

1952

Kenya

No. 18316

SUBJECT

C0533/426

Native Betterment Fund

See 18957/52 (Moynihan report)

Subsequent

3094/55.

1. 19. 11. 1932 (1st. Mail)

3 Nov. 32

States that an important dispatch on the question of the Native Betterment Fund is being sent. Points out difficulties which have arisen in distinguishing native services in departmental expenditure & states that it has been decided to recommend as a temporary measure that services to be met from the Betterment Fund should be confined to officers, £24,776 which runs into cost of officers wholly employed on Native Service. Encls. a memo. by Mr. Stokes.

2. Governor Byrne 5.11.11 (1st. Mail)

12 Nov. 32

States that difficulties have arisen in connection with allocation to the Native Betterment Fund of departmental expenditure & recommends that for 1933, as a temporary measure that expenditure to be met from the Fund should be confined to cost of officers wholly employed on direct native services together with provision for materials, working expenses. Encls. a preliminary draft budget for the fund & requests a reply by tel.

Mr. Allen,

We have discussed with Sir C. Bottocley. Two major points emerge:-

Form of the 1933 Native Betterment Fund Budget

(1) The Governor has drawn attention to an inconsistency in Lord Moyne's detailed proposals for the Native Betterment Fund. In Appendix 7 (page 113 of his Report), Lord Moyne recommended that, in calculating expenditure on the four main native services, the costs of leave, passages, etc. of the officers employed thereon, should be excluded. In Appendix 1(9)

(page 35)

2
J. G. G. Moore, Esq. (A. G. G. G.)

8 Nov. '32

States that an important dispatch on the question of the Native Betterment Fund is being sent. Points out difficulties which have arisen on distinguishing native services in departmental expenditure & states that it has been decided to recommend as a temporary measure that services to be met from the Betterment Fund should be confined to approx. £47,760 which represents cost of officers wholly employed on Native Services. Encls. a memo. by G. G. G.

2. Governor Byrne 5441 (A. G. G. G.)

12 Nov. '32

States that difficulties have arisen in connection with allocation to the Native Betterment Fund of departmental expenditure & recommends that for 1933, as a temporary measure £47,760 expenditure to be met from the fund should be confined to cost of officers wholly employed on direct native services together with provision for native's working expenses. Encls. a preliminary draft budget for the fund & requests a reply by tel.

Mr. Allen,

We have discussed with Sir J. Bottomley two major points emerge:-

Form of the 1933 Native Betterment Fund Budget

(1) The Governor has drawn attention to an inconsistency in Lord Hoyno's detailed proposals for the Native Betterment Fund. In Appendix 7 (page 112 of his Report), Lord Hoyno recommended that, in calculating expenditure on the four main native services, the costs of leave, passages, etc. of the officers employed thereon, should be excluded. In appendix (9)

(page 85), however, where he estimates this expenditure at £270,954, he has evidently included certain leave and passage costs.

(ii) There is also the difficulty of accounting for the emoluments of officers employed partly on native and partly on non-native services. Lord Moyne apparently contemplated that the appropriate proportions of this amount should be charged to Native Betterment Fund and General Revenue, respectively. This leads to serious accounting anomalies; pending a permanent solution, the Governor prefers, as a temporary measure for 1933, to charge the Native Betterment Fund with the salaries of whole-time officers only, leaving the total emoluments of part time officers as a debit against General Revenue.

(iii) Lord Moyne proposed for 1933 the following Native Betterment Budget:-

Revenue	Expenditure
£ 279,598	£ 270,954
Leaving a balance of	£ 8,644
	£ 279,598

The Governor prefers:-

Revenue	Expenditure
£ 255,664	£ 247,760
Leaving a balance of	£ 7,904
	£ 255,664

There can be no question that the Governor's budget is as fair to the native as Lord

Lord Moyne's. It differs only in removing the cost of part time officers (estimated at £20,185), and leave and passage expenses from both sides of the account. It is, however, open to the superficial objection that it credits the Native Betterment Fund with £23,924 less than Lord Moyne thought reasonable.

(iv) If it is desired to obviate ill-informed criticism on this score, the budget might well be cast in the following form:-

Revenue	Expenditure
£ 279,598	On direct Native Services £277,760
	Re-imbursment to General Revenue on account of part time officers and leave and passage expenses £23,194
	£ 270,954
Leaving a balance of	£ 8,644
	£ 279,598

Lord Moyne based the annual allocation from Colonial Revenue to the Native Betterment Fund on 50 per cent. of the average receipts from direct native taxation over the six preceding years for which final accounts are available.

"It is necessary to base this 50 per cent. grant on a six years' average, because revenue from the Hut and Poll tax varies considerably from year to year according to the yield of native crops."

This averaging system would, no doubt, operate admirably in flattering out minor fluctuations from year to year due to the differences in crop yields. Its application, however, to long periods of substantial

*Lord Moyne figures
by Governor's figures*

*At 50% of the total
of the total
of the total
of the total*

B

(par. 76 page 40)

Handwritten notes in margin

substantial changes in price levels introduces a factor of "lag" which its author can hardly have taken into full account. To take an extreme example - if five years* producing £600,000 each in native direct taxation were followed by two years* in which the yield fell to £300,000 per annum, the revenue to be placed to the Native Betterment Fund in the seventh year would be £225,000, or 75 per cent. of the receipts for that year instead of 50 per cent; only £75,000 would be left as the natives' contribution to general expenses. In the years of recovery from a slump, the tendency would operate in the reverse direction. No revised figures are yet available for the probable yield of native direct taxation for 1932, nor have we had any estimate for 1933. It is suggested that, as a measure of precaution, the attached telegram should be sent. If the reply indicates a serious falling off from the level of recent years, it may be necessary to consider qualifying Lord Moyne's formula by attaching an over-riding maximum of, say, 60 per cent. (and, conversely, a minimum of 40 per cent.) of the actual yield of the immediately preceding year.

As a first step, telegraph as in draft.

B. Austin

28th Nov., 1932.

S. W. Allen

23/11/32

*I recall B. is an
discussion because it may still
happen that as our desire the joint
to the Africans we may be then then just*

*5% bonus + £100000
= £2,500,000
= 550,000
50% of £2,500,000*

*and recovery is usually
in general
and*

*both things, lying on them an economic
- find improve. protection of the
general independence but might be an
upward slide in a country, say
they can be done to suit
telegram*

*As the time is running out
I feel sure the Government will
as the best way of making a
budget for 1933. The Government
is perfectly free to
collaboration of the Government
and the Government of the
people's Government is expected to
in any form.*

W. C. C.

20.11.32

W. C. C.

20/11/32

*This is all very good news
I shall be quite ready to refer
the countries proposals of the level
to Mr. Penston.*

*P.V.L.
21/11/32*

15/12
28.11.32

3 To Gov Kenya Tel No 256

See
v. note on No. 3

4. Governor Byrne Tel 224 30 Nov 32

State latest revised estimate of yield of rubber poll tax 1932 is £550,790, estimate for 1933 £555,000.

5. Governor Byrne Tel. 226 1st Dec. 32

Requests that decision No 2 may be conveyed by tel in view of leg. Council meeting fixed for 10th December.

The actual receipts for the years 1927-1931 from Native Direct Taxation are shown below:-

Year	Figures	
1927	565,771	
1928	561,970	
1929	531,016	Average
1930	591,424	
1931	530,877	£556,212
1932	550,790	(revised estimate)
1933	555,000	(estimate)

If the estimates for 1932 and '33 prove to be reasonably accurate, Lord Moyne's formula (50 per cent of average receipts over six years) will work equitably and in accordance with the authors' intentions; there would be no need to fear serious disturbance due to operation of the "leg" factor.

The attached draft telegram covers the position which the Governor is urgently awaiting an answer. In the despatch which is to follow, we shall have to go more fully into various less urgent matters.

[Signature]

Int Decr., 1932.

J.H. Allen
1/12/32

Chief Commr
15/12
1/12

5

A at the end of the tel (No. 226) seems to mean that the allocation of £247,760 as between heads may be a matter of improvement. I see no objection.

15/12/32
v. note

6 - Tel to Gov No 258 - 1st December 1932

please for
copy

7. Governor Byrne Tel 227 3rd Dec 32

Ref. Nob. points out difficulty in regard to proposed reimbursement to general revenue of £28,914 & states that if there should be no variation in contribution it is suggested 1933 budget reimbursement to be reduced to £20,185

Mr. Allen

We had expected that the £20,185 (£20,185 =) £3,009 suggested in the fact, suffice to cover all leave and passage expenses. The sum provided for this purpose in the Department above was £4,755 (see No. 2).

The root of the difficulty is to see that in calculating this £270,954 as the total cost of the four native services. Lord Moyne did not, in fact, proceed on the basis he himself proposed, i.e. elimination of all leave and passage expenses. This figure is, therefore, inflated by £Y; and if the Moyne margin of £8,644 is to be accepted

as

as a "reasonable settlement", the revenue figure of £279,598 should be reduced by £Y.

But all this would be difficult to explain and justify in the face of criticism; and the simplest way out of the dilemma is surely to tell the Governor that the Native Settlement Fund budget for 1933 should adhere to the £279,598 as the revenue figure; and to £247,760 as the direct whole-time expenditure, the difference (£31,838) being retained as general revenue in so far as such retention can be justified on the basis of actual cost of part time officers to £20,000, and leave and passage expenses. Any remaining margin could still be treated as a balance to the credit of the Fund.

This seems fair to all parties and is capable of defence. So reply by lit. - see No 5.

A. Denton
5/11.

I agree that this would be a fair solution. But I should point out that it involves

(a) charging to the Native Settlement Fund - contrary to Lord Inge's view - the cost of clerks, leave & passages, which normally should have been met properly so chargeable; &

(b) a heavy increase in the

balance of £279,598 on the 1931 expenditure on the basis of Lord Inge's figures. This has importance since the contribution of the following year 1934 is bound to fall ~~short~~ ^{by} ~~amount~~ ^{amount} about £3000.

J. W. Allen

5/12/32

We start from the position that Lord Inge's estimate of expenditure was inflated by some part of the cost of leave & passages, in opposing 7 to 3 and should not be included.

We have therefore sought to reduce our estimate of expenditure or bring it into detail up to the figure by contribution to such expenditure. I still prefer that course, but I am open to other suggestions, as to the form in which the estimate statement might be framed.

W. J. S.
5/12/32

S. J. S.

You will wish to discuss this with the Dept.?

W. J. S.
7/11/32

over

x
And, with it, in any view, the revenue figure.

re. expenditure
2/1/32

I think Sir Coo?
 B. Moulton's original proposal
 is fair & reasonable.
 Lord Mynne has included leave
 etc. on his figure &
 excluded it in his
 division of charges. (I
 don't see why to fund the
 cost bear its fair share
 of the cost of the officers who
 have to carry out the
 native work & cost includes
 leave as well as pay.

P.V.

7/12

8
 7/12

(Original)
 Kel to Secy to Govt of Kenya 9/12/52

State that his proposal in Nov has been followed in
 the Estimates but adjustments will be made on revised Estimate
 on February acct.

2. Put by.

Nº 6 promised a following department I had in
 mind that something should be said to the House
 about para 15. of 2. It will be enough
 to secure a short dep. referring to the
 telegraphic correspondence; says that S.G.
 has read with interest the memorandum
 enclosed with ^{his} but ^{has} considered it, directly
 [for the present] to allow clarity to the
 framework of the Native Settlement policy
 prepared by Lord Mynne

I think this is all that is
 necessary now; but if it is a great
 pity that the matter is not
 done so, at the moment
 14/11
 14/12/52

Let me see how it goes

[I feel sure that the figure is
 £11,653]

14/12/52

10⁸

C. O.

18316/32 Kenya.

Mr. Priestman 16/12.

Mr. Preston 16

Mr. Allen 17/12

Mr. Parkinson 20

Mr. Tomlinson.

X Sir C. Bottomley 21.12

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

C. O.
DEC 21 1932
W.

Downing Street.

22 December, 1932.

DRAFT. conson

Sir,

KENYA.

CONF. No 926

GOVERNOR.

I have etc., to refer to your

telegram of the 12th December No. 239

(9) and previous telegraphic correspondence regarding the first budget of the Native Betterment Fund.

2. I have read with interest the memoranda enclosed with your despatch

(8) No. 544 of the 12th November, but I have considered it desirable to adhere closely to the framework of the Native Betterment proposals made by Lord Moyne.

3. I note that the draft
(8) for 1933 Estimate as printed do not reflect the decision conveyed to you in my telegram No. 264 of the 9th December but that.

that the necessary adjustments will
be made when the Estimates are
revised in February next. The
position has no doubt been made clear to the
Legislative Council.

Shaw

(Sgd.) P. CUNLIFE-LISTER.

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be made when the Estimates are
revised in February next. The
position has no doubt been made clear to the
Legislative Council.

Shaw

(Sgd.) P. CUNLIFFE-LISTER.

ADMINISTRATIVE
13 DEC

99

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 12th December. Received at 3-27pm 12th December 1932.

No 239.

~~Not~~ your telegram No 264. As ~~Kenya~~ Legislative Council opens on 14th December estimates had to be printed and proposal in my telegram No 227 has been followed. It is not therefore possible to alter printed estimates but necessary adjustments will be made when estimates are revised in February next.

Amard (10)

810

18316/32 Kenya.

C. O.

Mr. Freeston

Mr. Allen 9.12.

Mr. Parkinson

Mr. Tomlinson

Sir C. Bottomley 9.12.1954

Sir J. Shuckburgh

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

Answered by No 9

O.D.
R 9 JEC
D 9

Checked and

2 20 PM

9/2/54

[Signature]

No. 264

DRAFT.

IMPORTANT.

Governor

Nairobi.

No. 6.

Your tel. 227. Although in Appendix 7 Moyne recommended exclusion of leave and passage expenses his figure of 2579,054 did in fact include part of these costs. In my opinion such expenses are a fair charge against the Native Betterment Fund. But for 1953 I consider situation should be met by compromise i.e. by regarding 23,000 as partial contribution to leave and passage costs. I adhere therefore to framework suggested in my tel. No. 226.

Exact calculation of these

costs and consideration of procedure for subsequent years can be undertaken at leisure.

[The S.A.'s director, as given here by Airplane, definitely replied as: 6 so far as this year is concerned - i.e. as under secretary of Army, J.P. or otherwise.]

Revenue

Contribution from Direct Native Taxation: £279,588

11

Expenditure

(-) (Heads - before)

Total £247,760

① Reimbursement on account of
lost tax officers

20,185

Other expenditure £267,845

Balance £ 11,653

* Subject to adjustment in respect of
those items in Lord Kynner's estimate of
expenditure which in fact contained
some provision for leave, passages, &c.

REGISTRATION 18316/32
7A
7a. 12

TELEGRAM from the Governor of Kenya to the Secretary
of State for the Colonies.

Dated 5th December.

(Received Colonial Office 11.41 a.m. 5th December 1932)

URGENT.

No. 228.

My telegram No. 227. Please read 44th,
No. 1 / 45th, 67th and 68th text words "increased to
£11,753".

13/12

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 3rd December, 1932. Received in the Colonial Office at 4.21 p.m. on 3rd December, 1932.

Important.

No. 227.

No 6

Your telegram No. 258. I am faced with the difficulty that proposed reimbursement to general revenue of £23,914 cannot be reconciled with actual estimate for 1933. Moyn's figures of expenditure and balance were based on actual expenditure of 1931. Cost of part time officers in 1933 is estimated at £20,165 and cost of leave and passages which were never contemplated by Moyns to be included in Betterment Fund would considerably exceed £3,009 and would absorb greater part if not the whole balance. On the other hand if leave and passages are excluded and reimbursement reduced to £20,165 balance will be increased to £11,743 and Colony's deficit correspondingly increased. These implications had been carefully considered and as a result I made proposal contained in paragraph 9 of my despatch No. 544. If you consider there should be no variation in the amount of contribution I can only suggest (for) 1933 budget reimbursement be reduced to £20,165 a figure which can be substantiated and that balance be increased to £11,743 on the understanding that allocation of whole of this sum to Betterment Fund will be reviewed with general consideration of Colony's budget early next year. My reason for latter recommendation is that I foresee little prospect of balancing 1933 budget even allowing for Advisory Committee recommendation and for imposition of income tax.

No 2

*Under his signature for expenditure (based on schedule 7) /
 but include some of these changes
 5.12.32.*

C. O.

O.D. 6/14
Cable 220
D 3
7/12
1/12/32

Mr. Preston 3 1/12/32

Mr. Allen 1/17

Mr. Parkinson

Mr. Tomkinson

Sir C. Bateman (42. aton) (over)

Sir J. Shackleton

Form. U.S. of S.

Gov. U.S. of S.

Secretary of State

Approved by No. 7

No. 258 Your despatch 12th

226
I recognize that preliminary draft budget for Native Betterment Fund referred to in par. 9 of your despatch 12 Nov. 544 is as fair to native as that proposed

DRAFT. Vol. (over) No. 2
Important
Governor, Nairobi.

on the grounds that the proposed budget is more liberal

by Kenya. But to obviate ill-informed criticism and to facilitate drafting of the budget establishing the Fund, I should prefer it to be revised as follows. Revenue £279,598,

(with details of items as per list below)

expenditure (a) on Direct Native Services £247,760. (b) re-imbursment to general revenue on account of part time officers, leave and passage expenses etc. £23,194 total expenditure £270,954 Balance £9,644. I approve

Recd. for further action.

proposals in par. 10 subject to modifications necessitated by foregoing re-adjustment. Despatch follows.

SECRET

COPY FOR REGISTER

RECEIVED
1-DEC-1932

5
15

TELEGRAM from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 31st December.

(Received Colonial Office 9.25 a.m. 1st December, 1932.)

IMPORTANT.

No. 226.

and see No 252
No 2

My despatch of 12th November No. 544. In view of meeting of Legislative Council fixed for 14th December final form of estimates must be settled this week. Grateful for your decision could be conveyed to Kenya cable. I may mention budget will be provisional and subject to adjustments which will be considered at the special sitting in February. The final report of expenditure Advisory Committee will be available. Special revenue measures such as introduction of income tax will then be dealt with also adjustment in betterment fund schemes deemed necessary in the light of criticisms and advice that will no doubt be offered.

A

COPY FOR REGISTER RECEIVED
17-DEC-1932

5
15

RECEIVED from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 1st December.

(Received Colonial Office 9.25 a.m. 1st December, 1932.)

IMPORTANT.

No. 226.

My despatch of 12th November No. 544. In view of meeting of Legislative Council fixed for 14th December final form of estimates must be settled this week. Grateful for your decision could be conveyed to me by cable. My mention budget bill to provisional and subject to adjustments which will be considered at the special sitting in February when final report of Expenditure Advisory Committee will be available. Special revenue measures such as introduction of income tax will then be dealt with also adjustment in betterment fund schemes deemed necessary in the light of criticisms and advice that will no doubt be offered.

And 12. 29. 35
Nov.

A

FOR REGISTRATION

RECEIVED
30 NOV 1932
COL OFFICE

16
4

Telegram from the Governor of Kenya to the Secretary of State for the Colonies.

Dated 30th November. Received 10-30 a.m. 30th November, 1932.

No. 224.

Your telegram No. 256.

No 3

Latest revised estimate of yield of hut and poll tax 1932 £550,790 estimate of yield for 1933 £555,000.

218



GOVERNMENT HOUSE
NAIROBI,
KENYA.
November, 1932.

KENYA.

NO. 544

Air Mail

RECEIVED
21 NOV 1932
CO. 10

Sir,

I have the honour to refer to paragraph 70 of Lord Moyn's Report in which he recommends the establishment of a Native Betterment Fund, to which should be assigned 50% of the proceeds of the Native Hut & Poll Tax receipts averaged over the preceding six years, and from which should be financed certain direct native services at present provided in the Colony's Budget under the Estimates of the Agricultural, Education, Medical and Public Works Departments. The primary object of this proposal, as stated in paragraph 71 of the Report, is to remove these items of Estimates from the purview of the Select Committee and the Legislature.

10

You will already be aware from the debate in Legislative Council - copies of which were forwarded to the Under Secretary of State for the Colonies under cover of the Colonial Secretary's Third Personal Note No. D/Leg. Co. 5/1/32 of the 12th September, 1932 - that while welcoming the principle of the Betterment Fund I was anxious to devote further time to the study of the best method of its application, before accepting unreservedly the detailed allocation of expenditure advocated in the Report.

no 1
18243/32
misc. copy of
debate notes

S.....

THE RIGHT HONOURABLE
MAJOR SIR PHILIP CUNLIFFE LISTER, P.C., G.B.E., M.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.1.

NGH
14066/24
more with
Allen

3. You are already aware from the correspondence terminating with Lord Passfield's despatch No.204 (Reserved) of the 19th March, 1931, that an accurate definition of what constitutes a direct native service presents very considerable difficulties, and that in the last resort it is impossible to avoid a more or less arbitrary decision, the validity of which must depend primarily upon general belief in the impartiality of the authority responsible for the decision. I believe there is a very real consensus of opinion that in this respect we have been exceedingly fortunate in having secured in Lord Moyne the services of one who was able to bring a fresh, unbiased, and singularly receptive mind to the settlement of this vexed question. I do not therefore propose to argue in this despatch the merits or demerits of the former classification of services accepted by your predecessor, which Lord Moyne has decided to abandon for the reasons given in paragraphs 41 and 42 of the Report, but will confine myself to explaining the difficulties which have been experienced in framing a Native Betterment Fund Budget of departmental expenditure in accordance with the principles advocated by Lord Moyne.

4. In paragraph 79, page 42, of his Report, Lord Moyne suggests that the allocation of the Native Betterment Fund be arrived at in the manner adopted for the classification of 1931 expenditure in Appendix I, Schedule C, page 85, and he adds that Appendix V, page 113, gives a fuller definition of services to be borne by the Fund. A close examination of the 1931 departmental expenditure

shown in Appendix I, Schedule 9, of the Report reveals the fact that not only has there been some variation from the principles suggested in Appendix 7 of the Report, but also that there is no inter-departmental consistency in the basis of classification, e.g.:-

(a) In the Medical, Agricultural and Public Works Departments the allocations included proportionate costs of officers only partly employed on direct native service as well as the entire cost of officers wholly employed on those services.

(b) The allocation of £30,801 to Public Works was computed on a basis which included charges on account of Head Office administration, leave pay, passages, pensions and housing, all of which are definitely excluded by Appendix 7.

(c) The allocation of £17,722 to Education included the cost of leave pay, passages and reliefs in connection with officers employed on direct Native Services.

4. How these discrepancies have arisen I am not in a position to explain as the Heads of Departments, who were responsible for the compilation of these estimates, assure me that the basis of classification was personally explained to Lord Moyné and accepted by him in each case. I am sure, however, you will agree that every effort should be made to eliminate as far as possible such inconsistencies in any Native Betterment Fund Budget that may be adopted for 1923 and succeeding years, and it is because the practical difficulties of remedying such defects did not become fully apparent till the draft departmental estimates for 1923 had been drawn up that

I have not been able to address you on the subject earlier.

6. The practical difficulties which arise from these anomalies are both political and financial in character. If Native Betterment Fund expenditure is to be classified on the lines of Schedule 9, Appendix I, the result will be that the salaries and other charges of a number of officers will be provided partly in the Colony's Estimates and partly in the Fund, and will therefore not be entirely removed from the purview of the Select Committee on the Estimates. This gives rise to a position which would, in my view, be politically unworkable.

On the other hand, if Native Betterment Fund expenditure is to be classified on the lines laid down in Appendix 7, an appreciable proportion of the amounts shown in Schedule 9, Appendix 1, would have to be excluded from the Fund, with the result that the margin to which Lord Moyne refers in paragraph 78 of his Report would be increased to nearly £10,000 and the Colony's budget, as distinct from the Native Betterment Fund, would be chargeable to that extent. In view of the serious financial difficulties of the Colony, there are obvious objections to the institution of a scheme which would add so considerably to our financial burdens.

632,000

7. There is yet another anomaly which I feel should be brought to your notice. In Appendix 7, paragraph (g), Lord Moyne suggests that the debts of all relief, pensions, leave pay and passages should be borne on the general budget. The general considerations which led Lord Moyne to make this recommendation are given in paragraphs 41 and 42 of the Report, but while it may be

arguable that the Native Betterment Fund should not be debited with overheads representing contributions to the ultimate pensions of Native Betterment Fund officers, the same would not appear to apply to the costs of reliefs, leave pay, and passages, which form an integral part of the cost of keeping a given number of Native Betterment Fund officers in the field at any one time. Indeed their exclusion from the Native Betterment Fund does not appear to be consistent with the recommendation contained in paragraph 71, as the cost of reliefs, leave pay and passages form an integral part of the cost of a service. Moreover, there would appear to be constitutional objections to a portion of the Native Betterment Fund services being provided by Law and the remainder being appropriated annually by the Legislature, since, in theory at any rate, it would be competent for the latter, by the exclusion of leave and passage provision, gradually to bring the activities of the Native Betterment Fund officers to a standstill.

Encl. 13

B. In illustration of the practical difficulties that have been encountered I enclose a specimen of the original Native Betterment Fund Budget put up for discussion by Heads of Departments. A detailed examination of it revealed that with ^{the} one exception of the Education Department the classification of officers suggested by Lord Moyne in Appendix 7 (b) and (d) had not been strictly observed, but that fractions representing the part time Native services of veterinary and medical officers had been included. Further that some Departments had included leave pay, passages and reliefs, while others had not.

C. After considerable discussion, in order to arrive at

some finality, I directed Heads of Departments to draw up two schedules of services, the first comprising officers wholly engaged on native services, the second comprising part time officers. I enclose copies of these schedules for your information.

After further examination of them it was decided to recommend for 1933, as a temporary measure only, that the expenditure to be met from the Fund should be confined to the cost of officers wholly employed on direct native services together with the necessary provision for materials and working expenses, and that the proportionate cost of officers who are employed partly on native and partly on non-native services should be regarded as "indivisible". In order to achieve equilibrium between the revenue and expenditure of the Fund, it is proposed to reduce the contribution from direct native services in the same ratio which the proposed expenditure bears to that given in Appendix I, Schedule 9 of Lord Moyne's Report. I enclose a preliminary draft budget for the Fund giving effect to these proposals.

10. In so far as the Colony's budget is concerned, it is proposed to follow the procedure adopted in the case of the Colonial Development Fund. The contribution to the Fund would be deducted from Head II, Licences, Duties, and Taxes and shown as a new Head XIV, Native Betterment Fund, with a one line entry only. On the other side, the expenditure would be deducted from the departmental Heads of Estimates, and a new Head XXIV Native Betterment Fund be shown consisting of a one line vote exactly balancing the Revenue. In the Colony's Balance Sheet

Encls.
II to III

Encls.
I to III

24

7.

any unspent balance of the Fund would appear as a liability. In view of the necessity of completing the 1933 Estimates I should be glad of your approval by cable to these proposals.

11. I appreciate that they are open to the criticism that the amount which Lord Moyne recommended should be ~~asked~~ for expenditure on direct native services has been reduced. It will, however, be realised that it is with no such object that the present temporary proposals have been made. It is merely that a certain part of the expenditure will, owing to practical difficulties and pending their solution, remain as a temporary measure a charge on the general budget, and it is in my view only reasonable that the revenue of the Fund should be adjusted accordingly.

12. In view of the desirability on political grounds of giving effect as early as possible to Lord Moyne's proposals it has been my endeavour throughout to follow as closely as possible the lines of Lord Moyne's Report. In the light, however, of the practical difficulties which have been explained in this despatch you may consider it desirable that the services to be made chargeable to the Native Betterment Fund should now be more comprehensively reviewed. It is for consideration whether essential Administrative services are not as much in need of protection as departmental services, and whether they should not be included in the Native Betterment Fund by a larger appropriation of the proceeds of the ^{Native} Hut and Poll Tax. Another alternative would be to proceed on the lines advocated by the Colonial Secretary in a memorandum on a

End VII

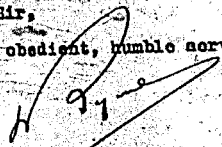
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tentative scheme drawn up by the Chief Native Commissioner at his request, a copy of which is enclosed. For the reasons, however, explained above I have not considered it desirable seriously to consider the adoption of such such alternatives at the present time.

I have the honour to be,

Sir,

Your most obedient, humble servant,



Brigadier-General.
GOVERNOR.

I 26

NATIVE RETIREMENT FUND.

Draft Estimates
for 1935.

REVENUE.

Contribution from direct
native taxation £ 255,664

EXPENDITURE.

Agriculture	£ 35,055	x
Education	73,082	x
Medical	115,582	x
Public Works	17,335	x
Extraordinary	6,728	
Total Expenditure	<u>247,760</u>	
Balance	<u>7,904</u>	
	£ 255,664	<u>255,664</u>

x Schedules attached.

DEPARTMENT OF AGRICULTURE,
P.O. BOX NO. 338,
NAIROBI. 2nd November, 1932.
NO. ACCT/28.

The Hon. Colonial Secretary,
NAIROBI.

NATIVE SETTLEMENT FUND.

Ref. Your No. Est. S. 30/XXV of the 28th October.

I submit the two schedules in the form directed, and would explain that with a view to securing some degree of finality I have restored in Schedule I those posts of Agricultural Officers now in abeyance, and a small amount for Agricultural Shows also included the Agricultural Service for Tana River.

There is a slight reduction shown in the labour vote in connection with which the Economy Committee was rather insistent, and small amounts, in all cases under £100, under "Other Charges" Schedule II which are difficult to assess have been omitted.

It will be seen that the total of Schedules I and II comes within the amount of £28,589 shown in Lord Moyne's Report.

H. Wilson

DIRECTOR OF AGRICULTURE.

AM/VA

NATIVE REVENUE TRUST FUND.

Department of Agriculture

SCHEDULE I.

Officers wholly employed on direct Native Services.

<u>Item No.</u>	<u>No. of posts</u>		<u>£</u>	
<u>DIVISION OF PLANT INDUSTRY.</u>				
<u>Personal Emoluments.</u>				
		Senior Agricultural Officers (£480 x £20 to £600 x £50 to £720)	£20)	1,120
47	2	Agricultural Officers (£480 x £20 to £600 x £50 to £720)		5,610
		Asst. Agricultural Officers (£572 x £18 to £480 x £20 to £300)	£300)	744
	2	Agricultural Assistant (G. 500/- x 20/- to G. 500/- p.a.)		150
	1	Native Agricultural Instructors		2,200
48		Labour		600
48A		Total Personal Emoluments		10,824
<u>Other Charges.</u>				
		upkeep of Agricultural Schools and Farms		1,050
49		Grants to Native Agricultural Shows		100
		Expenses of Demonstration Plots		275
50		Seeds etc. for issue		500
51		Expenses of Instruction		1,000
52		Travelling Allowances		105
53		Local Transport and Travelling		1,815
54		Carriage of Goods		200
52		Total Other Charges		5,075
		Total Division of Plant Industry		15,899
<u>DIVISION OF ANIMAL INDUSTRY.</u>				
<u>Personal Emoluments.</u>				
93	6	Veterinary Officers		4,224
94	8	Stock Inspectors		2,920
95	1	Veterinary Inspector		250
96	2	Veterinary Assistants		520
98	5	African Clerks		315
153	4	Instructors-in-Stock		1,780
99		Labour		2,227
154		do.		700
		Total Personal Emoluments		15,177
<u>Other Charges.</u>				
101		Medicines and Instruments		250
102		Maintenance of Veterinary Quarantine Stations		400
103		Maintenance of Dips		125
104		Incidentals		53
105		Purchase of Brands		1,100
106		Expenses of instruction etc.		200
108		Maintenance of Centres		100
107		Carriage of Goods		190
88		Travelling Allowances		2,650
89		Local Transport and Travelling		6,178
90		Total Other Charges		11,736
		Total - Division of Animal Industry		26,913

Change in title of 2 Agricultural Officers. Includes £720 for 2 new posts for 9 months each @ £480 per annum. Two new posts.

New post - 9 months @ 400/- p.a. Increased by £400. do. by £150

Max. Service. Increased by £75

Increased by £50 Increased by £200

Original provision in General Budget of £4,000 reduced to £3,700 Original provision in General Budget of £800 reduced to £700.

NATIVE EMPLOYMENT FUND.

Department of Agriculture.

SCHEDULE II.

Officers partly employed on direct Native Services.

Item No.	No. of posts shown in estimates excluding those shown in Schedule I.	Description	Estimates 1935 excluding amounts shown in Schedule I.	N.B.F. allocation.
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DIVISION OF ANIMAL INDUSTRY.

Personal Emoluments.

95	7 (1 in absence)	Veterinary Officers	4,841	1,061
94	14	Stock Inspectors	6,855	719
96	1	Veterinary Assistant	540	88
99		Labour	1,745	540
			<u>Total Personal Emoluments.</u>	<u>2,408</u>

Other Charges.

69		Travelling Allowances	60	50
90		Local Transport and Travelling	5,640	714
102		Maintenance of Veterinary Quarantine Stations	700	150
			<u>Total Other Charges</u>	<u>894</u>

Total Division of Animal Industry & Schedule II. £5,302

NATIVE DEPARTMENT FUND.

Department of Agriculture.

SCHEDULE II.

Officers barely employed on direct Native Services.

Item No.	No. of posts shown in estimates excluding those shown in Schedule I.	Description	Estimates 1933 excluding amounts shown in Schedule I.	N.B.F. allocation.
			£	£
<u>DIVISION OF ANIMAL INDUSTRY.</u>				
<u>Personal Emoluments.</u>				
	7 (1 in absence)	Veterinary Officers	4,641	1,061
95		Stock Inspectors	6,855	719
94	14	Veterinary Assistant	540	88
96	1	Labour	1,545	540
99			<u>Total Personal Emoluments</u>	<u>2,408</u>
<u>Other Charges.</u>				
		Travelling Allowances	80	30
89		Local Transport and Travelling	5,640	714
90		Maintenance of Veterinary Quarantine Stations	700	150
102			<u>Total Other Charges</u>	<u>894</u>
			<u>Total Division of Animal Industry & Schedule II.</u>	<u>£3,302</u>

EXPENDITURE

Officers wholly employed on Districtive Service

Chargeable to Budget
Chargeable to Colony
Total

Item No.	No. of Posts	Description	Chargeable to Budget	Chargeable to Colony	Total	Notes
66		Education Officers.	1037		13115	2078 Leave Pay.
67	18	Leading Artisans	1604	796	5400	79 Leave Pay.
68	2	European Clerk	537	116	647	116 Leave Pay
69	1	Non European draftsman	216		216	
70		Native Teachers and Instructors	5585		5598	
71		African Domestic and Motor Drivers	950		960	
72		Believers	1669		1669	
73		Apprentices in Training	1850		1850	
74		Govt. where (2/3) Jeanes School Teachers salaries.	1950		1950	
		Total personal emoluments	28621	2984	31605	
OTHER CHARGES.						
75		Maintenance and Purchase of Materials	2812		2812	
76		Rent and cell tax	325		325	
77		Grants in Aid to Schools	29000		29000	
78		Grant to Alliance High School	3200		3220	
79		Expenses of Committees	75		75	
80		Passages		1725	1725	1725 Passages
81		Local Transport and Travelling	1531	102	1633	102 Rail etc. to & from Kilindini.
82		Travelling Allowance	33	10	43	10 Travelling Allowance to and from Kilindini.
83		Boarding Expenses	3580		3580	
84		Contingencies	31		31	
85		Tools	600		800	
		Carried forward - other charges	41207	1837	43044	

ANNEX I.

Officers wholly employed on West African Service
 Chargeable to Budgetary Fund
 Chargeable to Chargeable total
 Budgetary Fund

Item No.	No. of Posts	Description	1	2	3
66		Director Officers	11037	2770	13115
67	18	Leading Artisans	4604	796	5400
68	2	European Clerks	537	11	647
69	1	Non-European draughtsman	216		216
70		Native teachers and instructors	5598		5598
71		African Domestic Ground Staff and Motor Drivers	960		960
72		Reliefs	1869		1869
73		Apprentices in Training	1850		1850
74		Govt. Burs (2/3) Jeanes School Teachers' salaries	1950		1950
		Total personal Expenditure	20031	2987	31605
		OTHER CHARGES			
75		Maintenance and purchase of materials	2812		2812
76		Light and Fuel etc.	325		325
77		Grants in aid to Schools	29000		29000
78		Grant to Alliance High School	3220		3220
79		Expenses of Committees	75		75
80		Passages	1725	1725	1725
81		Local transport and travelling	1931	102	1633
82		Travelling Allowance	33	10	43
83		Boarding Expenses	3580		3580
84		Contingencies	31		31
85		Tools	800		800
		Carried forward - other charges	41207	1637	43044

1725 Passages
 102 Abil etc.
 to & from
 Kilindini.
 10 Travelling
 Allowance to
 and from
 Kilindini

Item No.	no. of Posts.	Officers wholly employed on Direct Active Services.	Description.	Chargeable to Settlement Fund.	Chargeable to Colony.	Total.	Notes.
			Carried forward - Personal Expenditures	20621	2981	23605	
			Carried forward - Other Charges	41207	1837	43044	
86			Books, Stationery and Equipment	520		520	
87			Domestic Training of Africans	2146		2146	
88			Telephones and Telegrams	78		78	
89			Expenses of Insularities	10		10	
			Total Other Charges	43961	1837	45798	
			Total African Education	72582	4821	77403	
			Extraordinary	500		500	
						77903	

VIC.

Item No.	No. of posts.	Officers wholly employed on Direct Active Services. Description.	Chargeable to Metropolitan Fund.	Chargeable to Colony.	Total	Notes.
		Carried forward - Medical Expenditure	20621	2984	23605	
		Carried forward - Other Charges	21207	1837	23044	
86		Books, Stationery and Equipment	500		500	
87		Domestic Training of Africans	2146		2146	
88		Telephones and telegrams	76		76	
89		Expenses of Excursions	10		10	
		Total Other Charges	2571	1837	4408	
		Total African Education	72582	4821	77403	
		Excess Library	100		100	
					77503	

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IV
32

SCHEDULE I. OFFICERS FULLY EMPLOYED ON DIRECT NATIVE SERVICES.

No. of Posts	Description	£.
23	Senior Health Officers, Health Officers, Medical Officers,	25,030
1	Medical Storekeeper	540
23	Nursing Sisters	8,042
20	Sub Assistant Surgeons	6,140
9	Asiatic clerks	2,150
4	Senior Sanitary Inspectors and Sanitary Inspectors	2,000
1	Asian Assistant Surgeon	800
1	Chief Instructor	500
8	Dispenser and Pharmasters	1,100
0	Composers	1,218
2	European Clerks	687
3	Issuers of Medical Stores	515
1	Male Nursing Orderly	503
2	African clerks	112
1	Superintendent, Infectious Diseases Hospital	450
	Medical Staff	<u>12,024</u>
		<u>152,000</u>
	Other Expenses	
	Local Travelling	4,025
	Carriage of goods	2,534
	Upkeep of Native Hospitals	7,500
	Travelling Allowances	197
	Motor Transport	567
	Water	517
	Maintenance, Infectious Diseases Hospl.	1,214
	Boarding of Africans	780
	Commissary	871
	Electric Light	222
	Allowances, Indian Medical Dept.	24
	Prevention of Disease	240
	Hospitals, Miscellaneous	200
		<u>25,000</u>

IV
32

SCHEDULE I. OFFICERS WHOLLY EMPLOYED ON DIRECT
NATIVE SERVICES.

No. of Posts	Description	Rs.
89	Senior Health Officers, Health Officers, Medical Officers,	25,650
1	Medical Storekeeper	540
25	Nursing Sisters	8,942
20	Sub Assistant Surgeons	5,140
9	Asst. clerks	2,100
4	Senior Sanitary Inspectors and Sanitary Inspectors	2,000
1	Asst. Assistant Surgeon	550
1	Chief Instructor	550
3	Dispenser and Pharmacist	1,120
6	Compounders	1,212
3	European Clerks	637
2	Issuers of Medical Stores	515
1	Male Nursing Orderly	200
2	African clerks	112
1	Superintendent, Infectious Diseases Hospital	450
	Head-staff	<u>12,024</u>
		<u>200,000</u>
	Other Conts.	
	Local Travelling	4,053
	Carriage of goods	9,524
	upkeep of Native Hospitals	7,500
	Travelling Allowances	197
	Motor Transport	547
	Water	517
	Salaries, Infectious Diseases Hospl.	1,216
	Boarding of Africans	730
	Commissary	571
	Electric Light	510
	Allowances, Indian Medical Dept.	54
	Provision of Messes	243
	Supplies, Miscellaneous	200
		<u>200,000</u>

Other Charges (Continued)

	£.
Brought forward	19,000
Rations, Northern Frontier Province.	850
Uniforms	900
Medical & Surgical Stores & Equipment	18,900
Propaganda	1,000
Grants in aid, African Maternity and Child Welfare Centres.	8,000
Medical Grants to Missions	<u>5,000</u>
Total other charges	<u>£45,900.</u>

Total. Schedule I. £115,500.

SCHEDULE II - OFFICERS PARTLY EMPLOYED ON DIRECT NATIVE SERVICES.

No. of posts shown in Estimate including those shown in Schedule I (excluding posts not filled)	Description	Estimate 1934 including amounts shown in Schedule I.	Proportion of posts H. B. F. H. B. F.	H. B. F. Allocation
5	Senior Medical Officers	8,000	13	1,707
15	Senior Health Officers, Medical Officers & Health Officers	15,040	29	2,859
3	Asst. Surgeons	1,550 ¹	14	557
13	Indian Clerks	8,225	2	480
10	Sanitary Inspectors and Sanitary Inspectors	5,225	5 ⁵ / ₁₀	1,043
2	Compounders	403	1	203
2	European Asst. Surgeons	1,000	1	125
2	Pharmacians & Dispensers	600	1	200
	District Surgeon		2 ² / ₅	720
	Other Charges			
	Local Travelling	5,000		700
	Carriage of Goods	200		8
	Contingency	70		17
	Electric Light	420		20
	Water	200		67
	Maintenance Inf. Dis. Hosp.	1,200		1,050
	Travelling allowance	50		6
	Prevention of Disease	500		150
	Motor Transport	250		250
	Total other charges.			2,815

Total Schedule II. - £10,743.

¹ Includes Outfit Allowance and Non-Pensionable Allowance.

PUBLIC WORKS DEPARTMENT.

NATIVE BETTERMENT FUND

SCHEDULE I.

(a) Officers wholly employed on direct Native Services.		1933 Estimates	nil.
(b) P.W.D. Recurrent M & I Roads and Bridges	£. 64,000		£. 16,550
(c) Tools and Plant	£. 4,500		783
<u>TOTAL SCHEDULE I.</u>			<u>£. 17,333</u>

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PUBLIC WORKS DEPARTMENT.

NATIVE BETTERMENT FUND.

SCHEDULE II.

(a) Officers partly employed
on direct Native Services.

No. OF POSTS.	DESCRIPTION	ESTIMATES 1933.	NATIVE BETTERMENT FUND ALLOCATION.
		£.	£.
1	Chief Storekeeper	816	
1	Senr. Storekeeper	499	
6	Asst. Storekeepers	2,362	810
3	Asian Clerks	480	
4	Arab & African clerks	375	
	Office boys, etc.	445	

TOTAL STORES STAFF £ 4,977

23	Foremen	10,603	
	Temporary Works Staff	2,481	4,530
	Sub-Foremen	1,462	

TOTAL WORKS STAFF £ 14,606

TOTAL PERSONAL EXPENDITURE £ 5,140

(b) OTHER GRANCES.

Travelling allowances.	400	
Local Transport and Travelling.	4,600	
Drawing Office material and office equipment.	200	
Conservancy & water rates	400	1,000
Contingencies	200	
Uniforms	40	
Telephones & telegrams	500	
Registered letters, parcels, etc.	20	
Contributions to British Engineering Association	30	

TOTAL OTHER GRANCES £ 1,000

TOTAL PERSONAL EXPENDITURE £ 5,140

TOTAL SCHEDULE II £ 6,140

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PUBLIC WORKS DEPARTMENT.

NATIVE ESTERMENT FUND.

SCHEDULE II.

(a) Officers partly employed
on direct Native Services.

No. OF POSTS.	DESCRIPTION	ESTIMATED 1935.	NATIVE ESTERMENT FUND ALLOCATION.
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		£.	
1	Chief Storekeeper	816	
1	Senr. Storekeeper	499	
5	Asst. Storekeepers	2,362	810
3	Asian Clerks	480	
8	Arab & African clerks	375	
	Office boys, etc.	445	

TOTAL STORES STAFF £. 4,977

		£.	
19	Foremen	10,605	
	Temporary Works Staff	2,481	4,330
6	Sub-Foremen	1,482	

TOTAL WORKS STAFF £. 14,406

TOTAL PERSONAL EMPLOYMENT £. 5,140

(b) OTHER CHARGES.

Travelling allowances.	400		
Local Transport and Travelling.	4,600		
Drawing Office material and office equipment.	200		
Conservancy & water rates	400		1,000
Contingencies ..	250		
Uniforms ..	40		
Telephones & telegrams	200		
Registered letters, parcels, etc.	20		
Contributions to British Engineering Association	20		

TOTAL OTHER CHARGES £. 1,000

TOTAL PERSONAL EMPLOYMENT £. 5,140

TOTAL SCHEDULE II £. 6,140

PUBLIC WORKS DEPARTMENT.

NATIVE BETTERMENT FUND.

PUBLIC WORKS EXTRAORDINARY.

Miscellaneous Works
Native Betterment Fund

2. 6,728

PUBLIC WORKS DEPARTMENT.

NATIVE RETIREMENT FUND.

REVENUE.

II. REIMBURSEMENTS.

Native Retirement Fund
Reimbursement P.W.D.

2,6140

Lord Hoynes states in paragraph 68 of his Report that "even if direct taxation be transformed in the way I have suggested it will, if maintained at its present level, represent a heavier individual sacrifice than that at present imposed upon the non-native population."

In paragraph 69 he goes on to say :-

"The main justification for asking the native to submit to a heavier sacrifice in taxation than the non-native may be found in the difference between their respective levels of civilization and the varying needs of the two communities for State expenditure on social services and development.... The problem is to find some form of guarantee that the vital services of native development, which are the main justification for the heavy contribution made by the native to public taxation from his slender means, shall not be subject to recurrent cuts".

2. In order to secure this guarantee he proposes a "Native Betterment Fund" which is to be taken out of the purview of Legislative Council altogether and to be controlled by a specially constituted Native Betterment Committee. From the classification of services which he recommends to be financed from the Native Betterment Fund, it is clear that he regards the vital services of Native development to be educational, medical, agricultural services and roads. While no one in his senses would deny for one moment that these services form an integral part and essential part of native development, the native cannot develop in any real sense unless side by side with the extension of these services provision is made for building up an administrative structure through which the native can be given some opportunity of realizing that he is getting some return for his taxation in the value of these services, can assume some measure of responsibility, however small, in their direction and control, and can take a personal pride and interest in their local progress. In other words, the more these

social services can be developed as an integral part of local native institutions, and identified with the taxation locally raised, the greater will be the development of the native in the broadest sense.

5. In paragraph 74 of his Report, Lord Moyne recognises that among the more advanced natives there is a legitimate demand that they should obtain more "direct and tangible services" in return for their taxation, but in his view this wish would be satisfied provided the proceeds of the tax are devoted to direct native benefit throughout the Colony under the control of an impartial body* such as the Betterment Committee. With this view I find it difficult entirely to agree. I cannot believe that the native of Ebu, for example, who thinks he ought to have a dispensary or a school of his own, will feel that he is getting any direct or tangible service in return for his taxation if he is told that unfortunately there is no money for his comparatively modest wants, as his tax money is now being used to pay for the hospital at Karugoya, the school at Machakos, or the Agricultural Officer at Ebu. The first two are not in his district and if he knows anything about them at all he will regard them as purely Government (Berkali) responsibilities, while he will probably think it definitely unfair that he should suddenly be called upon to pay for the Agricultural Officer who has always been working in his district and whom he has come to regard as a normal Government officer, just like his D.C.

6. On grounds, therefore, of general policy I consider that we should be building on much surer foundations for future progress if we could make as a first recurrent charge on the Betterment Fund those essential native services in which, even in the present stage of his development, the native can take a live and intelligent interest. In

such a category I should place first and foremost the cost of his local native administration, such as salaries of local headmen, tribal police retainers, etc. Lord Lugard in his Political Memorandum on the subject of native taxation writes as follows:-

"The share of the general tax assigned to the Native Administration affords, not merely the means for providing an adequate income for its officials, but also a fund by the aid of which the Native Administration can take a direct part in such of the projects of Government as it is well fitted to co-operate in. It can build Native Court houses and schools and pay the Native Staff. It can assist in Forestry work, and undertake public works of local importance, whether carried out by its own employees or executed by Government and paid for out of its funds..... The Native Rulers and Officials will thus find fresh scope for their energies and a pride in the progress of their country".

5. In Kenya this is already done to some extent by means of cesses in the case of the more advanced Local Native Councils, and I see no reason why, whether by grants in aid from the Settlement Fund to Local Native Councils, or by fusion of cesses in the general tax, such a policy should not be progressively and successfully pursued. The Chief Native Commissioner, in the accompanying Memorandum, has suggested a tentative scheme which would provide for such development on reasonable lines, while at the same time retaining in the hands of the Settlement Fund Committee sufficient funds to provide some development in the more backward areas, which Lord Moyne is so anxious to secure. I do not propose to discuss these proposals in detail, as there are no doubt items of expenditure which would require further consideration before a decision is taken as to how they should be financed. There is, however, one point more of principle than detail, that I should mention. I consider the Chief Native Commissioner and not the Colonial Secretary should be

chairman.

[Handwritten signature]
 1951

chairman of the Committee, as the former is now definitely to be regarded as the Head of the Native Administration.

This does not mean that the Colonial Secretary would not be vitally interested in the work of the Committee and be kept fully informed as to the lines of policy that were being carried out. Some such scheme seems to me to provide the necessary scope for local initiative and enthusiasm, while still retaining control in a central body able to take the wider view as to the competing needs of the more backward parts of the Colony.

6. So far, I have endeavoured to state a case for a modification of Lord Moyne's proposals on grounds of general native policy. But I suggest there are also practical difficulties in applying his proposals to the 1955 and succeeding Budgets. The figures given under the different native services in the appendices are based on 1951 actual expenditure and are admittedly arbitrary, particularly in the following respects:-

- (1) they do not attempt to lay down what is would be a reasonable ratio of departmental expenditure on the native services to be financed from the Fund, e.g., agricultural services may be getting too little, medical services too much. Forestry is not mentioned at all;
- (2) they admittedly ignore the native share of indivisible expenditure on these services. The Director of Medical and Sanitary Services states that a large proportion of the laboratory services are of direct benefit to the natives;
- (3) they contain in some cases items of non-recurrent expenditure;
- (4) they have not in every case been arrived at by Heads of Departments in the same way;

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- (1) they do not attempt to lay down what would be a reasonable ratio of departmental expenditure on the native services to be financed from the Fund, e.g., agricultural services may be getting too little, medical services too much. Forestry is not mentioned at all;
- (2) they admittedly ignore the native share of indivisible expenditure on these services. The Director of Medical and Sanitary Services states that a large proportion of the laboratory services are of direct benefit to the native;
- (3) they contain in some cases items of non-recurrent expenditure;
- (4) they have not in every case been arrived at by Heads of Departments in the same way;

- (5) they represent in certain cases merely a share of an officer's services;
- (6) they do not take into account annual increments, or the fact that (for the sake of example) a junior medical officer at a particular hospital may be succeeded in the course of the year by a more senior officer, thus upsetting the financial provision made from the Betterment Fund during the course of the year.

Further, I understand that the Director of Medical and Sanitary Services has already found that the cost of approved native services in 1933 considerably exceeds the actual 1931 figures given in Lord Moyne's Report, while the Director of Agriculture finds difficulty in itemising his expenditure. The position as to the Public Works Department services seems still more obscure. In fact, it is only in the Education Department, where the accounting ^{question} presents no particular difficulties, that allocations to native services can be made with any degree of accuracy. In other words, the Betterment Fund Committee will find itself endowed with an annual sum of £170,000 and have more or less arbitrarily to allocate that sum to meet the salaries of certain departmental officers engaged on native services, keeping, if funds are available, some reserve for new services in backward areas. It may well happen that in a particular year the needs for increased road or agricultural development may be more insistent than educational or medical services, yet it will be impossible to meet these needs without throwing back on the Colony's Budget certain departmental recurrent expenditure previously borne by the Betterment Fund. To do so would, I suggest, prove a practical and political impossibility. In other words, the sum proposed seems not large enough to secure the object Lord Moyne had in view, while unnecessarily large if, as in other territories, it is intended to finance

and stimulate the activities of purely local native administration.

It must, of course, be remembered that the principal object of Lord Moyne's proposals was to secure a temporary guarantee that the more backward community shall get a fair share from central funds during the present period of unequal racial needs and political representation. To this extent he seems to have regarded the Betterment Fund more as a stabilization account than a development fund, and that the present apportionment, admittedly arbitrary, should be regarded as temporary in character. I admit there have been difficulties in the past in securing additional funds for the native social services in question but I am doubtful whether the present safeguards will prove as real in practice as he supposes. Surely the tendency, not unnaturally, will be to say that if you want additional agricultural officers or medical officers you should pay for them from this Betterment Fund? In such an event it seems more than likely that the money at the disposal of the Betterment Fund will have already been allocated on recurrent services and no money will be available. Further, there is the likelihood that the temporary nature of the present arrangement will be lost sight of, and that we shall become saddled with a system which, in the long run, will not make for native development on sound and responsible lines.

(Sgd.) H.M.-M. Moore
COLONIAL SECRETARY.
ES.9.32.

VII 45

NATIVE BETTERMENT FUND AND LOCAL
NATIVE COUNCILS.

- TENTATIVE NOTES -

In the Tanganyika Draft Estimates 1932-1933, it is provided (vide page 17, Head VII, Item 25) that a sum of £114,624 be returned to Native Treasuries as their share of the Hut and Poll Tax.

2. The Hut and Poll Tax is estimated to amount to £522,000 (vide page 6, Head II, Item 13).

3. Reimbursements therefore to Native Treasuries amount to approximately 22% of the Tax.

4. 22% of the estimated Kenya Hut and Poll tax for 1932 (viz:- £666,176) = £128,978.

22% of this = £117,236

22% of the average for the 6 years 1926 - 1931 (viz:- £559,196) is £123,003.

20% of this is £111,839.

In Tanganyika about 66% of the reimbursements seems to be spent on Personal Emoluments, about 19% on Other Charges and about 15% on Extraordinary Expenditure. Personal Emoluments are almost entirely those of native tribal authorities and native members of departmental staffs of various descriptions working in Native Reserves.

I propose to take as a tentative suggestion and as a basis for discussion 20% of the 6 years' average, viz:- £111,839. From the point of view of native interests in the fund the actual amount allotted does not seem to be of primary importance, for the greater the amount the greater the number of items of expenditure to be charged to it - e.g. Lord Moyne takes 50% and has to charge to it the Personal Emoluments of all departmental Officers engaged on native services.

7. If we were to adopt in Kenya procedure somewhat similar to that which obtains in Tanganyika Territory it would be possible from the sum of £111,839 to meet the following charges appearing in the 1932 Estimates:-

1. PERSONAL EMOLUMENTS.
Administration.

X Chiefs and Headmen	£24,584.
X Tribal Police	£ 9,724.
X Head Foremen	£ 324.
			<hr/>
			£34,632.

Agriculture.
Head III, Item 46.

Native Agricultural Inoculators	£ 1,800.
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Item 103.

X Labour, including Scouts, Inoculators, etc.	£ 4,000.
			<hr/>
			£ 5,800.

Education.
Head VIII. Item 73.

X Native teachers and
instructors ... £ 6,678.

Item 74.

African Domestic staff, etc. ... £ 1,450.

Item 75.

Teachers and Apprentices ... £ 1,850.

Item 77.

Japanese School teachers. ... £ 1,700.

£11,678.

Head IX.

Medical.

Item 42.

X Native attendants of Hospitals
(proportion spent - Native
hospitals) ... £ 213,108.

Item 43.

Native attendants - Training
Depot, Cairo ... £ 1,150.

Item 45.

X African Sanitary Staff in
Native Reserves ... £ 600.

£14,858.

II. CIVIL SERVICES.

Administration.

Head IX.

Item 47.

Labour Camps ... £ 214.

Item 48.

Labour Camps ... £ 40.

Item 49.

Registration ... £ 320.

X Rewards and Bribes ... £ 607.

X Expenses of Tribal Police ... £ 1,300.

£ 2,825.

Head III.

X Agricultural Items 49 to 52. ... £ 5,500.

X " " " " 53 to 57. ... £ 2,300.

£ 8,500.

Head VIII.

Education.

Item 86.

X Boarding Expenses ... £ 3,108.

Item 90.

Training of African Women ... £ 2,272.

£ 7,678.

Education.
Head VIII. Item 75.

X Native teachers and instructors ... £ 6,678.

Item 76.

African Domestic staff, etc... £ 1,430.

Item 76.

Teachers and Apprentices ... £ 1,850.

Item 77.

Jefferis School teachers. ... £ 1,700.

£11,678.

Head IV.

Medical.

Item 48.

X Native attendants of Hospitals
(Projection agent - Native
Hospitals) ... £13,100.

Item 48.

Native attendants - Training
Depot, Cairo ... £ 1,300.

Item 49.

X African Sanitary Staff in
Native Reserves ... £ 600.

£14,800.

II. OTHER CHARGES.

Administration.

Head I.

Item 41.

Labour Camps ... £ 214.

Item 42.

Abou Camps ... £ 40.

Item 43.

Registration ... £ 330.

X Rewards and Bribes ... £ 697.

X Expenses of Tribal Police ... £ 1,337.

£ 2,828.

Head III.

X Agricultural Items 49 to 52. £ 3,200.

X " 135 " 137. £ 2,300.

£ 5,500.

Head VIII.

Education.

Item 85.

X Boarding Expenses. ... £ 3,106.

Item 90.

Training of African Women ... £ 2,272.

£ 7,678.

Head XV.

Medical.
Item 101.

Medical Grants to Missions... £ 3,500.

Item 108.

Grants in Aid
Child Care and Maternity... £ 1,500.

£ 5,000.

Head XXV.

Public Works Department.

Grant for Maintenance of Local Roads
and Bridges (i.e. roads other than
main-trunk roads or district roads) £10,000.

Water Spring... £ 2,000.

Head XXIV.

Item 148.

Training (Technical)... £ 400.

£12,400.

B. such a scheme
Parabial Emoluments amount to £56,968.

and
Other Charges amount to £53,413.

* Leaving a balance of £11,468.

£11,439.

(a) Reserve and

(b) Extraordinary Expenditure.

9. The items suggested above to be paid for from
refunds of direct taxation are to some extent arbitrary, particu-
larly those under "Other Charges" e.g. I have suggested that
Medical Grants to Missions be included but I have said nothing
about the Education Department's grants to Missions which under
Head VIII Item 80 to 87 amount to £34,152. The reason that I
have not included these grants is that they really represent
expenditure which is a normal part of Departmental activities.
If there were no Mission Schools there would have to be State
Schools in their place and there seems little more logic in
including grants to Missions for general educational purposes
than there would be in including the expenditure of a Government
school such as that of Machakos. However, I realize that the
point is debatable and needs consideration.

10. It will be observed that we should be able to provide
considerably more for "Other Charges" than Tanganyika is able to
for the reason that salaries of Chiefs in Tanganyika are much
higher than those in Kenya.

11. I should

11. I should not propose to divide among Local Native Councils the whole of the £111,839 but only such items as are readily capable of local distribution. These items I have tentatively starred with an asterisk. They amount to £72,165. The non-starred items are those from which the population in general may be expected to benefit, e.g. Headquarters votes, such as repatriation, and other items, such as expenditure on the Jeanes School or Child Welfare. Control of these items I suggest should remain in the hands of the Board or Departmental Committee, together with the Reserve fund. The non-starred items amount to £28,226, which, with the Reserve of £11,458 will make a fund of £39,684 to be controlled by the Betterment Fund Board (or whatever the Board in control will be called).

12. I suggest that the establishment of a Reserve Fund is important, partly to provide for development and partly to meet the situation represented by Lord Moyne in Paragraph 75 of his Report, wherein he says: "I am convinced that it would not be desirable merely to give back to each area a proportion of the taxes there raised. Provision should be made by a system of grants-in-aid for the pooling of resources and for the benefits to be allotted according to need. By this expedient the Native Betterment Fund should serve to some extent as a device for equalization of the standard of living between the richer and the poorer native districts. The proposed grant would not at present be administered entirely through the Local Native Councils, but the Betterment Fund Committee should aim at the gradual development of a system of grants-in-aid and seek to associate Local Native Councils in increasing measure with the administration of the 'Betterment Funds'."

13. In paragraph 79 of his Report Lord Moyne suggests that the Betterment Fund should benefit to the extent of £8,644 over the cost in 1931 of the services to which the fund is to be devoted.

In the scheme outlined above the excess over estimated cost for 1932 estimated is £11,458 but (a) the 1932 Estimates of the cost of the items concerned are probably less than the 1931 expenditure (N.B. To verify this would take some time as Personal Emoluments are treated as one sub-head and the actual amounts spent on each item are not readily available); and (b) no extraordinary expenditure has been included. Lord Moyne is silent as to extraordinary expenditure but presumably under his scheme it must be all found from Central Revenue. My suggested scheme would provide a certain amount for local extraordinary expenditure, e.g. small bridges, water boring, drainage of swamps, "minor works" etc., etc.

14. Some such scheme represents a compromise between Lord Moyne's scheme and the Tanganyika practice. The scheme differs of course fundamentally from Lord Moyne's in that

- (a) it provides for the payment of the native personnel of tribal administration,
- and
- (b) it does not provide for emoluments of non-native personnel.

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It differs also in this that whereas Lord Moyne recommended that half the direct tax should be guaranteed the scheme outlined above guarantees only 20%.

As explained above this does not necessarily mean that the natives will be the losers thereby.

15. The two main desiderata seem to be

- (a) that native services shall be guaranteed, and
- (b) that the native communities shall take an active part in their own government and shall realise that they are doing it.

Neither under this scheme nor under Lord Moyne's can (a) be completely secured. Lord Moyne guarantees departmental services but not administrative. This scheme guarantees at least tribal administration.

(b) will be to some extent at least secured by this scheme under which the native personnel of services both administrative and departmental operating in Native Reserves will be paid for from funds in the hands of Local Native Councils, together with "Other Charges" in connection with their work.

16. As to the personnel of the Board to administer the fund Lord Moyne proposes the following:-

- The Governor (Chairman)
- The Chief Native Commissioner
- Nominated Member for native interests on Legislative Council.
- An Elected Member.

Governor to have power to nominate others.

Provincial Commissioners have proposed the following:-

- Chief Native Commissioner (Chairman).
- Provincial Commissioner, Nyanza.
- Provincial Commissioner, Kikuyu.
- Provincial Commissioner, Coast.
- Provincial Commissioner representing Pastoral areas.

Nominated unofficial Member of Legislative Council to represent native interests.

and they recommend that this should be an advisory Committee to the Governor who should control the fund "as chief guardian of native interests under the Crown".

Personally I do not consider it necessary for the Governor to be Chairman of the Committee either under Lord Moyne's scheme or mine. I do however believe that there is a great deal to be said for having the Colonial Secretary as Chairman: In the first place the more the Colonial Secretary knows about the details of native administration and the more active interest he is able to take in native administration the better for the natives. Secondly as he is chairman of the Select Committee on Estimates it is highly desirable that he should know how the Betterment Fund is being spent and thereby be in a position to judge what native requirements must be met from General Revenue.

Thirdly, ...

Thirdly, other Heads of Departments will be from time to time co-opted as members of the Committee or summoned to attend as witnesses and in such cases it seems fitting that the Colonial Secretary rather than the Chief Native Commissioner should be Chairman. Fourthly, co-ordination between departments is essential to success and the Colonial Secretary is the proper co-ordinating authority. He should have a casting vote.

The Chief Native Commissioner should, I think, be Deputy Chairman.

I agree that the nominated unofficial member of Legislative Council to represent native interests should be a member.

I agree that an elected member of Legislative Council should be a member for the reasons stated by Lord Moyne.

I urge that there should be Provincial Commissioners on the Committee but I think four would be excessive and that two would be adequate.

The suggested composition is therefore much the same as that recommended by Lord Moyne except for my proposal that the Colonial Secretary should be Chairman rather than the Governor.

17. As to the working of the Committee I suppose that it would meet and pass estimates towards the end of the year and that these estimates would show:-

- (a) Grants to Local Native Councils for the starred items.
- (b) Grants to Heads of Departments for the items not starred.
- (c) Grants of special applications.
- (d) The amount held in Reserve against which supplementary estimates might be considered from time to time.

Sd/- H. H. IDI,
 For CHIEF NATIVE COMMISSIONER,
 (Draft by the Chief Native Commissioner,
 25th August, 1932.)

Final Draft

IX
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DRAFT ANALYSIS OF NATIVE ESTABLISHMENT FUND - TUNISIA.

<u>DEPARTMENT</u>	<u>LORD MAYNE'S FIGURES</u>	<u>DRAFT 1913 BUDGET</u>
MEDICAL	124,642.	125,797.
EDUCATION	77,722.	77,425.
AGRICULTURE	38,389.	38,637.
PUBLIC WORKS	30,206.	30,201.
TOTAL	270,959.	269,046.

2. Lord Mayne's Basis figure =	2279,590.	(vide paragraph 79 page 42 of Lord Mayne's Report).
1913 Draft Estimate =	<u>2269,046.</u>	
Balance =	<u>4,10,542.</u>	

MEDICAL DEPARTMENT EXPENDITURE.

Item No.	Sanctioned Estimates 1932.	Estimate No. 1933.	DESCRIPTION	Estimates, 1933.	Sanctioned Estimates 1932.	Native Betterment Fund.	Remarks.
4	1	1	Medical Storekeeper (2500 x 20 to 2600).	549.	529.	494.	
5	2	2	Clerks Grade A	332.	4103.	619.	
6	5	5	Total European Expenditure.	413.	4632.	1113.	
10	22	21	Clerks.	5113.	5032.	2642.	
11	3	3	Issuers of Medical Stores.	157.	743.	464.	
12	2	3	African Clerks.	119.	129.	112.	
13			Messengers, Packers and Office Boys, etc.	192.	486.	254.	
			Total Non-European P.F.	641.	6104.	3476.	
			Total Administrative Div. P.F.	10754.	10936.	5589.	
MEDICAL DIVISION.							
14	4	5	S.M.Os. (21000 x 50 to 21100).	5500.	4492.	1787.	
15	37	37	M.Os. (2600 x 20 to 2840 x 40 to 720 x 40 to 21,000).	32768.	31761.	5484.	
16			Dist. Sergeants.	1330.	1350.	723.	
17	21	2	Asst. Surgeons (2500 to 2500)	1600.	1600.	125.	
18	3	3	Dispensers (2300 x 15 to 2350).	735.	1047.	656.	
20	44	44	Nursing Sisters (2350 x 15 etc 2300).	12725.	12604.	6247.	
21			Uniform Allowances.	921.	921.	425.	
22	1	1	Male Nursing Ord. (2240 - 2370).	119.	131.	32.	

Item No.	Sanctioned Estimates '32.	Estimates 1933.	DETAILS.	Estimates, 1933.	Sanctioned Estimates '32.	Native Excess Fund.	Remarks.
23.	3.	3.	Ward Masters (2300 x 18 to 426)	1079.	873.	206.	
24.	1.	1.	Chief Instructor (2300 x 18 to 2400).	390.	400.	300.	
			TOTAL EUROPEAN P.R.	56977.	54817.	3674.	
31.	3.	2.	Asst. Surgeon (2300 x 18 to 420)	780.	700.	390.	
32.	28.	28.	Sub-Asst. Surgeon (2240 x 12 to 2300).	7000.	7949.	6284.	
34.	9.	8.	Compounders (2100 x 12 to 216)	1617.	1730.	1414.	
35.	-	-	Motor Car Drivers.	200.	200.	222.	
36.	-	-	Non-pensionable Allowances.	382.	382.	330.	
37.	-	-	Native Attendants of Hospitals and Mental Hospitals.	15300.	14570.	3374.	
			Total Medical Division P.R.	28945.	26739.	2820.	
38.	-	-	Native Attendants, etc. Native Medical Training Depot, Malindi.	1430.	1370.	1430.	
			Total Non-European P.R.	29475.	28109.	2250.	
			<u>NAVIGATION DIVISION.</u>				
39.	1.	2.	Senior Health Officer (1000 to 1100).	200.	170.		
40.	5.	5.	Health Officers (700 to 21,000).	425.	325.	220.	
43.	2.	1.	Senior Sanitary Inspectors (540 to 2600).	140.	100.		
44.	18.	13.	Sanitary Inspectors (372 to 540)	610.	544.	440.	
45.	1.	1.	Sup. Infectious Diseases (200 to 240).	400.	400.	400.	

Continued next page.

Item No.	Sanctioned Estimates 1932.	Estimates 1933.	D E T A I L S.	Estimates, 1933.	Sanctioned Estimates 1932.	Native Letter-ent Fund.	Remarks
46.	7.	7.	Uniform Allowance.	12.	12.	12.	
47.			Nursing Sisters (2250 to 100).	2250.	1950.	1355.	
48.			Uniform Allowances.	140.	140.	100.	
49.			Duty Allowances.	120.	80.	120.	
			Total European P.M.	1647.	1530.	816.	
50.			African Clerical Staff Townships and Settled Areas.	1410.	1210.	705.	
51.			African Sanitary Staff Native Reserves.	1115.	600.	1115.	
52.			African Staff for I.D. Hospital	1150.	1600.	1035.	
			Total Non-European P.M.	3675.	3400.	2855.	
			Total Sanitation Div. P.M.	5012.	15707.	11026.	
66.			<u>LABORATORY DIVISION P.M.</u>				
			African Laboratory Asses.	2300.	2030.	1045.	
			<u>OTHER GRANTS.</u>				
69.			Medical and Surgical Stores. 40	21000.	20000.	15000.	
72.			Training of Africans.	730.	690.	730.	
75.			Local Travelling.	9050.	10500.	4764.	
76.			Motor Transport.	1100.	1450.	1680.	
77.			Travelling Allowances.	250.	100.	203.	
78.			Carriage of Goods.	3100.	4000.	2502.	
80.			upkeep of Native Hospitals.	7500.	6700.	7500.	
82.			Allowance to recruited Nurses of I.D.H.	54.	54.	54.	
				5554.	4224.	2104.	

continued next page

Item No.	Sanctioned Estimates 1932.	Estimates 1933.	DETAILS.	Estimates, 1933.	Sanctioned Estimates 1932.	Native Betterment Fund.	Remarks.
83.	-	-	Uniforms Medical Staff.	1100.	1200.	990.	
84.	-	-	Conservancy Fees.	450.	400.	388.	
86.	-	-	Electric Lighting for Hospital.	800.	950.	347.	
87.	-	-	Water Supply for Hospitals.	1020.	1300.	604.	
88.	-	-	Maintenance of Infectious Diseases Hospital and Leprosy Establishments.	2500.	3200.	2450.	
91.	-	-	Nations Hospital Attendants (including Northern Provinces, Province and Turkana).	230.	320.	230.	
94.	-	-	Repairs to Dispensaries and Hospitals in Native Reserves.	170.	100.	170.	
95.	-	-	Medical Grants to Missions.	3500.	3500.	3500.	
102.	-	-	Grants-in-Aid, Indian and African Child Welfare Maternity Centres.	2200.	2200.	2200.	
103.	-	-	Prevention of Disease.	750.	85.	375.	
104.	-	-	Expenditure.	1000.	50.	1000.	
TOTAL OTHER CHARGES.				13720.	13385.	12054.	
GRAND TOTAL.				174680.	17210.	125795.	

EDUCATION DEPARTMENT - EXPENDITURES.

Item No.	Sanctioned Estimates 1932.	Estimated 1933.	DETAILS.	Estimates, 1933.	Sanctioned Estimates 1932.	Reserve Betterment Fund.	Remarks.
66.	32.	32.	Education Officers.	1648.	16075.	13137.	
67.	30.	18.	Leading Artisans (500).	500.	3582.	3400.	
68.	2.	2.	European Clerks Grade A and C.	607.	609.	647.	
69.	1.	1.	Non-European Draughtsmen.	216.	216.	216.	
70.			Native Teachers and Instructors.	1500.	4678.	5598.	
71.			African Domestic, Grounds Staff and Motor Drivers.	1270.		950.	
72.			Reliefs.	1046.	1047.	1869.	
73.			Stipends of Teachers and Apprentices-in-Training.	1670.	1670.	1650.	
74.			Government Share (5) in Salaries of Teachers.	1550.	1700.	1950.	
			Total Personal Expenditures.	36429.	14770.	31627.	
75.			Maintenance and Purchase of materials.	1032.	3176.	2612.	
76.			Map and Toll Tax.	325.	443.	325.	
77.			Grants-in-aid to Schools.	29000.	30357.	29000.	
78.			Grant to Alliance High School.	3225.	3325.	3220.	
79.			Expenses of Committees.	100.	100.	75.	
80.			Postages.	1975.	1695.	1725.	
81.			Local Transport and Travelling.	1685.	2154.	1633.	
82.			Travelling Allowances.	50.	100.	43.	
83.			Boarding Expenses.	4280.	3407.	3380.	
84.			Printing Expenses.	50.	100.	31.	
85.			Tolls.	800.	1000.	800.	

continued next page.

Education Continued.

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Item No.	Sanctioned Estimates 1932	Estimates 1933	D E T A I L S	Estimated 1933	Sanctioned Estimates 1932	Native Betterment Fund.	Remarks.
86 87 88 89			Books, Stationery Equipment. Domestic Training Africans. Telephones and Telegrams. Expenses of Exams. TOTAL OTHER CHARGES. TOTAL ARAB AND AFRICAN.	850. 2145. 95. 10. <hr/> 47363.	1961. 2272. 110. 65. <hr/> 5264.	520. 2145. 75. 10. <hr/> 4765.	

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AGRICULTURAL DEPARTMENT - EXPENDITURE.

Item No.	Sanctioned Estimates 1932.	Estimated 1933.	DETAILS.	Estimated 1933.	Sanctioned Estimates 1932.	Native Expenditure Fund.	Remarks.
			<u>DIVISION OF PLANT INDUSTRY.</u>				
42.			Carriage of Goods.	550.	650.	250.	
43.			Travelling Allowances.	150.	150.	150.	Approx. proportion
44.			Local Transport and Travelling.	6000.	6683.	1545.	
				5100.	5483.	1700.	
			<u>Sub-Division Native Agriculture.</u>				
47.	16.	16.	Agricultural Officers.	6234.	6170.	6218.	
48.			Native Agricultural Instructors.	1800.	1800.	1800.	
48A			Labour.	450.	-	450.	
			TOTAL PERSONAL EMOLUMENTS.	8484.	7970.	8468.	
49.			Upkeep of Agricultural Farm Schools.	1050.	1200.	1050.	
50.			Expenses Demonstration Plots.	200.	500.	500.	
51.			Goods for Issue.	500.	500.	500.	
52.			Expenses of Instructors.	1000.	1000.	1000.	
			TOTAL OTHER CHARGES.	2750.	3200.	2750.	
			TOTAL Sub-Division Native Agric.	11234.	11170.	12118.	
			<u>DIVISION ANIMAL INDUSTRY</u>				
			<u>ADMINISTRATIVE.</u>				
90.			Carriage of Goods.	1405.	1500.	400.	
91.			Travelling Allowances.	200.	200.	200.	

Agricultural Dept. continued.

Item No.	Sanctioned Estimates 1932.	Estimates 1933.	DETAILS.	Sanctioned Estimates 1933.	Sanctioned Estimates 1932.	Native Petter-ment Fund.	Remarks.
92.			Local Transport and Travelling.	7150.	7500.	374.	
			TOTAL OTHER CHARGES.	8795.	9245.	4216.	
			VETERINARY SERVICES (Executive).				
95.	3.	3.	S.V.O's. (£720-840).	2760.	2760.		
96.	13.	13.	V.O.A. (£600 - 840).	9065.	9023.		
97.	24.	24.	Stock Inspector (£300-£500).	9955.	9775.		
98.	1.	1.	Veterinary Inspector (£300-420).	420.	420.		
99.	4.	4.	Veterinary Assistants.	1068.	1016.		
101.	8.	8.	African Clerks.	618.	597.		
101 A			Labour.	4000.			
			TOTAL PERSONNEL EMPLOYMENTS.	27650.	23596.	12756.	
103.			Medicines and Instruments.	500.	500.	500.	
104.			Maintenance of Vet. Quarantine Stns.	1500.	1300.	250.	Understand allowance of £500.
105.			Maintenance of Dips.	475.	375.	165.	
107.			Incidentals Conservancy £40. } Advertising 20. } Uniforms. 240. } Equipment. 320. }	620.	420.	165.	
108.			Purchase of Brands.	100.	100.	35.	
			TOTAL OTHER CHARGES.	3175.	2475.	1465.	
			Total Veterinary Services Executive				CONTINUED NEXT PAGE

Agricultural Dept., continued.

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Item No.	Sanctioned Estimates 1932.	Estimates 1933.	DETAILS.	Estimates 1933.	Sanctioned Estimates 1932.	Native Betterment Funds.	Remarks.
134.			ANIMAL HUSBANDRY:				
134A.			Instructors' Stock (2300 to 500)	1780.	1728.	1780.	
			Labour.	860.		860.	
			TOTAL PERSONAL EMOLUMENTS.	2580.		2580.	
136.			Expenses of Instructors.	1100.	1100.	1100.	
137.			Maintenance of Centres.	500.	400.	500.	
			TOTAL OTHER CHARGES.	1600.	1500.	1600.	
			GRAND TOTAL.	60514.	55419.	35625.	

PUBLIC WORKS DEPARTMENT - EXPENDITURE.

Item No.	Sanctioned Estimates 1933.	T. A. I. L. S.	Estimates 1933.	Sanctioned Estimates 1932.	Native Betterment Fund.	Remarks.
274.)		Public Works Department.	91,014.	112,925.	8,409.	
		Public Works Recurrent.	63,000.	70,000.	20,435.	
		Public Works Unallocated.			1,357.	
					<u>30,201.</u>	

allocation of merit aid in 1972-73

as regards the statements on page 5
of the memo like the allocation
in regard to transfer administration
is 70% in the case of fully organized
state agencies and 50% in the
case of those not fully organized.
(This is based on the work of collection).

~~The allocation~~

1/22/73

I understand that in the case of
those receiving 70% the allocation
is about 1/2 reduced to 60%.

Allocation of direct cost in 1952

as regards the statement on page 5
of the memo. Like the allocation
in regard to the various administrative
is 70% in the case of fully organized
units and 50% in the
case of those not fully organized
(This 70% has to be used for collection)

~~Statement~~

1952

I understand that in the case of
those receiving 70% the allocation
is about to be reduced to 60%.

Whitehall 6834

24, OLD QUEEN STREET,
WESTMINSTER,
S.W. 1.

17th November, 1932.

Mr. Mack Freston,

I return with ~~many thanks~~ the letter and accompanying memorandum which you have recently had from the Colonial Secretary. It was kind of you to show them to me.

I am not impressed by the force of Lord Moyne's argument in support of "his own personal opinion" that Lord Moyne's proposals for a Native Settlement Fund will not prove workable nor will achieve the object which he has in mind. In the first place, I cannot agree that Lord Moyne's main object was "to keep the native settlement services outside the purview of Legislative Council altogether". Surely his main object (see paragraph 70 of his Report) was to interpret the outline of policy recommended in paragraph 87 of the Joint Select Committee's Report "into a workable and effective guarantee for assuring to African natives a fair share of Colonial expenditure". As the Select Committee on Estimates is not in a position to deal with the special needs of native areas, Lord Moyne considered that a Native Settlement Fund should be created, under the control of the Governor as

Chairman/ "

Chairman, advised by a statutory body, to include the Chief
 Commissioner and other officials nominated by the
 Governor, the representatives of native interests on the
 Legislative Council and one unofficial Elected Member re-
 presenting settler interests. It is impossible to believe
 that Lord Moyne's main object will be defeated because an
 arbitrary fraction of the personal emoluments of those
 officials who are employed partly in the native and partly
 in non-native areas will have to be found out of the Colony's
 revenue.

The minor difficulties in administration that the
 Secretary has been at some pains to mention are
 without exception, of a secondary and local character. It
 is often difficult for an outsider to understand how it is
 possible satisfactorily to allocate the cost of statistics and
 part-time personal services to the various votes, but it is
 nevertheless a normal practice in Governmental financial
 services in this country. No doubt you have considered whether
 an accounting and audit system suited to the special needs of
 the Native Betterment Fund in Kenya could not be devised by
 entering into consultation with H.M. Treasury. I am sure
 that the appropriate branch of the Treasury would find little
 difficulty in drafting a suitable set of rules or practice.

I am/

I am considerably surprised to learn that, in the view of the Colonial Secretary, the Native Betterment Fund "will make more for a stabilisation of existing services, rather than allow for the development of native services". I think he must have overlooked paragraph 79 of Lord Moyné's Report, where it is clearly stated, that a 60% average figure (£275,598) for next year would give a margin of £8,614 over the 1931 expenditure.

Lord Moyné considered that, having regard to the present serious financial difficulties of the Colony, this may be regarded as a reasonable settlement under existing conditions and such arrangements will give some scope for expansion of services under the control of the Native Betterment Fund. Moore does not seem to have appreciated that annual contributions to the Native Betterment Fund in future will be directly related to native taxable capacity, as reflected in the annual yield of direct native taxation. The Kenya Government has in the past tended to spend money that isn't there, and the failure to appreciate the relation between public expenditure and taxable capacity in my opinion lies very near the root of the present financial problems of the Colony.

However desirable it may be within the next couple of years "to go in for an intensive agricultural development campaign, involving new appointments and fresh expenditure",

if the/

66

if the money is not available in the Native Settlement Fund, and assuming that the native population is taxed to the limit of its capacity, it is obvious that there is no justification for increased expenditure (unless it can be provided from the Colonial Development Fund) - (see paragraph 50.)

I am personally opposed to any departure from the figure mentioned by Lord Moyne as that which the natives can justifiably expect to be assigned to their direct service next year. If a temporary departure is allowed next year, it may be increasingly difficult to resist further "temporary" departures in succeeding years.

No fresh ground is covered by the Colonial Secretary when he comments on the absence of a uniform method of allocating native services expenditure. The matter is discussed by Lord Moyne in paragraph 42. The fact that the expenditure shown in Appendix 1 for 1931 does not appear to conform in every respect with the suggested basis of allocation of expenditure given in Appendix 7 for future Budgets is of small consequence, and can be explained by the impossibility under the existing accounting systems of several of the Departments concerned of classifying the 1931 expenditure under one or two of the sub-heads on the basis suggested in Appendix 7.

Apart,

apart, however, from its specific points, this letter seems to be a typical illustration of the obstacles that have stood in the way of administrative reform in Kenya. It might reasonably have been expected, I think, that a high official who really appreciated the situation in Kenya would welcome the proposal for a Native Betterment Fund, and use his best endeavours to make it work. But here we have the highest official in the Colony making difficulties and raising pettifoggish points. After all, the total expenditure in respect of all the departmental officers who give both native and European services amounts to only £20,185, or about one-fourteenth of the total amount of the Native Betterment Fund.

If there are any further points arising out of the Colonial Secretary's letter or the Governor's coming despatch which you would like to discuss, I should be only too happy to be of assistance. You will of course fully understand that all I say rests upon no authority but my own, as Lord Moyne is, at present, absent.

Yours sincerely,

A. S. P. Hobbes

L. S. Freestone, Esq., C.B.E.,
Colonial Office,
S.W.1.

By Air Mail.

THE SECRETARIAT,
NAIROBI.

Personal

RECEIVED 5th November, 1932.

My dear Freestone,

This is a line to warn you that we hope by next Air Mail to be sending you an important despatch on the question of the Native Betterment Fund, and to ask for your good offices, and those of Allen, in treating the matter as very urgent on its receipt. Please explain to Allen that I am writing direct to you because I presume you are handling the matter in the first instance.

I must begin by apologizing for asking you to make so important a decision in a hurry, but local circumstances have made it very difficult for us to bring the matter to a head earlier. As you probably know from private and personal correspondence, the Governor, while cordially welcoming the principle of the Betterment Fund, emphasized the fact that it was most difficult, if not impossible, to appreciate its detailed implications until the estimates of the Departments concerned were in some sort of shape. The difficulty over the estimates this year is the fact that the Expenditure Advisory Committee is still sitting and we are only now beginning to get interim recommendations dealing with the different departmental heads of estimates. It is true that the Native Betterment Services are not within their terms of reference, but owing to the practical difficulties of entirely distinguishing native services within the four Departments, it has proved necessary to try and get some sort

of picture of the whole departmental expenditure before going into the details of the Betterment Fund. It is, therefore, only quite recently that a full realisation of the difficulties has come to light.

The principal difficulty, without going into innumerable small accounting anomalies, is that with the exception of the Education Department, none of the three other Departments concerned can make up the total Native Services expenditure on the basis of the total expenditure that appears in Appendix A of Mr. Payne's report, without including a portion of the salaries, etc., of officers who are engaged partly on native and partly on non-native services, e.g., if the total cost of permanent appointments of regular officers to be charged to the Native Betterment Fund is 'x', 'x' does not represent the salaries of 'y' officers engaged in the native reserves, but of 'z' officers, 'z' representing 'y' officers, (i.e., officers totally engaged on native Services), plus a fraction of 'w' officers, who give both native and non-native services in a proportion more or less arbitrarily fixed to the best of his ability by the Director of Medical and Sanitary Services. In the case of the Public Works Department, there is not a single officer who can be labelled entirely 'native' while in the case of the Agricultural Department there is a closer distinction but the same difficulties arise.

There is a further minor difficulty, and on examination it appears that the departmental Native Services expenditure accepted by Lord Moyne has not in every case been drawn up by Departments on the same basis, nor this has been done; it is difficult to explain, as Lord Moyne or his secretary went over the allocations, I understand, with the Departments concerned and approved them; but there seems no doubt that in some cases a proportionate share of overheads were allowed and in others not. Further, the expenditure given in Appendix I does not appear to conform in every respect with the suggested allocations of expenditure laid down in Appendix 7 for future budgets. These discrepancies have only gradually been brought to light and have led to a good deal of confusion.

As a result, we have had more than one proposed budget put up for examination and have found it impossible, if the full total recommended by Lord Moyne is to be met from the Betterment fund, to avoid this arbitrary fractional distribution of officers' services. It was obvious objection to growing them in this fractional manner is that a proportion of them at any rate will have to come into the Colony's Budget and was the main object of Lord Moyne, namely, to keep the Native Betterment services outside the purview of Legislative Council altogether, will be defeated. The position is summarized in a memo. prepared in this office by Mr. Stooke, a copy of which I enclosed yesterday, after a full discussion at Government House. It was decided to recommend to the Secretary of State in the despatch which is coming to you next week

that for this year, as a temporary measure only, we should confine the services to be set from the Betterment Fund to a figure of approximately 247,760, which represents the cost of officers wholly employed on Native Services, and that the fractional officers should be shown as indivisible services and borne on the Colony's Budget next year, ~~as~~ we have had more time to review the whole position. I could add that in classifying the officers under Schedule I, a certain amount of latitude has been necessary and certain officers who are not really whole-time officers but are employed to the extent of nine-tenths on Native Services have been shown as wholly employed on Native Services and included in the sum. The financial effect of such a proposal is shown in para 15 of the memorandum.

I realize that you probably cannot do much until the despatch has arrived with the detailed figures, but I thought that if I wrote ahead you might know what was coming to you and that you would know at once how far the Secretary of State considers himself absolutely committed to the details of Lord Mayo's figures.

In my own personal opinion, for what it is worth, it is that on further examination Lord Mayo's proposals will not prove workable, nor will achieve the object which he has in mind. On his own admission, the betterment fund will make more for a stabilization of existing services rather than allow for the development of Native Services, which is what I should have thought a betterment fund should have provided. The

tentative Native Settlement Fund Budget for next year, with the exception of one or two additional Agricultural Officers, does little but maintain native services on their present basis, and if, for example, it is desired in the next couple of years to go in for an intensive agricultural development campaign involving new appointments and fresh expenditure, I do not see how this is going to be financed from the Settlement Fund - the corresponding savings are shown on the Education or the Medical Departments for example. Such savings could only be obtained by either curtailment of those services or transferring them to the general budget of the Colony, a procedure which would, in my view, present very real difficulties. I should have preferred myself to have taken a larger proportion of the direct tax, say 20 or 25 per cent, as is done in Tanganyika and Nigeria, and use it to finance the beginnings of native administration proper, on the lines at present in vogue in Tanganyika and Nigeria. I have written a memorandum on the subject, which will be forwarded with the despatch as expressing my personal views, which I think the Chief Native Commissioner to some extent shares. The Governor, however, is quite thoroughly averse from adopting this alternative, so as to feel that it might be construed at home as involving too radical a departure from Lord Moyne's ideas, and therefore not be acceptable to the Secretary of State. It is, of course, open to the obvious criticism by certain critics that it is a device to avoid the earmarking of so large a proportion of direct native taxation to

Direct Native Services, but, so far as I am concerned, I can assure you that such an idea has not entered my head, and I have only put up the proposal because it seems to me to be practically such a matter of application, and also to be laying the foundations of local native administration on solid lines capable of gradual development.

I only mention this because I want you to appreciate that a good deal of thought has been given to the question and that, whatever policy may be ultimately adopted in the light of experience, the object of the policy department is merely to obtain approval of our present proposals as a temporary measure for next year.

Yours sincerely,

Wm. Hutchings

L. B. Frostes, Esq., O.B.E.,
Colonial Office,
Boulogne Street,
London, W.C.2.

MEMORANDUM

NATIVE BETTERMENT FUND.

In paragraph 79, page 42, of his Report, Lord Moyne suggests that the allocation of the Native Betterment Fund be arrived at in the manner adopted for the classification of expenditure in Appendix I, Schedule 9, page 85, and he adds that Appendix 7, (page 113), gives a fuller definition of services to be borne by the fund.

Unfortunately the classification of expenditure in Appendix I does not conform to the definitions in Appendix 7, the main point of disagreement being in regard to officers who are only partly employed on direct native services. Moreover it appears that in certain cases, particularly public works, it is practically impossible to make even an arbitrary division with a view to excluding definite posts from the General Budget.

Having due regard both to the objects and reasons of the Native Betterment Fund and also to the more practical questions of accounting and audit, the following proposals are suggested as the best way of dealing with the problem.

1. Strict application of Colonial Regulation No. 211 demands the provision of a third column in the estimates, but the objection to this is that allocations to the Native Betterment Fund would not be subject to separate financial control and audit and there would be no real guarantee that the money had been spent on direct native services and not on indivisible services. It is not difficult to visualize the temptation to charge a voucher to the Native Betterment Fund when the "indivisible" allocations had been exhausted.

5. It is also extremely doubtful whether C.R. 211 was framed to cover a problem such as this, and the Colonial Auditor is of the opinion that the Secretary of State will not insist on its adoption in this case.

6. The alternative proposal is that on the Revenue side of the Estimates, the Native Settlement Fund figure should be deducted from Head II and shown as Head XIX.

7. On the Expenditure side there should also be a new head below Public Works Extraordinary consisting of a one line vote exactly balancing the Revenue.

8. In the Colony's Balance Sheet, any unspent balance of the Native Settlement Fund will appear as a liability, and in subsequent years any excess of revenue over expenditure or expenditure over revenue will be added or subtracted from this figure.

9. It was at first thought possible to exclude entirely from the general budget provision for officers whose whole time services are devoted to the direct native services included in Lord Keynes's schedule. But this is open to the objection that if, for administrative or other reasons, it becomes necessary to replace an officer and it is not possible to find another officer on the same rank of the salary ladder, adjustments would have to be made probably necessitating a special warrant for the General Budget or the Settlement Fund as the case may be.

There is also the difficulty that when an officer goes on leave he is transferred back to the general budget. It would therefore facilitate matters if the total establishment be shown in the general budget.

10. If not absolutely necessary it is at any rate highly desirable for practical purposes to allow a certain degree

of flexibility. It is therefore proposed that each item should show the full establishment and the full expenditure with a deduction of the amount chargeable to Native Betterment Fund, as illustrated below.

Item No.	Estimates		Sanctioned	
	1932.	1933.	Estimates 1933.	Estimates 1933.
21	37	37	233,000 less N.B.F. 21,000	18,000 31,761

When the Estimates are before Select Committee, it will only be necessary to remind the members that they are concerned with this item to the extent of £12,000 and that even if they wish to dispense entirely with non-native medical services they can only reduce the establishment by that number of officers whose salaries aggregate £12,000.

Reduce these figures in my parts of

11. The Native Betterment Fund Budget will then be compiled separately. (In a normal year it should be compiled and sanctioned before the Colony's Estimates are considered). It will include all the items deducted from the general budget plus any special items of expenditure which may be approved. Any balance will be shown as surplus, and, as already explained will appear in the Colony's Balance Sheet as a liability.

12. These proposals do not contemplate any reimbursements. It is thought that the alternative method of deduction is preferable as it definitely removes a stated amount of expenditure from the purview of Select Committee.

13. All charges against the Native Betterment Fund whether by voucher direct or by journal entry will be subject to audit.

14. It will be necessary to pass an Ordinance providing

for the establishment of a Native Betterment Fund and for the annual allocation thereto of a sum of money equal to half the average annual yield of native direct taxation for the previous six years for which final figures are available. In accordance with Colonial Regulation No. 237 the Native Betterment Fund Expenditure, although shown in Estimates, would not be included in the Appropriation Ordinance and would thus be entirely removed from the oversight of the Legislative Council.

II.

15. The Estimates now submitted by Heads of Departments under two schedules showing expenditure in respect of officers wholly employed on direct Native services and of officers partly so employed are as follows :-

	<u>Schedule I.</u> Wholly employed.	<u>Schedule II.</u> Partly employed.	<u>Total.</u>
Agriculture	35,055	5,002	39,357
Education	15,062		15,062
Medical	115,842	10,743	126,585
Public Works			
(P.W.D. & P.W.R.)	17,331	6,140	23,471
P.W.E.	6,728		6,728
	<u>£ 247,740</u>	<u>50,185</u>	<u>297,925</u>

16. The Native Betterment Fund, in allocation of £270,523. If, therefore, Schedule I only is charged to the fund and Schedule II to the General Budget as "indivisible", the deficit on the General Budget will be increased by £23,558 (i.e. difference between £270,523 and £247,740 plus the provision for P.W.E. which is additional to the provision in Draft Estimates).

17. If both Schedules are charged to the Native Betterment Fund, the addition to the Colony's deficit will be £10,351 (i.e. £270,523 less £247,940 plus £3,728).

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END

18. It is suggested that Lord Moyne's recommendation regarding the payment of leave pay and passages should be put to the Secretary of State for reconsideration. Unless these also are excluded from the general budget it would be possible for the Legislature to delete provision with the result that no Betterment Fund officials would be able to go on leave.

19. If it is decided to transfer Schedule I only to the Native Betterment Fund and to reduce the allocation from revenue in the ratio of 2270,954 (Schedule D, Appendix 1) to 2247,760 (total of Schedule I above) the financial effect would be as follows:

Reduced allocation from Revenue	<u>2255,664</u>
Expenditure under Schedule I	<u>2247,760</u>
Surplus	<u>7,904</u>

and the effect on the Colony's budget would be to increase the deficit by £14,532.

PUBLIC RECORD OFFICE

END

TOTAL EXPOSURES →

PUBLIC RECORD OFFICE

C0533/427

ORDER NO. ↻ FN/E474

CAMERA NO. ↻ 19

OPERATOR. ↻ EM

REDUCTION. ↻ 12

EMULSION NO. ↻ 321061

DATE. ↻ 17/5/72

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