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C0533/410

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PUBLIC RECORD OFFICE

1931.

~~Kenya.~~

1

No. 17171

SUBJECT

CO 533/410

Butter Levy Ordinance 1931.

Previous

Subsequent

18062/32

(Cotton sold in the local
 market with a elaborate
 machinery involving another
 "Central Board" (they do
 local boards & committees in
 Kenya) The Gov. on the
 other hand thinks that this
 Board is unnecessary &
 that it will be quite enough
 to have a new law empowering
 the Gov. to impose a levy.
 He accordingly sends home a
 draft Bill which he proposes
 to introduce in the session of
 the Leg. Co. which has
 recently been completed.

I must say that
 the whole scheme strikes me
 as being utterly wrong.
 When heard before of the
 "burden of export" & surely
 if the export price is 94
 cents the local price should
 also be 94 cents & the "burden"

Do not the
 unofficial
 draw allowances
 and sometimes
 daily fees?

& Australia
 & Africa for
 people

1. unless the
mills (written
...)

of export" would be removed. The
proposal seems to be a singularly
well-conceived proposal for the
"dumping" of Kenya timber.

The ~~proposal~~ ^{subject} is of course
one in which we must be
guided by Mr. Stockdale's advice.
But subject to his observations,
I think we should telegraph
saying that the SFS is unable
to accept the principle that
first intervention is necessary
in this case & asking what
no further action may be taken
in the matter & enquiring
what is the present position
as regards the proposed bill
concerning a dump.

* my answer

I am afraid the position
is a little complex at
the fact that the
... may be
has begun to be
in financial
trouble.

C. Eastmond
2. 6. 31

I do not feel that I can share the
"retroactive" criticism of the proposal
as a layman in the industry, or that it
is necessary unless wrong in principle.
... the ... the ... market
... the ... of ...

including instructions

in their latest co-operative law that, if 75 per cent of the growers or producers of any product in an area (I saw 700000) wish to co-operate, the remaining 25 per cent, are compelled to come into, and work through, the co-operative organization. This rule is, I believe, also being introduced into Irish co-operative organizations and provision for a similar procedure has recently been suggested by Mr. Strickland in his Co-operative Ordinance for Tanganyika. In other words, the principle is being accepted by co-operators generally.

The creameries in Kenya produce 75 per cent of the butter in the Colony and either they should be assisted to stabilize their position or they will be compelled to adopt a price war locally in the hope of driving out the non-co-operator from the business.

The real danger of the proposed levy as I saw it when in Kenya was that the export quantities would increase in ratio with the quantities locally consumed, and that local consumers, if the levy principle were accepted and not carefully controlled by Government, would be compelled to pay exorbitant prices for their butter in order to subsidise exports. There would in such a case be a definite case of dumping at the expense of the local consumers. The Governor has dealt with this aspect in paragraph 4 of his despatch, and I think that we can accept his assurances on this point, and the provision in Section 10 gives the Governor the power to exempt the payment of the levy in cases of undue hardship. This latter section should make it possible for the Governor, if he thinks fit, to exempt from the levy the butter which is being produced (as well as ghee) in the Native Reserves, from the small instructional

and advice to the King can be held up pending assurance from the Govt. as desired. 5

This is quite a different proposition from the 5% butter export subsidy which was rejected here - see 73907/30 Dji. off. etc. there attached - The Kenya plan is a levy of not more than 25 c. per lb. on all butter manufactured & sold in the Colony; and if the undertaking (para. 6 of the Dexp) that the local price of butter will not rise, the increase is not adhered to, the Govt. will have power to remove the levy.

IX

On any event I shall be sorry to interfere with the direction of a local Govt. in a matter of the kind

~~_____~~
~~_____~~
~~_____~~

We have not succeeded in finding out how much butter is, in fact, being produced in various reserves: ~~_____~~
~~_____~~

agrees that at present
it is a very small amount,
there is however a little
of it from historical
~~source~~ dairy, & the
monthly sales increase
(there is, of course,
a good deal of
ghee, but that is not
in point).

Accepted

7/7/31

Library
26/3/31

- (1) What is the present rate(s) on
butter imported into Kenya.
(2) Any info you can obtain from recent
trade returns of quantities of butter
(a) imported into Kenya & of the
(b) exported from
places of origin & destination respectively
of these consignments.

G. L. H. Quinn
8/7/31

The Customs duty on butter imported into
Kenya is 20% ad val plus a suspended duty of
10% ad val.

(Sec 3 of the Customs Tariff Ordinance No. 1
of 1930 lays down that the Governor with the
approval of the Legislative Council may by
Proclamation impose any duty, either in part or
in full referred to as a "suspended duty" in the
Customs Tariff)

L. H. Quinn
8/7

I annex two copies of a statement showing the
quantity and value of Butter imported and exported
into and from Kenya during the last five years.

(Signed) G. W. HENLÉN.

13.7.31.

I am afraid that I wholly dissent from the
view that the present proposal is unobjectionable;
neither can I see the distinction, which Mr.
Parkinson does, between the present proposals and
those put forward by Fiji, except for one unimportant
detail to which I shall refer below.

Before explaining, however, why I think
that the two cases are identical, it will perhaps
be convenient if I set out what I think are the
principles on which protection should be granted in
a place like Kenya.

Certain individuals start an industry and
find that, because they are an infant industry and
are working on a very small scale, they cannot
produce goods at the world price. They are, however,
of the opinion that if they could capture the whole
home market they could spread their overhead charges
over a large output of goods and thus produce at a
competitive price. In this case it seems to me
quite proper to grant such protection as will enable
them to capture the whole home market. When they
have done this and spread their overhead charges and
thus brought the price down, the protective duty
should be removed or brought down to a very low
figure, which is just adequate to keep the foreign
product

out and enable the home industry to supply the home market at prices at or very little above the world price.

The trouble is that things generally do not work out this way. The result of protection usually is to give a great stimulus to production and to bring new producers into the field: existing producers then do not capture the whole home market and are unable to spread their overheads. The result is that internal costs of production tend to remain the same, and the producers urge that protection should continue, because otherwise an important part of the population will be deprived of their livelihood. The point is overlooked that many of them ought never to have adopted this means of making a living and would not have if protection had not been granted with quite a different object.

This is really what happened in both Fiji and Kenya. In both Colonies a small dairying industry started and found that it could not capture the home market without protection against the more efficient overseas producer. In both Colonies protection was demanded and granted, the import duty being fixed at 20% with a suspended duty of 10% in Kenya, (say 2d to 3d with butter at a world price of 1/- a pound) and at 4d. a pound on Empire and 8d. a pound on foreign butter in Fiji. In both Colonies this rate was practically

7

practically prohibitive, so that proportionately very little butter was imported. For instance in Kenya, the local consumption of locally produced butter is estimated at 600,000 lb. for 1930, while the quantity of butter imported was

1926	1904 lb.
1927	7504 lb.
1928	16240 lb.
1929	18928 lb.
1930	4704 lb or less than 1% of total consumption.

In both Colonies the result was not to bring down the cost of production but to bring hosts of new producers into the field, with the consequence that much more butter was produced than could be consumed locally and the excess amount had to be exported for sale at world prices; and in both Colonies, as protection had not brought down costs of production but merely increased the volume of producers, there is a demand for a bounty to facilitate the dumping of this excess butter on the world market. The only difference between the two Colonies is that in Fiji it was proposed to extract this bounty from the general body of taxpayers while in Kenya it is proposed to extract it from the local butter consumers, that is I suppose roughly the white population.

The most unsatisfactory feature about the whole business is that the local consumers do not seem to have been bled by the producers simply to the extent of the protective duty, but that the producers seem to have formed a ring and bled them to

But surely this is a very real difference
all

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The most unsatisfactory feature about the whole business is that the local consumers do not seem to have been bled by the producers simply to the extent of the protective duty, but that the producers seem to have formed a ring and bled them

to

But surely this is a very real difference?

to the extent of 3d. a pound beyond the fair price of butter as produced by producers of average, or less than average, efficiency, since it seems to be frankly admitted that the average producer can afford to surrender 3d. of his profits at a selling price of 1/6 a lb. and still produce butter at a profit. How this has been achieved I cannot say, if the world duty thereon say 26 s a pound, 21 price is 9d s a pound, making a total of 1s/2d against a market price of 1s/6d. I suppose costs of transport and distribution fill the gap.

The promoters of the scheme take great virtue to themselves because it is not going to ~~increase~~ the price of butter, but of course if butter is to be sold in wrappers costing 3d. for each pound, it is the consumer, not the producer, who pays the 3d, so in fact the scheme will cost the consumer 3d a pound.

There is another very unsatisfactory feature of the business. Of the total 1930 export of butter of 7,800 cwt., 6534 cwt. or over 83% was exported to Great Britain and the result therefore is that the proposal is to subsidize the dumping of this quantity of butter (or rather an increasing quantity of butter starting from this figure) in this country to compete with the British dairy farmer.

I am bound to say that the whole thing seems to me most unsatisfactory and I think that the proposal should be disallowed just as the Fiji proposal was disallowed, some remarks being perhaps added on the impropriety of the producers

Apparently the local consumers will pay too much, but do not think he will have to pay more
G.A.

producers extracting from the local consumer a price which is admitted to be 25 s a pound more than the agreed fair price of butter after allowing a reasonable margin of profit.

If the industry is to be put on a proper footing the first step seems to be to get the independent producers into the combine, that ought to make the industry more efficient and might even enable them to compete on the world market without a subsidy.

G. L. H. (Ransom)
14/7/31

I think that the arrangement proposed is a very odd one and open to a great deal of Mr. Clauson's criticism. I am not even sure that he exhausts the possible criticisms. The levy is to be charged not on all butter manufactured in Kenya, but on butter manufactured and sold there. It will therefore be paid entirely by the consumer - assuming that the local retailer is not heroic enough to pay it out of his own pocket - and enjoyed entirely by the exporter. This constitutes a direct bounty on export, and it involves, to a certain extent, bounty fed competition with United Kingdom producers. At the same time I do not think that this competition can be regarded as serious (the total export of Kenya butter to the United Kingdom in 1930 was 6,534 cwts.) and the real sufferers, by what I regard as a very ill-conceived scheme of protection, will be the people of Kenya. If they like to put up with it, I am

*X The draft
Oud. ignore
the sale of
imported butter*

Yes, all

to the extent of 3d. a pound beyond the fair price of butter as produced by producers of average, or less than average, efficiency, since it seems to be frankly admitted that the average producer can afford to surrender 3d. of his profits at a selling price of 1/6 a lb. and still produce butter at a profit. How this has been achieved I cannot say, if the world price is 9d. a pound, making a total of 1s/2d. against a market price of 1s/50d. I suppose costs of transport and distribution fill the gap.

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*Apparently the local consumers are paying too much, but I do not think he will have any more
G.C.F.*

producers extracting from the local consumer a price which is admitted to be 23 p a pound more than the agreed fair price of butter after allowing a reasonable margin of profit.

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*G.L.H. Clouston
12/13*

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Yes, a deal

not sure that there is any particular reason why we should forbid them, and I cannot help reflecting that our own best sugar bounty arrangements lend themselves to even more devastating criticism than Kenya's scheme for export bounty on butter.

T.V. Vernon

16.7.51

Mr Campbell
Mr G. B. St. John

Mr Vernon states admirably in 3 lines the governing consideration - I have underlined the passage in this minute it was exactly what which I had in mind at X.X. of my minute above - not well expressed, as I meant "Col. Govt" to be used as covering ~~the~~ the general wishes of the people.

I see no justification for Mr. S. J. to interfere in this case - unless this should be found necessary in the interests of the natives, ~~it is~~ clear that those interests have not been taken into full account in the framing of the C.S. scheme. All Parties

9

I dislike this scheme as much as Messrs. Eastwood, Clauson, and Vernon; but I agree with him, and Mr. Parkinson, that the S/S need not interfere.

2. The Bill seems to me very badly drafted. It is not even clear to what categories of butter the levy applies. Would "manufactured and sold in the Colony" cover butter made in the Colony, and sold in the Colony, but destined for export, and exported? I suppose all butter exported is in fact "sold in the Colony". Clause 3 applies to imported butter also-- which was never intended, and is not required for the purposes of the scheme. Amendments are required here: the thing should be made quite clear and definite--which it is not at present. In clause 4, the provision made for expenses seems inadequate--though that is not our affair. Clause 5 is ambiguous also--again not our affair.

The Govt. assumes--para: 4 of his despatch-- that he can remove the cess if he wishes to. It seems very doubtful whether that assumption is correct. The Bill only gives power to impose, and to exempt individuals in case of hardship.

3. Apart from such of the amendments indicated above as may be considered essential--that of clause 3 is perhaps the only one of this category, if the "taxing clause" is considered definite enough--I'd let the thing alone, while making

it quite clear that the local enthusiasm was not shared here.

The 17-7-31.

Have to look to add to these 15 pages of minutes

The outline (whether or not it is to be adopted) should be referred a chance, subject to some modifications to the drafting board (the legal advisors may find this) and clearing up the position of the minutes.

But I wish the Commission had aimed at increased production so as to be able to put more butter on the local market, & face more prices on near-side level, and at the same time maintain a substantial export trade.

as proposed?

17.7.31

Sec of State.

I agree generally with the above minutes. I recommend proceeding as proposed.

17.7.31 P.H.B.

Wait, a proposal for further news as to the Ordinance itself

P. Zuff

Recd under cover of 3 pm dated 29th June 1931

"Report of Select Committee of the Legislative Council on the provisions of a bill to provide for the imposition of a levy on butter"

Dated 9th June.

Share with the others

Wait for the date

27.7.31

3 9th March 1932

10 September

Two authenticated copies of Butter Levy Ordinance No 22 of 1931, with legal report by Attorney General comment on certain sections and status with appoint non-statutory committee to advise on use and exemptions. Request to reply.

I attach a note in which I have tried to summarise the effect of this Ordinance after consideration of what has been written on this file, and of the Wheat Pool Ordinance papers, which are attached below.

The suggestion made in the previous minutes is that the Ordinance should be allowed, but that the S. of S. should, at the same time, make it clear that he is not very enthusiastic about it.

? Telegraph, sanctioning the Ordinance subject to-

- (i) to it being made clear that Clause 3 does not apply to imported butter:
- (ii) to any legal observations either on the points in par.2 of Sir John Campbell's minute of 17.7.31, or on other points.

I do not think that the local people are really clear what the effect of this and the Wheat Pool Ordinance will be, and I think it might be worth while to follow up by a despatch, setting out the position as we see it, perhaps on the lines of the attached note.

The despatch should also ask what effect of any the Ord. we have on notices I fear that at the present moment they are neither ^{importers} ~~importers~~ ^{sellers} ~~sellers~~ of bullies. ~~importers~~

See end of the
Poh...
97/10
11/11

J. Gordon
28.9.31

Mr. Trevellick

May we first have your light thrown on the Ord. in your judgment Sir John Campbell's minute of 17th July above.

A. H. Trevellick
19/9

I gather that the levy and marking of wrappers are intended for bullies sold in the Colony for consumption within the Colony, but the Ord. as it only refers to bullies sold in the Colony, it may well be, as Sir John Campbell suggests, that some, if not all, of the bullies exported to "in fact sold

in Kenya before exportation, in which case the provisions as to "levy" and "marking of wrappers" would seem to apply to it.

It is arguable that clause 3 applies to imported bullies, and it should be made clear that it does not. If this section is amended it would also be clear if the provisions thereof became operative as from the date when the levy becomes operative (not from the date on which the levy is imposed).

It is not clear if the wrapper mentioned in the proviso to sec. 5 is intended to be in addition to or in substitution for the wrapper mentioned in that section.

It is not clear what prohibitions, directions or orders is required to see sec. 8(a).

I think the words "from time to time" in sec. 12 give the power to amend the levy.

A. H. Trevellick
1/10

The legal flaws are cumulatively quite serious. In fact by the Ord. that Ord. is a defect does not appear to coming out its purpose - deep follows. And certainly the

This is of course
the intention - see
sec 20 & 21, Ord. 19
(I have been ill
11/11)

I will not personally if it is a
change relevant to
the regulations under
8.9
11/11

It seems that that
marks the intention
of the Ord. 19
11/11

Levy seems in a deep, suggests that an
amended Ord. be passed; in the meantime
no action will be taken.

A. H. ...
3/10

5. Gov. ——— Tel. No. 134 ——— 7th Octr.

Asks permission to implement Ordinance, and
to impose levy of 25 cents. per pound.

1. The Ordinance may now be accepted
in principle, making it clear that the local
enthusiasm is not shared here, see end of
Sir J. Campbell's minute of 17th July.

2. The levy proposed in the new tele-
gram, No. 5, is 25 cents. per pound, the maximum
contemplated by the Ordinance. This was
foreshadowed in par. 4 of No. 1, and may be
agreed.

3. As the levy does not become
operative until 12 months after it is pro-
claimed, it may be possible for the necessary
amendments to the Ordinance to be made before
it actually comes into force, but Mr. Trusted,
to whom I have spoken, does not think that
there would be any practical difficulty if
the levy actually came into force before
amendment, especially if the Governor is in
possession of information as to the amend-
ments required.

4. Mr. Trusted also agrees that the
two main points are the question of the
application of the levy to butter sold for
export, and to imported butter, and that his

other

other criticisms can be dealt with by despatch.

5. In his minute of the 1st July, Mr. Stockdale said he saw no objection to these proposals, provided the Government is satisfied that they will not impose any hardships or inflict any restrictions on the production of butter in the native reserves for sale locally, and possibly eventually for export.

(No. 3 of 1905/30)

In the despatch of the 24th of June, 1930, the Governor was informed that when natives are particularly affected by any Ordinance, the S. of S. will be glad in all cases to receive a separate statement showing exactly what the effects will be upon natives, and what obligations etc. will be imposed upon them. Although natives would not appear to be "particularly or even immediately affected, I think the point might be dealt with by a reference to that despatch, and asking for the Governor's observations on this aspect of the matter, but adding that it is presumed that if any undue hardships are imposed on natives, resort will be had to the power of exemption in Section 10. I submit for consent a draft telegram to the Governor which, if approved, should be confirmed by a despatch by air mail embodying the further points on which amendments are required, and also adding as proposed above in regard to the natives.

W. H. Wilson

8/13/31

Sir S. Wilson

The late S. of S. overruled judgment on this scheme, but I think he should certainly let it be tried.

It is essential with continued
existence of things that institutions
should be encouraged, & as it
cannot be at the expense of the
Govt. it must be at the expense
of the better eating community
or improved.

Oct 9. 10. 31

F.H.6
at work

9. 10. 31

6 To Gov - rec 312 - 10th Oct 1931

7 To Gov 714 - 19th Oct 1931

8 Supplement No 57 Special forgo
dated 2/11/31
Resistant for records as directed
on 17052/1. P.S. (Name for file)

NW

Notes preceding

It is essential to the continued
existence of things that institutions
should be encouraged, & as it
cannot be at the expense of the
Govt. it must be at the expense
of the better eating community.
Or improved?

Notes precedents

Cont. 9.10.31

5.11.6
at work

9.10.31

6 To Gov - vol 312 - 10th Oct 1931

7 To Gov 714 - 19th Oct 1931

8 Supplement No 57. Office forgotten
dated 24/10/31.
Resubmitted for records as directed
on 17059/31. P. 8. (Office paper file)

111/



Supplement to the Official Gazette

Proclamations, Rules and Regulations

(No. 49)

Vol. XXXIII.—No. 61

November 24, 1931

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PROCLAMATION NO. III.

COLONY AND PROTECTORATE OF KENYA.



THE LOCAL GOVERNMENT (DISTRICT COUNCILS)
ORDINANCE, 1928.

PROCLAMATION.

J. BYRNE.

L. S.

BY His Excellency Sir Joseph Aloysius Byrne, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Most Excellent Order of the British Empire, Companion of the Most Honourable Order of the Bath, having the honorary rank of Brigadier-General in His Majesty's Army, Governor and Commander-in-Chief of the Colony and Protectorate of Kenya.

IN EXERCISE of the powers conferred upon me by section 4 (5) of the Local Government (District Councils) Ordinance, 1928, I do hereby alter the boundaries of the Kiambu-Kamithi-Kuaraka and the Ruiru Wards by cancelling the description of boundaries of the said wards set out in the Schedule to Proclamation No. 31 of the 10th September, 1931, and substituting therefor respectively the description of boundaries set out in the Schedule annexed hereto.

GOD SAVE THE KING.

Given under my hand and the Public Seal of the Colony this 16th day of November, 1931.

By Command of His Excellency the Governor.

W. M. LOGAN,
for Acting Colonial Secretary.

SCHEDULE

2. KIAMBURU-KAMITI-RUARAKA WARD.

(a) Commencing at the intersection of the north-western boundary of L.R. No. 437/2 with the Kamiti River;

thence bounded by that river down-stream to the north-east corner of L.R. No. 135;

thence in a generally south-westerly direction by the Kiambu Native Reserve boundary to the southern corner of L.R. No. 132;

thence northerly by the eastern boundary of the Jamoru Ward to the Kamiti River at the point of commencement.

(b) Commencing on the Kamiti River at its intersection with the western boundary of L.R. No. 3728;

thence bounded by that river upstream to its intersection with the north-western boundary of L.R. No. 4890/2 which forms the eastern boundary of the Kiambu Native Reserve;

thence north-easterly by a part of the generally eastern boundary of that Reserve to the south-west corner of L.R. No. 113/1 on the Mukuyu River;

thence by that river down-stream to its intersection with the north-western corner of L.R. No. 4896;

thence by a part of the northern, also the western and south-western boundary of that portion to its most southerly corner;

thence by part of the north-western boundary of L.R. No. 104 to its south-western corner and onwards across a road reserve to its intersection with the north-eastern boundary of L.R. No. 43 (Forest Reserve);

thence by part of the north-eastern, also the northern, north-western and south-western boundary of that Reserve, to its most southerly corner;

thence south-westerly by the south-eastern boundary of L.R. No. 92/R2 to its intersection with the most northerly corner of L.R. No. 4727 (Outspan Reserve);

thence by the north-eastern and south-eastern boundary of that reserve to its intersection with the generally western boundary of the Fort Hall Road Reserve;

thence southerly by that road reserve boundary to its intersection with the north-eastern boundary of the Karura Forest Reserve;

thence north-westerly by that forest boundary to its intersection with the eastern boundary of L.R. No. 4887;

thence southerly by that boundary to its intersection with the Karura River;

thence by that river up-stream to its intersection with the generally eastern boundary of the Kiambu Native Reserve;

thence north-easterly by that boundary to the point of commencement.

L.R. No. 236 is included in the foregoing ward and the Kiambu Forest Reserve (L.R. No. 87) is excluded therefrom.

(c) Commencing at the intersection of the Kamiti River with the western boundary of the Fort Hall Road;

thence bounded by that river down-stream to its junction with the Nairobi River;

thence by the latter river down-stream to its junction with the Thuirika River;

thence by the latter river to its junction with the Athi River;

thence by the latter river up-stream to its intersection with the northern boundary of the Athi River Township Reserve;

thence westerly by part of that boundary to the north-west corner of that reserve;

thence southerly by part of the western boundary of the same to its intersection with the Athi (Embakasi) River;

thence by that river up-stream to its intersection with the south-eastern boundary of L.R. No. 2254;

thence north-easterly by part of that boundary to its intersection with the southern boundary of the Ngong Road Forest Reserve;

thence by that forest boundary at first easterly and thence in a generally northern direction, to its intersection with the southern boundary of Nairobi Municipality;

thence easterly, northerly and westerly by that municipal boundary to its intersection with the southern boundary of the Karura Forest Reserve;

thence easterly by that forest reserve to the western boundary of the Fort Hall Road Reserve;

thence northerly by that road reserve boundary to the point of commencement.

The Township of Mbagathi is excluded from the foregoing ward.

I dislike this scheme as much as Messrs: Eastwood, Clauson, and Vernon; but I agree with him, and Mr: Parkinson, that the S/S need not interfere.

2. The Bill seems to me very badly drafted. It is not even clear to what categories of butter the levy applies. Would " manufactured and sold in the Colony" cover butter made in the Colony, and sold in the Colony, but destined for export and exported? I suppose all butter exported is in fact " sold in the Colony". Clause 3 applies to imported butter also-- which was never intended, and is not required for the purposes of the scheme. Amendments are required here: the thing should be made quite clear and definite--which it is not at present. In clause 4, the provision made for expenses seems inadequate--though that is not our affair. Clause 5 is ambiguous also--again not our affair.

The Govr: assumes--para: 4 of his despatch-- that he can remove the cess if he wishes to. It seems very doubtful whether that assumption is correct. The Bill only gives power to impose, and to exempt individuals in case of hardship.

3. Apart from such of the amendments indicated above as may be considered essential--that of clause 3 is perhaps the only one of this category if the " taxing clause" is considered definite enough--I'd let the thing alone, while making

Handwritten notes:
The Govt: assumes
that he can remove
the cess if he wishes
to.

it quite clear that the local enthusiasm was not shared here.

The 17-7-31.

I have no need to add to these 15 pages of minutes

The problem (reference to clause 3) does not seem to have been discussed at all, subject to the fact that the clause is the subject of the minutes (the clause is the subject of the minutes) and the subject of the minutes.

But I think the Ordinance had arrived at a point where it was the duty of the Government to take action to the best of their power to secure the best possible result, and to the same time to maintain a certain amount of order.

17/7/31

Act of State.

I refer generally to the above minutes. I recommend proceeding as proposed.

17/7/31 J.H.G.

Would a proposal for further news as to the Ordinance itself

P. 2/17

Recd. under cover of 3 pm dated 29th June 1931

"Report of Select Committee of the Legislative Council on the provisions of a bill to provide for the imposition of a levy on butter"

Dated 9th June.

New order
P. 2/17

Wait for the order

27/7/31
17/7/31

3. The Minister

10 September
Two authenticated copies of Butter Levy Ordinance No. 22 of 1931 with legal report by Attorney General to Government on certain sections and clause with appointment of a statutory committee to advise on the same and exceptions. Request for reply.

I attach a note in which I have tried to summarise the effect of this Ordinance after consideration of what has been written on this file, and of the Wheat Pool Ordinance papers, which are attached below.

The suggestion made in the previous minutes is that the Ordinance should be allowed, but that the S. of S. should, at the same time, make it clear that he is not very enthusiastic about it.

Telegraph, sanctioning the Ordinance subject to:

- (i) to it being made clear that Clause 3 does not apply to imported butter;
- (ii) to any legal observations either on the points in par. 2 of Sir John Campbell's minute of 17.7.31, or on other points.

* Being sent to Secretary

I do not think that the local people are really clear what the effect of this and the Wheat Pool Ordinance will be, and I think it might be worth while to follow up by a despatch, setting out the position as we see it, perhaps on the lines of the attached note.

The law should also ask what effect of any the Ord. will have on native ^{farmers} that at the present moment they are neither ^{producers} ^{of} ^{native} ^{products} ^{or} ^{consumers} ^{of} ^{native} ^{products}.

See list of the
Indians
97/100
11/17

Mr. Tait

They are just two years ago from the
to the...
of...

I gather that the levy and marking of wrappers are intended for bottles sold in the Colony for consumption within the Colony, but the Ordinance only refers to bottles sold in the Colony. It may well be, as Sir John Campbell suggests, that some, if not all, of the bottles exported to the port sold

J. G. 31

This is of course
the intention - but
the Ord. is not
to be read as such
11/17

in Kenya before exportation, in which case the provisions as to "levy" and marking of wrappers would seem to apply to it.

It is arguable that clause 3 applies to imported bottles, and it should be made clear that it does not. If the section is amended it would also be clear if the provisions thereof became operative as from the date when the levy becomes operative (not from the date on which the levy is imposed).

It is not clear if the wrapper mentioned in the proviso to sec. 5 is intended to be in addition to or in substitution for the wrapper mentioned in that section.

It is not clear what prohibition direction or order is required to see sec. 5(a).

I think the words "from time to time" in sec. 2 give the provisions power to remove the levy.

H. H. Trevelyan
1/10

The legal flux is considerably quite serious when you get to the Ord. - it is not clear if coming out its purpose - deep follows. And embody the

It is not clearly
clearly within
the regulations
3/10

It seems that
the intention
of the Ord.
is to...

Legal draft in a deep, suggesting that an
amended Ord. be passed; in the meantime
no action will be taken.

A. H. H. H.
3/10

5. Gov. Tel. No. 134 23 Oct.

asks permission to implement Ordinance, and
to impose levy of 25 cents per pound.

1. The Ordinance may now be accepted
in principle, making it clear that the local
enthusiasm is not shared here, see end of
Sir J. Campbell's minute of 17th July.

2. The levy proposed in the new tele-
gram, No. 5, is 25 cents per pound, the maximum
contemplated by the Ordinance. This was
foreshadowed in par. 4 of No. 1, and I may be
agreed.

3. As the levy does not become
operative until two months after it is pro-
claimed, it may be possible for the necessary
amendments to the Ordinance to be made before
it actually comes into force, but Mr. Trusted,
to whom I have spoken, does not think that
there would be any practical difficulty if
the levy actually came into force without
amendment, especially if the Government is in
possession of information as to the amend-
ments required.

4. Mr. Trusted also agrees that the
two main points are the question of the
application of the levy to butter sold for
export, and to imported butter, and that his

other

other criticisms can be dealt with by despatch.

5. In his minute of the 1st July, Mr. Stockdale said he saw no objection to these proposals, provided the Government is satisfied that the ~~scheme~~ will not impose any hardships or inflict any restrictions on the production of butter in the native reserves for sale locally, and possibly eventually for export.

(No. 3 of 16054 / 30)

In the despatch of the 24th of June, 1930, the Governor was informed that when natives are particularly affected by any Ordinance, the S. of S. will be glad in all cases to receive a separate statement showing exactly what the effects will be upon natives, and what obligations etc. will be imposed upon them. Although natives would not appear to be "particularly or even immediately affected, I think the point might be dealt with by a reference to that despatch, and asking for the Governor's observations on this aspect of the matter, but adding that it is presumed that if any undue hardships are imposed on natives, resort will be had to the power of exemption in Section 10. I submit for action, a draft telegram to the Governor which, if approved, should be confirmed by a despatch by air mail embodying the further points on which amendments are required, and also adding as proposed above in regard to the natives.

notes

Stockdale

8/10/30

Sir S. Wilson

The late S-AB. suspended judgment on this scheme, but I think he should certainly let it be tried.

It is essential with continued
existence of things that industries
should be encouraged, for it
cannot be at the expense of the
rest it must be at the expense
of the better living community.

As proposed.

Cost 9.10.31

Notes preceding

P.H.C.
stock

9.10.31

6 To Gov - see 312 - 104 Oct 1931

7 to Gov 714 - 10 OCT 1931

plus

8 Supplement No 57 Opium papers 24/1/31
Registered for records as directed
on 7059/1. P. 8 (Opium papers file)

AW



Supplement to the Official Gazette

Proclamations, Rules and Regulations

(No. 49)

Vol. XXXIII.—No. 57

November 24, 1931

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Supplement to the Official Gazette

Proclamations, Rules and Regulations

(No. 49)

Vol. XXXIII—No. 61

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PROCLAMATION NO. 111

COLONY AND PROTECTORATE OF KENYA



THE LOCAL GOVERNMENT (DISTRICT COUNCILS)
ORDINANCE, 1928.

PROCLAMATION.

J. BYRNE.



BY His Excellency Sir Joseph Aloysius Byrne, Knight-Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight-Commander of the Most Excellent Order of the British Empire, Companion of the Most Honourable Order of the Bath, having the honorary rank of Brigadier-General in His Majesty's Army, Governor and Commander-in-Chief of the Colony and Protectorate of Kenya.

IN EXERCISE of the powers conferred upon me by section 4 (6) of the Local Government (District Councils) Ordinance, 1928, I do hereby alter the boundaries of the Kimbu-Koinjo-Kusale and the Koinjo Wards by cancelling the description of boundaries of the said wards set out in the Schedule to Proclamation No. 91 of the 10th September, 1931, and substituting therefor respectively the description of boundaries set out in the Schedule annexed hereto.

GOD SAVE THE KING

Given under my hand and the Public Seal of the Colony this 16th day of November, 1931.

By Command of His Excellency the Governor,

W. M. LOGAN,
for Acting Colonial Secretary.

SCHEDULE

2. KIAMBU-KARURI-IBARAKERA WARD.

(a) Commencing at the intersection of the north-western boundary of L.R. No. 127/2 with the Kamiti River;

thence bounded by that river down-stream to the north-east corner of L.R. No. 126;

thence in a generally south-westerly direction by the Kiambu Native Reserve boundary to the southern corner of L.R. No. 152;

thence northerly by the eastern boundary of the Imauro Ward to the Kamiti River at the point of commencement.

(b) Commencing on the Kamiti River at its intersection with the western boundary of L.R. No. 3726;

thence bounded by that river up-stream to its intersection with the north-western boundary of L.R. No. 4890/2 which forms the eastern boundary of the Kiambu Native Reserve;

thence north-easterly by a part of the generally eastern boundary of that Reserve to the south-west corner of L.R. No. 113/1 to the Makoya River;

thence by that river down-stream to its intersection with the north-westerly corner of L.R. No. 4890;

thence by a part of the northern, also the western and south-western boundary of that portion to its most southerly corner;

thence by part of the north-western boundary of L.R. No. 104 to its south-western corner and onwards across a road reserve to its intersection with the north-eastern boundary of L.R. No. 35 (Grass Reserve);

thence by part of the north-eastern, also the northern, north-western and south-western boundary of that Reserve, to its most southerly corner;

thence south-westerly by the south-eastern boundary of L.R. No. 22 R2 to its intersection with the most northerly corner of L.R. No. 227 (Ombaka Reserve);

thence by the north-eastern and south-eastern boundary of that reserve to its intersection with the generally western boundary of the Fort Hall Road Reserve;

thence southerly by that road reserve boundary to its intersection with the north-eastern boundary of the Karuri Forest Reserve;

thence north-westerly by that forest boundary to its intersection with the eastern boundary of L.R. No. 4851;

thence southerly by that boundary to its intersection with the Karuri River;

thence by that river up-stream to its intersection with the generally eastern boundary of the Kiambu Native Reserve;

thence north-easterly by that boundary to the point of commencement.

L.R. No. 236 is included in the foregoing ward and the Kiambu Forest Reserve (L.R. No. 87) is excluded therefrom.

(c) Commencing at the intersection of the Kamiti River with the western boundary of the Fort Hall Road;

thence bounded by that river down-stream to its junction with the Nairobi River;

thence by the latter river down-stream to its junction with the Thuirika River;

thence by the latter river to its junction with the Athi River;

thence by the latter river up-stream to its intersection with the northern boundary of the Athi River Township Reserve;

thence westerly by part of that boundary to the north-west corner of that reserve;

thence southerly by part of the western boundary of the same to its intersection with the Athi (Embakasi) River;

thence by that river up-stream to its intersection with the south-eastern boundary of L.R. No. 2254;

thence north-easterly by part of that boundary to its intersection with the southern boundary of the Ngong Road Forest Reserve;

thence by that forest boundary at first easterly and thence in a generally northern direction to its intersection with the northern boundary of Nairobi Municipality;

thence easterly, northerly and westerly by that municipal boundary to its intersection with the southern boundary of the Kafura Forest Reserve;

thence easterly by that forest reserve to the western boundary of the Fort Hall Road Reserve;

thence northerly by that road reserve boundary to the point of commencement.

The Township of Subagathi is excluded from the foregoing

K. RUIDI WARD.

Commencing on the Makaya River at the south-west corner of L.R. No. 11377:

thence bounded north-westerly by the generally easterly boundary of the Hamar Native Reserve, to its intersection with the Makaya River;

thence by that river downstream to its junction with the Athi River;

thence by the latter river up-stream to its junction with the Thirika River;

thence by the latter river up-stream to its junction with the Nairobi River;

thence by the latter river up-stream to its junction with the Kamaji River;

thence by the latter river up-stream to its intersection with the most easterly boundary of L.R. No. 2727 (Duisan Reserve);

thence by the south-eastern and south-western boundary of that reserve to its most northerly corner;

thence by part of the south-eastern boundary of L.R. No. 92/112 and also that of L.R. No. 93 (Poria Reserve) to the most easterly corner of the latter portion;

thence by a part of the north-eastern boundary of L.R. No. 93 for a distance of about 1200 feet;

thence north-westerly across a road reserve to the most northerly corner of L.R. No. 6713;

thence by the north-western and generally north-eastern boundary of that portion, to its intersection with the Makaya River;

thence by that river upstream to the point of commencement.

The Townships of Hamar, excluded from and L.R. Nos. 1064, 1065, 1066 and 1157 are included in the foregoing Ward.

PROCLAMATION No. 112

COLONY AND PROTECTORATE OF KENYA.



THE TOWNSHIPS ORDINANCE, 1930.

PROCLAMATION.

J. BYRNE.



BY His Excellency Sir Joseph Aloysius Byrne, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Most Excellent Order of the British Empire, Companion of the Most Honourable Order of the Bath, having the honorary rank of Brigadier-General in His Majesty's Army, Governor and Commander-in-Chief of the Colony and Protectorate of Kenya.

IN EXERCISE of the powers conferred upon me by section 5 of the Townships Ordinance, 1930, I do hereby declare that the boundaries of Kitale Township shall be as set out in the schedule hereto, and I do further declare that the description of boundaries of Kitale Township appearing on page 381 of the Revised Subsidiary Legislation is hereby revoked.

GOD SAVE THE KING

Given under my hand and the Public Seal of the Colony at Nairobi this 19th day of November, 1931.

By Command of His Excellency the Governor

A. D. A. MACGREGOR,
Acting Colonial Secretary.

SCHEDULE.

Commencing at a beacon at the most southerly corner of L.R. No. 1839

thence by a line bearing $320^{\circ} 10'$ for a distance of about 12197 feet to a beacon;

thence by a line bearing $230^{\circ} 10'$ for a distance of about 3791 feet;

thence by a line bearing $329^{\circ} 00'$ for a distance of about 2200 feet;

thence by a line bearing $239^{\circ} 00'$ to its intersection with the eastern boundary of a road reserve;

thence by the eastern boundary of that road reserve southerly to a beacon;

thence across that road reserve by a line bearing $239^{\circ} 10'$ for a distance of about 6780 feet to its most westerly corner;

thence by a line bearing $140^{\circ} 10'$ for a distance of about 15346 feet to its most southerly corner;

thence by a line bearing $59^{\circ} 10'$ for a distance of about 6814 feet to a beacon;

thence by a line bearing $140^{\circ} 10'$ for a distance of about 1550 feet to a beacon;

thence by a line bearing $74^{\circ} 30'$ for a distance of about 336 feet to a beacon;

thence by a line bearing $329^{\circ} 10'$ for a distance of about 1800 feet to a beacon;

thence by a line bearing $59^{\circ} 10'$ for a distance of about 3202 feet to the point of commencement.

The foregoing boundaries are delineated edged red on Land Survey Boundary Plan No. 92 deposited at the office of the Survey and Registration Department, Nairobi. A copy thereof is on record at the District Commissioner's office, Kitale.

PROCLAMATION No. 113

COLONY AND PROTECTORATE OF KENYA.



THE GAME BIRDS PROTECTION ORDINANCE, 1926

PROCLAMATION

J. BYRNES



BY His Excellency Sir Joseph Augustus Byrnes, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight Commander of the Most Excellent Order of the British Empire, Companion of the Most Honourable Order of the Bath, having the honorary rank of Brigadier-General in His Majesty's Army, Governor and Commander-in-Chief of the Colony and Protectorate of Kenya

IN EXERCISE of the powers conferred upon me by section 3 of the Game Birds Protection Ordinance, 1926, I do hereby declare that it shall be an offence to hunt kill or capture any species of game bird without the written authority of the Game Warden—

(1) within the following area, which may be known as "the Lake Nakuru closed area"—

Commencing at the intersection of the eastern boundary of L.R. No. 1023 with the Ngapo River;

thence downstream to its point of entry into Lake Nakuru;

thence in an easterly direction to a point three hundred feet within the surface of the lake;

thence in a generally southerly direction by a line 40 feet from the lake surface parallel to the water's edge and at a distance of three hundred feet therefrom to a point on the lake situated due east from the hill, so known locally as "Isaac's Rock"

Kenya Proclamations, Rules and Regulations, 1931

thence by a straight line due west to its intersection with the eastern boundary of L.R. No. 1022;

thence by the eastern boundary of L.R. No. 1022 to the point of commencement.

from the 24th day of December, 1931, for a period of two years;

(2) within the area comprising Lake Nakuru and the space thereof to a distance of one mile from the margin of the said Lake, with the exclusion of the area referred to in paragraph (1) above, between the first day of April and the twenty-third day of December in every year.

And I do hereby revoke Proclamation No. 6 of the 24th day of January, 1927.

GOD SAVE THE KING

Given under my hand and the Public Seal of the Colony at Nairobi this 17th day of November, 1931.

By Command of His Excellency the Governor,

JUXON BARTON,

For Acting Colonial Secretary.

GOVERNMENT NOTICE No. 726

THE TOWNSHIP ORDINANCE, 1930.

RULES.

IN EXERCISE of the powers conferred upon him by the Township Ordinance, 1930, His Excellency the Governor has been pleased to make the following Rules—

1. These Rules may be cited as "the Township (Control of Native) (Amendment) Rules, 1931," and shall be read as one with the Township (Control of Native) Rules, 1931 hereinafter called "the Principal Rules."

2. The Principal Rules are hereby amended by the addition in Schedule I after "Rules" of "ESURUP."

By Command of His Excellency the Governor,

Nairobi,

This 16th day of November, 1931.

R. W. TAMBIHI,

For Acting Colonial Secretary.

Kenya Proclamations, Rules and Regulations, 1931

GOVERNMENT NOTICE No. 727.

BUTTER LEVY ORDINANCE, 1931.

REGULATIONS.

IN EXERCISE of the powers conferred upon him by section 9 of the Butter Levy Ordinance, 1931, His Excellency the Governor in Council has been pleased to make the following Regulations.

1. These Regulations may be cited as "the Butter Levy Regulations, 1931."

2. Except as hereinafter stated, the levy shall be collectible by means of a stamp printed on each wrapper which stamp shall be of the size and form indicated by the facsimile hereunder and shall be red in colour.



3. Wrappers shall be forwarded to the Government Printer, Nairobi, for the printing thereof of the levy stamp and may be accepted by a retailer to cover the amount of the levy.

4. Two specimens of any wrapper used or intended to be used must be submitted to the Treasurer for the purpose of record.

5. Wrappers of butter sold under the exemption clause in the Ordinance shall bear a printed stamp which shall be of the size and form given below and shall be blue in colour.



6. Tins containing butter on which the levy has been compounded for shall have their labels stamped with a rubber stamp containing the words:—

Kenya Butter Levy Ordinance

LEVY COMPOUNDED.

7. Manufacturers of butter who have applied for exemption under section 10 of the Ordinance and whose applications have not been considered or approved prior to the enforcement of the Ordinance shall pay the amount of the levy pending decision in the matter and if such applications are eventually approved, it shall be lawful for the Treasurer to refund any amount so collected.

8. Refunds in respect of the levy paid on wrappers unused or spoiled in packing may be made at the discretion of the Treasurer.

By Command of His Excellency the Governor in Council.

Nairobi.

The 29th day of November, 1981.

JUXON BARRON

Clerk to the Executive Council

C. O.

Mr. Eastwood 16

Mr. [unclear] 16

Mr. Roberts-Wray 7.10

Mr. [unclear]

Sir C. Bottomley

Sir J. Macdonald

Sir G. Grubb

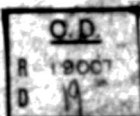
Herat U.K. of B.

Punjab U.K. of B.

Secretary of State

Downing Street,

23 October, 1931.



For Airtel

Assessment No 6
1931/1/51

Sir,

I have the honour

to confirm my telegram No. 312 on the subject of the Butter Levy Ordinance.

This telegram read as follows:-

(Here insert text of No.6)

2. In addition to the assessments to Sections 2 and 3 of the Ordinance requested in that telegram, the following two points on which assessment is desirable have been noted:-

1. Section 2. The sense would be clearer if the words "becomes operative" were substituted for the words "is imposed" in line 1 of sub-section 1.
2. Section 3. It is not clear whether the "wrapper" mentioned in the proviso is intended to be in addition to, or in substitution for the wrapper mentioned in the section itself.

Presumably

DRAFT

KENYA

Gov.

No.

717

Air Mail of Tuesday the 20thAmal 3
1931/1/12

Presumably it is the intention
that it should be in substitution.

3. In his despatch of the 24th June
1930, Lord Passfield asked that when natives
were particularly affected by any Ordinance
a separate statement should be sent home

showing
~~saying~~ exactly what the effect of it ~~will~~
be upon them, and what obligations etc., ~~will~~

be imposed upon them. Although natives
would not appear to be particularly or
even immediately affected by the present
Ordinance (since I understand that the
amount of butter produced by natives is
very small), I should be glad to have
your observations on this aspect of the
matter. I assume that, if any hardship
were imposed on natives by the Ordinance
you would employ the power of exemption
under Section 10.

4. *tendering content of the*
~~On receipt of an Ordinance embodying~~
Ordinances
the amendments which I have suggested, I
~~do not propose~~ *am advised*
will consider it my ~~advice~~ *advice* to tender to

His

His Majesty regarding ~~the main~~
~~Ordinance.~~ ^{the, as} As stated in my
telegram, ~~however,~~ I am prepared
to agree to the necessary steps
being taken at once for the
imposition of ^{the proposed tax} ~~a levy on the~~
^{of 25 cents a pound on the}
understanding that the amendments
required will be made at the first
opportunity.

I am, &c

(SIGNED) J. H. THOMAS.

R 100CT

621

Booked & sent
4.30 p.m.
10/10/31

Mr. Allen 8/10/31

Mr. Stockdale 8/10/31

Mr. J. Campbell 9/3/31

Mr. Tomlinson

Sir G. Romney 9.10.31

Sir J. Shackleton

Sir G. Grindie

Parliamentary Secy. S. 9.10.31 (No. 3)

Parly. U.S. of S. (No. 5)

Secretary of State

No 312

Your despatch 10th September

No. 532 Your telegram No. 314

while I see many objections to legis-
lation of this character, I am will-
ing to accept Ordinance in principle,

but I am advised that drafting is
open to criticism in several res-
pects, and in particular amendment
required to make it clear (a) that
Section 3 does not apply to butter

manufactured and sold in the Colony
but destined for export and actually
exported and (b) that Section 3 does
not apply to imported butter. Des-
patch on these and other points

follows by air mail. But on the
understanding that amendments require
will be made at first opportunity.

DRAFT. for censon.
v. minutes

KE

Governor, Nairobi.

I have consulted Mr.
Trusted as to the
wording of this
telegram and he sees
no legal objection.

You

You may take necessary steps with
a view to imposition of levy proposed
in your telegram although pending
amendment I do not propose to tender
any advice to His Majesty in respect
of Ordinance.

DECODE

RECEIVED
8 OCT 1931
COL OFFICE

1717/131
17/10/31
5

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

Dated 7 October 1931. Received 3.45 p.m. 7 October 1931.

No.314. Paragraph 3 of my despatch of 10th September No.532 Committee recommends imposition of cess 25 cents per pound - earliest possible. Shall be grateful for your sanction to implement Ordinance and impose this cess forthwith for reason mentioned in my despatch of 31st March No.184.

Note

The return to the producer on all butter exported from the Highlands of Kenya will be the world price minus (A) the cost of getting this butter to the world's markets - i.e. from the Highlands to the coast, and from the coast overseas.

The cost at which imported butter could be sold in Nairobi would be the world price plus (B) any import duty plus (C) the cost of getting the butter from the world's markets i.e. transport from overseas and from the coast to the Highlands.

The difference between the return to the producer on exported butter and the price at which imported butter could be sold would thus be A plus B plus C.

~~As~~ If there was co-operation among the local producers they could, while still selling their exports at the low price charge on the local market a price just sufficient to keep out imports. The home market would, therefore, be very much more profitable.

The producers do not at present all co-operate. The result, one would have thought, would have been to reduce local prices, but apparently this has not been so in the past, and it is now sought to avert it.

One way of averting a reduction of prices would have been compulsory co-operation, and this is the way which is being tried in the parallel instance of the wheat pool.

The other way is that adopted in this case -

a levy (amounting ~~to 3d. a lb.~~ to 3d. a lb.) all produce sold locally, the profits of which (after expenses have been deducted) are paid to exporters.

Both ways mean in effect the imposition of a large protective duty, and a subsidy on export.

Supposing that Government had not intervened by passing this Ordinance, this is what would presumably have happened :-

The Co-operative Societies, in order to beat the non-co-operating producers, who are at present ^{compelling} ~~beating~~ ^{with} them in the local market, would have lowered their prices ~~down to export level~~. Presumably the resources of the co-operators would have been greater than those of the non-co-operators, and the latter would have been driven either out of business or to join the co-operators. Then the co-operators would immediately have increased their price to the present level. (Or, to be precise, to the export level - which may, of course, vary - plus A plus B plus C).

The effect of the new Ordinance will be to stabilise the local price at the present level, to which it would in any case have returned after fluctuations.

KENYA.

No. 532



25

GOVERNMENT HOUSE,
NAIROBI,
KENYA.



10 September, 1931.

Sir,

I have the honour to refer to my despatch No.184 of the 31st March, 1931 and to transmit for your information, two authenticated copies of Ordinance No. XXII of 1931 entitled "an Ordinance to provide for the imposition of a levy upon butter" which passed its third reading in Legislative Council on the 19th June and to which I assented in His Majesty's name on the 14th July, together with two copies of the Legal Report thereon prepared by the Attorney General. Ten printed copies of the Ordinance will be sent under separate cover.

2. In my despatch under reference I explained the circumstances leading up to the introduction of this measure into Legislative Council, and these are further mentioned in the Legal Report. A copy of the Report of the Select Committee of Legislative Council on the Bill was forwarded to you with Kenya third personal note No. D/Leg. Co. 33/3 of the 29th June, 1931.

Owing to opposition to the Bill which had been displayed in some quarters, it was made clear on second reading that Government was not prepared to press it if it did not gain a general measure of unofficial support. This support was, in fact, accorded.

3. The administration of the Ordinance is in the hands of the Treasurer, but I intend to appoint a non-statutory Committee, which will include representatives

of ...

THE RT. HON. J. H. THOMAS, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
London, S.W.1.

of the industry, to advise me in regard to the proper figure of the cess and to exemptions to be made under section 10.

4. I would again call your attention to the fact that the Directors of the Creameries have given a public assurance in the Press that no increase in the price of butter will result from the imposition of the levy and, should I not be satisfied that the spirit of this assurance is being honoured, I shall at once consider the removal of the cess, which you will notice, under section 2 is only to be imposed by the Governor from time to time.

5. I trust that His Majesty will be advised not to exercise his power of disallowance in respect of this measure, and I shall be grateful if the signification of His Majesty's pleasure may be conveyed to me by telegraph.

I have the honour to be,

Sir,

Your most obedient, humble servant,

H. T. Martin

BRIGADIER-GENERAL.
GOVERNOR.

LEGAL REPORT
THE BUTTER LEVY BILL, 1931.

The development of the production of butter in the Colony has led to an increasing export trade, and the effect of such export trade and the low price realized for exported butter is that members of the organised bodies which alone export butter are getting a lower price, all over, for their butter than are those producers who, because no portion of their production is exported, get the advantage of the higher price which butter fetches on the local market.

The export of butter, which amounts to more than half the total production, relieves the pressure on the local market and so keeps up local prices to the advantage of those who sell their production locally.

The object of this Bill, which is the outcome of representations made by a number of farmers interested in the manufacture of butter, is to stabilise prices as between butter exported and butter sold on the local market, by imposing a levy of a sum not exceeding 25 cts. a pound on the latter and paying a premium of the sum so realized to butter exported.

The Treasurer is given power to compound with manufacturers of butter.

All butter sold in the Colony must be packed in such a manner as to indicate the name of the manufacturer or the place of manufacture, but existing butter marks are saved by the proviso to Clause 5.


Clause 10 gives the Governor power to exempt from the provisions of the Bill persons to whom its provisions would cause hardship.

By Clause 11 the Bill does not apply to
butter exported to Uganda or Tanganyika Territory.

In my opinion, His Excellency the Governor
may properly assent to this Bill in the name and on behalf
of His Majesty.

Nairobi,

8th July, 1931.



ATTORNEY GENERAL.

17171/9
3629

RE P O R T
O F
A SELECT COMMITTEE OF THE LEGISLATIVE COUNCIL ON
THE PROVISIONS OF A BILL TO PROVIDE FOR THE
IMPOSITION OF A LEVY ON BUTTER.

Your Excellency,

We have the honour to report that, having on 8th instant been appointed members of a Select Committee of Legislative Council to consider and report on the provisions of the Butter Levy Bill, we met at the Memorial Hall, Nairobi, at 11 a.m. on Tuesday 9th instant and considered the provisions of the Bill in detail, and recommend the following amendments:-

1. That Clause 2 be amended by adding at the end thereof the following -

"No levy shall be operative until two months after the date of the proclamation imposing it."

2. That Clause 4 (2) be amended by inserting after the word "levy" at the end of the fifth line of the sub-clause the following -

"and such further sum, if any, as has been expended during the said year on the administration of the provisions of this Ordinance."

and by substituting the word "sum" for the word "sum" at the end of the sixth line of the sub-clause.

3. That Clause 4 be further amended by adding the following sub-clause as sub-clause (4) -

"(4) The accounts of the butter levy fund shall be audited in such manner as the Governor may direct, and shall, as soon as may be after the close of each year and after audit as aforesaid, be published in such manner as the Governor may direct."

4. That Clause 9 be amended by the deletion of the word "whatever" in paragraph (b) thereof.

We have the honour to be,
Your Excellency's
most obedient servants,

- SD. A.D.A. MACGREGOR (CHAIRMAN)
- SD. H.R. RUSHTON
- SD. H. WOLFE.
- SD. H.H. BRASSEY EDWARDS.
- SD. DELAMERE.
- SD. C.G. DURHAM.
- ~~SD. J.E. COTTRELL~~
- SD. W.K. TUCKER.

Nairobi,

9th June, 1931.

REPORT
OF
A SELECT COMMITTEE OF THE LEGISLATIVE COUNCIL ON
THE PROVISIONS OF A BILL TO PROVIDE FOR THE
IMPOSITION OF A LEVY ON BUTTER.

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Your Excellency's
most obedient servants,

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SD. H.H. RUSSETON

SD. H. WOLFE.

SD. H.H. BRASSEY EDWARDS.

SD. DELAURE.

SD. C.G. BURHAM.

~~SD. J.L. SCOTT.~~

SD. W.K. TUCKER.

Mirobi.

9th June, 1931.

STATEMENT SHOWING THE QUANTITY AND VALUE OF IMPORTS AND
EXPORTS OF BUTTER INTO AND FROM KENYA, 1926-1930.

Year.	Country of origin or destination.	IMPORTS.		DOMESTIC EXPORTS.	
		Quantity.	Value.	Quantity.	Value.
		cwts.	£.	cwts.	£.
1926	Great Britain	8	67	301	2963
	India and Burmah	12	133		
	Denmark		3		
	Zanzibar			19	183
	Tanganyika Territory			428	3832
	Port Sudan			5	56
	Other British Possessions			15	130
	Ships Stores			24	225
	TOTALS	17	203	792	7369
1927	Great Britain	7	81		
	India and Burmah	56	613		
	Union of South Africa	2	20		
	Denmark	2	21		
	United States of America		3		
	Zanzibar			36	322
	Tanganyika Territory			398	3952
	Other British Possessions			15	143
	Ships Stores			58	521
	TOTALS	67	738	507	4938

Year.	Country of origin or destination.	IMPORTS.		DOMESTIC EXPORTS.	
		Quantity.	Value.	Quantity.	Value.
		cwts.	£.	cwts.	£.
1928	Great Britain	7	93		
	India and Burmah	127	1379		
	Tanganyika Territory		2	424	4065
	Other British Possessions	1	10 20	13	122
	Denmark	9	120		
	Holland	1	9		
	United States		4		
	Zanzibar			8	72
	Ships Stores			68	658
	TOTALS	145	1617	513	4917
1929	Great Britain & N. Ireland	10	135	1052	8552
	Australia	12	141		
	India and Burmah	145	1439		
	Irish Free State	1	7		
	Tanganyika Territory		3	570	4784
	Other British Possessions		3	4	36
	Denmark		5		
	United States of America	1	4		
	Union of South Africa			61	518
	Seychelles			7	60
	Zanzibar			45	377
	Portuguese East Africa			6	46
	Ships Stores			85	783
	TOTALS	169	1757	1830	15186

Year.	Country of origin or destination.	IMPORTS.		DOMESTIC EXPORTS.	
		Quantity.	Value.	Quantity.	Value.
		cwts.	£.	cwts.	£.
1930	Great Britain & N Ireland	1	15	6534	43576
	India	35	540	18	107
	New Zealand	2	30		
	Germany	2	30		
	Denmark		3		
	France		1		
	Switzerland	4	45		
	United States of America		2		
	Aden				2
	Union of South Africa			212	1254
	Zanzibar			72	505
	Seychelles			8	54
	Tanganyika Territory			811	6523
	Egypt			20	160
	Ships Stores			109	723
	French Somali			1	5
	Mozambique			17	107
	TOTALS	42	464	7800	53016

KENYA.

No. 184



GOVERNMENT HOUSE,
NAIROBI,
KENYA.

RECEIVED
27 APR 1931
COL. OFFICE

31st March, 1931.

My Lord,

I have the honour to inform Your Lordship that the position in regard to the production of butter in this Colony has been receiving the particular attention of this Government during the past few months. The Board of Agriculture submitted a memorandum in October last dealing with the problem of the regulation and control of the Dairy Industry with special reference to the stabilization of the price of butter; and recommended the establishment of a Control Board with powers to impose a butter cess. I enclose a copy of this memorandum for Your Lordship's information.

2. Since the Board's memorandum was framed, the position has somewhat changed, in that there is no longer a marketing committee. The three Creameries at Lumbwa, Naivasha and Nanyuki have amalgamated into one business concern styled the "Kenya Co-operative Creamery Ltd.", and in these circumstances, the Director of Agriculture advised Government that there was no real need for the establishment of a Control Board, and that the situation could be met by a Bill enabling Government to impose a levy.

3. The publication of the Board's memorandum resulted in a certain amount of correspondence in the local

THE RIGHT HONOURABLE LORD PASSFIELD, P.C.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON. S.W.1.

local Press, during which opinions in favour of and against the idea of a levy were expressed, and it is certainly the case that, unless some measure of this kind is adopted, the Creamery would be forced to take steps to deal with the position created by dairy farmers who have hitherto stood aloof from co-operative enterprises. At the present time approximately 25% of the total butter production is consumed locally, and of the balance the Creamery is at present exporting about two-thirds, but whereas the local price is 1/50 per lb., the Creamery price has recently averaged only 93 cents (a year ago the price realized at the factory was 1/25); and consequently, so long as the Creamery retains its produce for export, the non-co-operators have command of the more lucrative local market. It is, I am advised, probable that the export trade will increase at a far more rapid rate than local consumption and, in the absence of prolonged drought conditions, the percentage locally consumed might well drop within the next few years to 10% of the total production. Consequently, while in the interests of stabilizing the Dairy Industry and in view of the importance of maintaining the export in butter the introduction of a cess is desirable, it is not anticipated that the necessity for such a levy would continue for a long period.

4. The Creamery has no wish to utilize the cess so as to keep up the price of butter unduly to the consumer, and the Directors have given a public assurance in the Press that no increase in the price of butter will result from the imposition of the levy proposed. The sum proposed is a maximum of 25 cents per lb. Your Lordship will observe that Clause 2 empowers the Governor from time to time to impose a cess and, should this assurance not be fulfilled, the propriety of removing the cess would, of course, be a matter for my consideration.

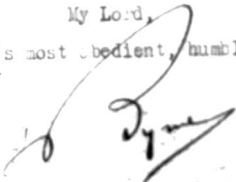
5. The ..

5. The principle of a cess on butter was discussed in Executive Council on November 14th and February 11th last, and a draft Bill which was then referred to a Sub-Committee for detailed consideration has now been reviewed. The application of the measure is confined to sales within the Colony. Clause 11 specifically excludes from its scope butter exported to Uganda and Tanganyika Territory, and special provision is made in Clause 10 for the exemption from payment in cases of proved hardship. I enclose a copy of the revised Bill for Your Lordship's information, and on the advice of Executive Council I have given directions that the Bill should be published for information and for introduction at the first session of the new Legislative Council.

I have the honour to be,

My Lord,

Your Lordship's most obedient, humble servant,


BRIGADIER-GENERAL.
GOVERNOR.

BOARD OF AGRICULTURE.

No. B/16/4

MEMORANDUM OF THE PROBLEM OF THE REGULATION AND CONTROL OF THE DAIRY INDUSTRY, WITH SPECIAL REFERENCE TO THE STABILISATION OF THE PRICE OF BUTTER.

A rapid increase has taken place in the production of butter in the Colony during the past few years, resulting from the co-operative organisation of the industry.

As a consequence, an export trade on a substantial and steadily increasing scale has been developed which has given rise to a problem which in one form or another has called for solution in other parts of the world. This problem may be briefly explained as follows:-

In the early stages of the life of the dairy industry the consumption of butter was confined to the local market and the ordinary laws of supply and demand, operating in conjunction with the protective tariffs, controlled - with violent fluctuations - the price both to the consumer and the producer.

As the market approached the point of saturation it became necessary in the ordinary course to find an outlet for the surplus overseas.

The special conditions attaching to the export of a highly perishable commodity such as butter, however, necessitate an organisation of a more elaborate nature than that applicable to the marketing of the other primary products of the Colony.

For instance, since the product must be subjected to special treatment in manufacture, requiring expensive machinery, it can only be produced in bulk.

Further, it can only be transported in large consignments, since the transporting agencies require a bulk consign-

consignment to warrant the use of their cold storage apparatus. Consequently, supplies must be stored in Refrigerators until the necessary quantity is accumulated.

Special export boxes are required for the market of which the material must be imported. This can only be done on an economic basis at wholesale rates.

Such an organisation is, in Kenya, beyond the reach of the individual, since no dairymen exist on a scale large enough to produce the requisite quantities. In consequence, a stimulus was given to the co-operative movement and in 1929 three co-operative creameries amalgamated to form a Marketing Committee for the purpose of organising the marketing of their produce with special reference to the exportable surplus.

In the absence of some such movement the alternative would have been a flooding of the local market and the restriction of the dairying industry within the confines of that market.

In these circumstances the probability is that the organised bodies handling a large lumped production would have survived and the small individualist would have been driven from the market.

The Marketing Committee of the Creameries, however, controls only 75% of the butter produced in Kenya, but, as it is the only organisation capable of doing so, it controls the whole export which amounts to roughly 83% of its supplies and 52% of the total production of the Colony.

NOTE: The estimated production of Kenya butter for 1930 is.....1,600,000 lbs. of which the non-co-operator produced..... 400,000 lbs. and the Co-operative Creameries..... 1,200,000 lbs. Of this last figure about.....1,000,000 lbs. is exported.

This export relieves the pressure on the local market to that extent with the result that it is free to receive the remaining 37% of the total production.

Of this, 66 $\frac{2}{3}$ % is farm butter,
and 33 $\frac{1}{3}$ % is creamery butter.

The consequence is that the co-operative suppliers have enabled the non-co-operators to enjoy the advantage for the whole of their production of the higher price obtained on the local market, while the co-operators bear the whole burden of the Colony's export which amounts to 83% of their total production.

The figures from which these results are obtained are the latest available. The Agricultural Census for 1930 has not yet been compiled. It is still increasing and the Board is informed that by 1931 the production will be materially greater than the present estimates for 1930.

Butter has fluctuated considerably in price in the past, but since the establishment of the co-operative creameries, has tended to level to a local price of about Shs.1/50 to Shs. 2/- for best farm butter, according to season. It is at present Shs.1/50. The average price received by the Marketing Committee for its export butter since its inception has been -/94 cents and has been so low as -/04 cents.

It therefore follows that while the non-co-operator, whose market is nursed by the action of the Creameries, receives Shs.1/50 - Shs.2/- for best farm butter, and about Shs.1/30 - Shs.1/40 for inferior butter, the co-operative supplier receives, on a basis of -/94 cents export, only Shs.1/03 for his produce, or -/47 cents below the local market price of butter of the same quality.

Since if he sells:-

200,000 lbs. locally at	Shs. 1/50	- Shs. 300,000
and 1,000,000 lbs for export at	-/94 cents	- " 940,000
		<u>1,240,000</u>
	Total:	<u>1,240,000</u>

he receives $\frac{1,240,000}{1,200,000}$ Shillings per lb.

or S.s. 1/03 per lb.,

or at the local price of S.S. 2/- per lb.

he receives Shs. 1/11 per lb. or -/89 cents less than the non-cooperators.

It would appear obvious that if no other factors supervene, it is unfair and not in the interests of the industry in general that the Creameries should be penalised to enable those suppliers who are outside them to market their product.

This fact has been appreciated in other countries where the same situation has arisen. From evidence received by the Board it appears that it is appreciated in Kenya by the non-cooperators themselves.

The Board is satisfied by this evidence that all parties concerned in the dairying industry are agreeable to the institution of some system of equalisation whereby all producers of butter shall bear their share of the burden of export, provided that any scheme adopted embodies adequate safeguards against the penalisation of individual producers of farm butter, i.e. butter churned on the farm.

In Australia the same problem in a somewhat different form has been solved by what is known as the "Patterson Scheme". Under this scheme, which is voluntary, the producer pays a levy of 1/-, per lb. on all butter manufactured. The resultant fund is administered by a Central Board which repays the producer 3/- per lb on all butter exported; the quantity exported being half the total production. In Australia all butter is manufactured by creameries, to whom the farmer sells only cream, there being no sale of farm butter. In these circumstances,

legislation to legalise a pool is unnecessary since all payments out of the fund are made to creameries in proportion to their export and distributed by them to the farmer.

This scheme is therefore not applicable to Kenya where there is a large production outside the creameries, nor does it appear that an similar system in force in New Zealand would solve the problem.

In the Union of South Africa conditions were nearly approximate to those in Kenya, and the recommendations of the Board are therefore based on the system recently inaugurated in South Africa by means of an Act to control the Dairy Industry.

Some doubt was expressed by the witnesses for the non-co-operators that the scheme might be used or might operate to force recalcitrants into the Creameries.

The witnesses were satisfied by the Board that the scheme proposed, if properly administered, would have no such result.

It was agreed that the natural tendency of the scheme would be to bring into the Creameries the manufacturer of farm butter of roughly the same quality as the creamery product. Under present conditions it is to the interest of such to remain outside since with a margin of 47 cents he can undersell the creamery product while, in fact, receiving more than the creamery supplier, i.e., to say a creamery supplier selling at Shs. 1/00 receives only Shs. 1/03 from the pool. Whereas a farm butter manufacturer selling at say Shs. 1/35 receives Shs. 1/35 less his marketing charges.

All parties were agreed that no injustice would result from the forcing of such a producer into a Creamery if he were not precluded from joining one by any other cause outside his control.

But it was pointed out that there were, broadly speaking, two classes of farm producer outside this category. 1. The producer of butter of a superior quality

the creamery product who can compete successfully with the Creameries at the same price. It was pointed out and accepted that his position in relation to the Creameries would not be affected by the payment of a levy equal in amount to that borne by the Creamery product and that the scheme would have no tendency to force him into the Creameries.

2. The producer of butter of roughly the same quality as the Creamery product, whose farm is so situated that he cannot economically supply cream to the Creameries.

Admittedly the tendency of the scheme proposed will be to equalise the position of all producers in the local market and the individual, unless otherwise favourably situated, could not hope to compete on equal terms with a Co-operative Society whose overheads are spread over a large output and whose facilities for organising its market are so superior.

The effect of an equalising process will therefore be to force the latter class of producer into a Creamery, or out of production.

It is recommended that the Central Board proposed below be vested with such powers as will enable them to deal with all cases of hardship. In the case last mentioned, facilities must be provided which will remove the objections of the farmer to joining his nearest creamery, e.g., by the organisation of collecting services in inaccessible districts.

There appears to be general agreement among both co-operators and non-co-operators -

1. That the non-co-operator may justly be called upon to bear his share of the burden of export.

2. That since, unlike Australia where all butter is manufactured and marketed by Creameries who could and did voluntarily combine, 25% of the butter produced in Kenya is farm butter, some compulsory system is necessary for this purpose.

3. That the control of the machinery for effecting the purpose should be in the hands of a body representative of

all interests concerned.

The Board is of opinion that the best method of redressing the balance between the exporter and the non-exporter is the imposition of a levy on butter produced, the proceeds of which to be distributed among the exporting agencies; the account of the levy to be revised at periods of six months.

If the whole proceeds of the levy are distributed intact to the suppliers, the simplest method would be a stamped wrapper enclosing every pound sold in the local market.

Alternatively, if any portion is applied to any other purpose, such as services in connection with the fund, the levy might more properly be imposed on all butter produced by means of a stamp on locally sold butter and a direct payment to the fund by the Creameries on all butter exported.

Clearly, the interests of the consumer must be consulted in any proposals adopted since butter is a necessary article of food. Prima facie, it would appear that the effect of the imposition of a levy in the form of a stamp on every pound of butter sold locally will be to raise the price to the consumer by that amount.

If the system should operate unduly to penalise the consumer, a remedy must be applied either by means of price fixation, reduction of the import tariff or otherwise, but the available evidence indicates that competition for the local market will secure that the levy is not passed on to the consumer and that the stimulus given to production and rationalisation by some such system as that proposed will ultimately have the opposite result.

In Australia the "Patterson Scheme" has been in operation some years. Under it a levy of 1½ per pound is imposed on all butter produced. From a report of an investigation conducted by the Board of Trade and Industries of the Union of South Africa, it appears that while this scheme met with considerable opposition in its early stages, it is now favourably received and is working satisfactorily throughout the Commonwealth.

It is improbable that this would be the case if its effect had been to penalise the consumer.

A similar scheme has been incorporated in a recent Act of the Union of South Africa, whereby a Central Board is empowered to impose a levy on all butter manufactured.

The Board is unaware of any complaints against this Act on the part of the consuming public in the Union.

In Kenya the history of the development of co-operation with its resultant increase of efficiency and economy in the processes of manufacture and distribution, has been the history of a progressive reduction in the price of the commodities affected.

For example, up to January 1926, i.e., before the Co-operative movement in the Wheat Industry began, the wholesale price of superfine flour was Shs.56/- to Shs. 58/- per bag. In 1927 when the movement started it had fallen to Shs. 48/- per bag. In October 1928 it had fallen to Shs. 40/- per bag. It is now Shs. 32/-

1. It may be remarked that the Kenya Farmers' Association has offered to guarantee that if a compulsory wheat pool is introduced the price of flour will not be raised above this figure. There has been a similar steady decline in the price of butter concurrently with the development of co-operation in that industry.

The effect of imposing a levy on production for the benefit of export will necessarily be to stimulate co-operation, since, in the conditions of Kenya, the co-operative organisations are the sole exporters.

The outcome should logically be, in the first place, a proportional reduction of the costs of manufacture and distribution with the result that the commodity can be traded profitably at a lower price, and secondly, any danger of exploitation will be removed by the increased production which will follow with its natural tendency to reduced prices.

As to the amount of the levy required, it is evident that the sum of 1gd. per lb. imposed by the Patterson Scheme would be inadequate for the purpose for which it is designed.

In Australia the ratio of local sales to export is 2 to 1. In Kenya the position is nearly reversed.

The Board is of opinion that the levy should be fixed initially on the basis of the prices likely to prevail over the next six months.

The export price for purposes of the calculations mentioned above has been taken at -/94 cents, this being the average price received by the Creameries since their inception.

It is actually -/87 cents at present and is expected to rise to -/90 cents, at which figure the creamery pool will receive Shs.1/- per lb. for its produce.

Prevailing conditions will change such as the ratio of export to local consumption; the export price, costs of production and consequently the relative prices of the exported and locally consumed commodity. It should be a function of the Central Board to adjust the amount of the levy accordingly.

But in present conditions and on the reasoning above, taking -/90 cents to be the export price and Shs.1/50 the home market price, the amount of the levy necessary roughly to equalize the burden of export as between exporter and non-exporter should be -/25 cents.

The Board therefore recommends:-

1. The establishment of a Central Dairy Industry Control Board to be nominated by the Governor for one year and containing

- 2 members representing the Marketing Committee of the Creameries;
- 1 member representing the manufacturers of farm butter;
- 1 member representing the retail trade;
- and if Government so advise 1 member representing Government.

The composition to be subject to revision in the light of experience and changing conditions.

2. The Board to be a body corporate with the rights

and obligations inherent therein.

3. The powers of the Board to include:-

- (a) The employment of such persons as may be necessary for the fulfilment of its functions.
- (b) The imposition of a levy in the form of a stamp or otherwise of an amount not exceeding $\frac{1}{16}$ cents on all butter sold within the country to be cancelled as notified in the Gazette. 6 months thereafter, revision of the amount of the levy if and as circumstances dictate and a similar revision at every ensuing period of 6 months.

Note If it should be found necessary in the light of experience to impose the levy on all butter produced the Board should be empowered accordingly.

- (c) The payment out of the resultant fund to the Marketing Committee of the Creameries or any other body or person representing the exporting agencies which may be appointed for the purpose, the whole balance remaining after the costs of administration and other sums spent in the execution of their powers by the Board have been deducted to be paid by the Marketing Committee into their pool or otherwise distributed among the exporting agencies in proportion to the amount of butter they export.
- (d) The imposition on the Creameries of any regulations as to the conduct of their business in relation to non-members of the Creameries as may seem just to it.
- (e) Any other functions with which it may be considered expedient from time to time invest it.

In its initial stages it is suggested that the powers of the Board should be restricted to a minimum consistent with the promotion of the object aimed at. At a later stage and in the light of experience it may be expedient to invest it with wider powers of control and regulations of the Dairy Industry as a whole so as to absorb some or all of the functions

of the existing co-operative bodies.

This Memorandum deals solely with the problem as it affects the butter industry. The production of cheese closely affects this industry and its problems, in so far as they are bound up with the operation of the scheme proposed may have to be considered at a later stage. But the Board is of opinion that these problems can only be defined and solved after the scheme proposed has come into operation and its effect on the co-operative movement in the Dairy Industry ascertained.

A BILL TO PROVIDE FOR THE IMPOSITION OF
A LEVY UPON BUTTER.

BE IT ENACTED by the Governor of the Colony of
Kenya, with the advice and consent of the Legislative
Council thereof, as follows:

Short title. 1. This Ordinance may be cited as "the Butter
Levy Ordinance, 1931".

Governor
may
impose
levy on
butter.

2. It shall be lawful for the Governor from time
to time by proclamation in the Gazette to impose a levy
on all butter manufactured and sold in the Colony, hereinafter
referred to as "the levy", provided that the amount
of such levy shall in no event exceed twenty-five cents
on each pound of butter.

Levy on
butter
sold in
Colony.

3.(1) As from the date on which a levy is imposed
under section 2 of this Ordinance all butter ^{manufactured and} sold within
the Colony shall be delivered to the purchaser in a
closed package on which the fact that the levy has been
paid in respect of the quantity of butter contained in
such package is indicated in manner prescribed, and no
person shall sell ^{such} butter or ^{such} expose butter for sale within
the Colony unless it is contained in such closed package
as aforesaid.

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Treasurer
may
compound
with
manufacturers.

(2) It shall be lawful for the Treasurer to make
arrangements with any manufacturer of butter to compound
for the levy by periodical payments at such intervals as
the Treasurer may require of a sum equal to the levy on the
amount of butter sold within the Colony by such
manufacturer during the period since the last such
payment was made, and in such event it shall not be
necessary for the butter manufactured by such manufacturer
to be sold in package marked as prescribed by sub-section
(1) of this section, but such butter shall be sold in
packages.

X

packages marked in such manner as the Treasurer may require, and the butter of such manufacturer so marked may be sold within the Colony notwithstanding the provisions of sub-section (1) of this section.

For the purpose of this sub-section the Treasurer may require from a manufacturer of butter returns of the quantity of butter manufactured by him, and may further require such manufacturer to give security for the payment of the levy in such amount and in such manner as the Treasurer may approve.

Establishment
of butter
levy fund.

4.(1) There shall be established a fund, to be known as the butter levy fund, which shall be in the custody and under the control of the Treasurer and which shall consist of all moneys paid in respect of the levy.

Premium on
butter
exported.

(2) As soon as may be after the last day of each year the Treasurer shall, out of the butter levy fund, pay such sum as has been properly expended during the preceding year on the manufacture of stamps or wrappers or such other device as may be prescribed for indicating the payment of the levy, and from the balance of the fund, after payment of such sum as aforesaid, shall pay to each person who during the preceding year has exported from the Colony butter manufactured in the Colony a bounty or premium which shall bear the same proportion to the amount of the fund then in the hands of the Treasurer as the amount of butter exported by such person bears to the total amount of butter exported from the Colony during such year.

Advances
to exporters
of butter.

(3) Notwithstanding anything contained in sub-section (2) of this section, the Treasurer may from time to time advance to any person who has exported butter such sum in respect of the butter so exported as he may think reasonable, and every such advance shall be taken into account in determining the annual payment to such person prescribed by sub-section (2) of this section.

Marking of
package or
wrapper.

5. All butter manufactured for sale within the Colony shall be packed or wrapped in such a manner that the name of the manufacturer or the place of manufacturer of the butter is clearly legible on the package or wrapper.

Saving
Saving of
existing
marks.

provided that nothing in this section shall be construed as making illegal the use of any package or wrapper bearing any mark under which butter is customarily sold at the date of commencement of this Ordinance.

Statistics.

6. Every person manufacturing butter within the Colony shall supply to the Director of Agriculture such statistics relating to the manufacture of butter by him as may be required by the Director.

Power to
enter
premises.

7. Any person duly authorised in writing by the Treasurer may, at all reasonable times, enter upon and into any premises where butter is being manufactured, sold or exposed for sale and may examine and inspect all books and documents relating to the manufacture or sale of butter, and all stocks of butter kept upon such premises.

Offences.

- 8. Any person who -
 - (a) contravenes or fails to comply with any requirement of this Ordinance or any prohibition, direction, or order issued under this Ordinance; or
 - (b) when furnishing any information for the purposes of any provision of this Ordinance furnishes information which is false; or
 - (c) in any manner obstructs or hinders or intimidates any person in the performance of any act which he is authorised to perform by virtue of this Ordinance.

shall/

shall be guilty of an offence and shall be liable on conviction to a fine not exceeding fifty pounds.

9. The Governor in Council may make regulations in regard to any matter which under this Ordinance may be prescribed and may also make regulations prescribing -

- (a) the manner in which there shall be denoted on any package or wrapper the fact that the levy on the quantity of butter contained in such package or wrapper has been paid;
- (b) the form of any book or document whatever to be used for the purposes of this Ordinance, and generally for the better carrying out of the provisions of this Ordinance.

10. The Governor may exempt from the operation of this Ordinance any person who shows, to the satisfaction of the Governor, that the payment of a levy on butter manufactured by such person would impose on him undue hardship.

11. The provisions of this Ordinance shall not apply to butter manufactured in the Colony and exported to Uganda or Tanganyika Territory.

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Power to
make
Regulations.

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Power to
exempt
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Saving of
butter
exported
to Uganda
or
Tanganyika.

11. The provisions of this Ordinance shall not apply to butter manufactured in the Colony and exported to Uganda or Tanganyika Territory.