommends that the House **approves** the Air Passenger Service Charge (Amendment) Bill (National Assembly Bill No. 35 of 2025) with amendments as per the schedule of amendments forming Chapter 6 of this report.

SIGNED.......... DATE.....14-08-2025.....

HON. GK GEORGE KARIUKI, CBS, M.P.

**CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRANSPORT AND
INFRASTRUCTURE**

6.0. SCHEDULE OF AMENDMENTS

Upon considering the Air Passenger Service Charge (Amendment) Bill, 2025, National Assembly Bill No. 35 of 2025 and submissions from stakeholders, the Committee proposes the following amendments:

CLAUSE 2

THAT Clause 2 of the Bill be amended by—

- (a) inserting the word ‘and’ immediately after the words “Kenya Civil Aviation Authority”
- (b) deleting the words “and the Kenya Meteorological Service Authority” appearing after the words “Tourism Fund”.

Justification:

The amendment seeks to ensure that the Bill does not allocate public funds to a non-existent Authority by removing reference to the Kenya Meteorological Service Authority that is yet to be established in statute.

Annexure I: Signed list of Members who attended the sitting that considered and adopted the report.



REPUBLIC OF KENYA THE
NATIONAL ASSEMBLY

13TH PARLIAMENT - FOURTH SESSION - 2025

DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE

MEMBERS ADOPTION SCHEDULE

DATE: 14-08-2025 START: 9:20 am END: 10:50 am

VENUE: Committee Room 2, 1st Floor, Bunge Tower

AGENDA: Consideration and Adoption of the Air Passenger Service Charge Bill, 2025 (National Assembly Bill No. 35 of 2025)

NO.	NAME	SIGNATURE
1.	The Hon. GK George Kariuki, CBS, MP – Chairperson	
2.	The Hon. Didmus Barasa, MP- Vice Chairperson	
3.	The Hon. Kiunjuri, Festus Mwangi, MP	
4.	The Hon. Abdul Rahim Dawood, MP	
5.	The Hon. Arama Samuel, MP	
6.	The Hon. Bady, Bady Twalib, MP	
7.	The Hon. Francis, Kajwang' Tom Joseph, CBS, MP	
8.	The Hon. Kiaraho, David Njuguna, MP	
9.	The Hon. Naicca, Johnson Many, CBS, MP	
10.	The Hon. Chege, John Kiragu, MP	
11.	The Hon. Elsie Muhanda, MP	
12.	The Hon. Saney, Ibrahim Abdi, MP	
13.	The Hon. Hussein Weytan Mohamed, MP	
14.	The Hon. Jhanda Zaheer, MP	
15.	The Hon. Komingoi, Kibet Kirui, MP	

