

1935

38210

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KENYA

C0533/461

Native Betterment Fund.

Previous

23269/34

Subsequent

1936 file

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Mr. Plymouth 15/10

Secretary of State 2/12

Mr. Flood 24

Mr. C. Bottomley 27/12

R. 309 27/12

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88.
Financial

1. Governor Byrne Tel 236 Conf _____ 9th October 55
States that Provisional Budget for 1956 is nearing completion & present indications are that surplus will be very small. Requests that inauguration of Betterment Fund may be deferred pending the Bin Report.

(S. J.S. wishes to discuss this in his note on attached copy)

1. The forecast for 1956 is disappointing. The Estimates for the current year are, we know, turning out very well, on June 30th surplus balance stood at £338,000 - an improvement during the first half-year of £130,000. In the absence of any ^{and} ~~known~~ inevitable increase in expenditure during 1956, it is difficult to conjecture the reason for the anticipated very small surplus on next year's accounts.

They must be doing very cautious revenue calculations - quite right too!
11.12.55

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B.S.
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1. The forecast for 1956 is disappointing. The Estimates for the current year are, we know, turning out very well; on June 30th surplus balance stood at £338,000 - an improvement during the first half year of £130,000. In the absence of any known ^{and} inevitable increase in expenditure during 1956, it is difficult to conjecture the reason for the anticipated - very small surplus - on next year's accounts.

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2. The Native Betterment Fund was proposed by Lord Dwyer in 1932. For one reason or another (difficulties in calculation, anticipated shortage of revenue etc.) its actual inception ^{has been} deferred from year to year, and the necessary statutory provision has

not yet been made. (The Budget has, however, continued to show expenditure on the four native services in each year, approximately equal to what would have been provided if Lord Moyne's advice had been translated into an Ordinance)

Last year Sir P. Cawthra later, in agreeing to a further postponement, expressed the view that it would be impossible to go back on the policy which we have pursued. The H/Comm we should adopt. If this view is now endorsed, it seems important that the Governor and Sir Alan Pin should be so informed before the latter starts on his enquiry.

On the question raised in this telegram, the Governor might be told that S.ifs. agree to deferring the inception of the Fund till the Revised Budget (based on the Pin Report) is introduced in the middle of the year.

L.A. Hunter
12/1/50

It is perhaps as well to set out briefly how the thing arose. The Joint Select Committee pronounced the opinion that in order to give the native community in Kenya as large a measure as possible of independence of the Legislature the Chief Native Commissioner should have charge of the administration of native affairs and should be charged with the preparation of an annual estimate of the financial requirements of that administration and have allocated to it such funds as the Governor thinks necessary and desirable. Lord Moyne, on examining the financial problems of Kenya, did not consider that it would be practicable for a varying sum to be taken out of the control of the Legislature year by year, and he proposed as an alternative that a Native Betterment Fund should be created out of which direct services of native development should be financed. For the revenue of his fund he recommended the payment into the Betterment Fund of half the average annual yield of native direct taxation for the previous six years. This sum was to be expended primarily upon the four major services of direct benefit to the natives, namely, education, medical, agriculture, and Native Reserve, roads and bridges. At the time he reported he said that this 50% average figure would produce £279,598, which would give a margin of £8,644 over the actual expenditure in 1951.

There was considerable discussion in Kenya as to what amounts might properly be charged to native betterment, and they found particular

trouble

Minute of 8/2/50
on 23/2/50

trouble in trying to find proper proportions of the salary and leave expenses of officers who were not whole time employed on native services.

With the financial position as it was in 1933 and subsequently, it would not have been possible for the Government actually to spend all the money on Lord Moyne's suggested ^{all} application, and if sums had been set aside year by year as he suggested the result would have been to build up a balance in favour of the Native Betterment Fund (which would not have been a large balance because in fact the annual expenditure comes very near the total), and at the same time to show a corresponding deficit in the general revenue and expenditure of the Colony. Such a deficit would naturally have been met by reducing the Betterment Fund surplus on the understanding that it would be made up some time or other in future, so that, in practice, the net result would simply have been to show a paper credit and carry on as before, with the additional disadvantage that Kenya's general funds would be shown with a potential ^{*} debt to the Native Betterment Fund.

It was accordingly agreed that with things as they were in Kenya and with the desirability of getting the Budget balanced, the only thing to do was to carry on for the time being on the ordinary basis.

Kenya

Kenya is not yet out of the wood by any means, and the only thing to be done, I think, is for them to carry on again until things are better and they can create a fund on Lord Moyne's lines which will be something more than a mere paper transaction. As the Governor says, expenditure on native services will approximate to the figure laid down on Lord Moyne's basis and the practical result will be negligible. If and when Kenya manages to recover some measure of financial stability, one of the first things to do should be to establish the Betterment Fund properly and to credit to it as a surplus the sums which would have been credited to it had circumstances allowed Lord Moyne's policy to be adopted.

(It is too late now to go into the question whether the policy of taking funds away from the control of the Legislature is in practice a sound one. I think it is not, but the contrary has been decided upon, so it is no use my bringing out that animal from the stable).

*Yes - we should refer to the betterment fund
and maintain the principle, for
adoption in practice as soon as
possible.
It cannot be adopted without
legislation, and that is more than
we can ask the Gov. to do at
this moment.*

W.C.S.

*W.C.S., 14.10
15/10/35*

** Lord Sumner agrees that
such payments need not be
made, but the position
would have been as stated
if the fund had been set up.*

Mr. Thomas has read the minutes in
the preceding pages: he assumes that in
the circumstances it will be best to
await Sir Alan Pinn's recommendations.

Ed. Boyd

23/12/50

Yes: that is recognized all over the place. In the
first tentative draft of Provisional Estimates
it is explained that the B. F. will not be
started this year, but they will carry on. A six-
year average of 50% of ~~adult~~ native taxation would
now give £270,791 so it is coming down, while
expenditure on native services would be £265,680
So there is little in it now.

~~Mr Board~~

Mr Board

I am writing you this
morning hoping you will want
to see him before he goes
down this afternoon.

W.S.

14/10

had Phyllis 15/10

In reply

See to it

In this paper enclosed
is a copy, but to be sure see
now - before the discussion
when I get return.

J. H. Board
8/11/31

? Check receipt of the bill by despatch, agree & say the S-ups notes that the draft estimates are on the old lines.

J. C. W. 11/12

24.12.

W.C.S. 27.12.35

Sir J. M. ...

Dear Sir

Thank you

30/1/36

By Capt. ...
30/1/36

To the ... (11/12/35)

1135

DESTROYED UNDER STATUTE

Registered for ... on 38119/36

Print by

C. O.

38210/35

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Mr. Grossmith

Mr. Flood 27

Mr.

Sir C. Parkinson.

Sir G. Tomlinson

X Sir C. Bottomley. 27.12

Sir J. Shuckburgh

Perm. U.S. of S.

Parly. U.S. of S.

Secretary of State.

AIR MAIL

S+4

At once Jan 29/36

C.D.
R 30DEC
D 31

DRAFT.

63 December, 1935.

KENYA.

Sir,

CONFIDENTIAL.

I have etc., to ^{refer to} acknowledge the

Gov.

receipt of your Confidential telegram No. 230 of the 9th of October regarding provision for expenditure in 1936 on Native Services, and to inform you that I agree that the establishment of the Native Betterment Fund may be deferred pending consideration of Sir Alan Pim's report.

FURTHER ACTION.

2. I note that in the draft Estimates of Revenue and Expenditure for 1936, provision for expenditure on Native Services has been made on the lines adopted in 1934 and 1935, and that the amount

amount approximates to one-half of
the average annual revenue from the
Hut and Poll Tax over a period of six

years, as recommended by Lord Moyné, which is stated in the Colonial Secretary's

memorandum on the draft Estimates
to be £ 270, 791

~~I have also~~

~~also drawn, from the Colonial Secretary's
memorandum to accompany the draft Estimates,
that, on the basis proposed by Lord Moyné, the
contribution to the Fund would amount to
£ 270, 791, while the expenditures on
Native services provided in the Estimates
would be £ 265, 680.~~

S
SIGNED J. H. THOMAS

I should like to discuss this

W.M.

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

Dated 9th October, 1935. Received 10.30 a.m., 9th October.

No. 286. Confidential.

Your telegram 217 10th September 1934. Provisional
Budget for 1936 is nearing completion and present
indications are that surplus will be very small. No
provision for Betterment Fund is included but every effort
is being made to ensure expenditure on native services
approximates Moyne figure. In the circumstances I shall
be glad if you would give permission for the inauguration
of Betterment Fund to be deferred pending Pim's report.

COPY FOR REGISTRATION

8
END

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

Dated 9th October, 1935. Received 10.30 a.m. 9th October.

RECEIVED
55

No. 236. Confidential.

Not
13269/m

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Answered (2)