

1936

Kenya

No. 58008 Part II

SUBJECT

CO 533/463

Estimates 1937

Previous

Part I

Subsequent

1937

FINANCIAL.

- 9. COL.SEC.....3PN.....31.12.36.  
Trs.12 copies of Report of the Standing Finance Comtee.,  
on the Draft Estimates for 1937, Part II.
- 10. ACTING GOV(WADE) KENYA.....44.....16.1.38.  
Confirms (G); trs. two copies of Ests. of Expdre. for 1937 as  
passed by the Leg.Co., together with two copies of Report  
of Standing Finance Committee and comments thereon  
stating that a further despatch will follow after  
publication of the Revenue Estimates for 1937 as revised  
by the Standing Finance Committee and approved by the  
Leg.Co.

*212 copies request  
as regards above  
indicated in pp  
15 & 10 of No.10*

11. Col. Sec. ————— 30n. ————— 19.1.37  
*Request substitution of page forwarded for page 3 of  
(No.10).*

*Substituted.  
Do. 297  
130.1.37*

No.10.

The O.A.G.'s despatch covers the Estimates of Expenditure only. We are to receive a further despatch with the Estimates of Revenue, but I think it is possible to show the general position from the data available.

Pages 12 and 13 of the Report of the Standing Finance Committee contain a comparative table showing the effect on the draft Estimates of Revenue of the amendments thereto recommended by the Standing Finance Committee.

The gross revenue estimated by the Standing Finance Committee is £3,442,311

The estimated gross expenditure as approved by the Legislative Council is £3,437,298

Estimated surplus £5,013

The schedule of net expenditure showing reimbursements and cross entries will appear in the second volume of the Estimates containing revenue details.

Last year, the estimated gross revenue was £3,327,926 and the estimated gross expenditure £3,318,176 = estimated surplus £9750. The

actual

actual surplus for 1936 is not definitely known, but when the Estimates for 1937 were presented to Legislative Council it was estimated to be £37,500. Recent returns have indicated that the probable surplus for 1936 will be in the nature of £147,500.

On the 1st of January, 1936, the excess of assets over liabilities amounted to £258,881. On the basis of a surplus for 1936 of £87,500, the excess of assets over liabilities at the 31st of December, 1936, was £346,381. If the higher amount were realized, the excess of assets over liabilities reached something like £406,000. But, of course, well over £200,000 is "frozen", in that it includes such items as Agricultural Advances (over £100,000), and loans to maize, wheat, and barley industries.

The O.A.G. says that all economic recommendations by Sir Alan Pim which were capable of immediate introduction have been applied.

I attach a separate note showing the Pim recommendations which will be effected in 1937.

A considerable number of new posts have been added which are adequately explained in the schedule accompanying the despatch (see flag A). A number have been approved already and those requiring specific approval are indicated in the despatch. Mr. Paskin and I have carefully read through the despatch and we have no comments to offer on these new posts. Major Cole will be interested to see the K.A.S. Appointments noted in the schedule.

A schedule of alterations in

titles

*aus*  
title of personal emoluments also accompanies the despatch (see flag B). The Director of Colonial Audit will be glad to see that the salary of the Auditor has now been consolidated at £1,350 per annum.

The salary of the Chief Justice has been restored to £2,400 per annum. Sir G. Bushe to see.

*B*  
*C*  
*12B*  
I have given in a separate note brief particulars of other items of special interest which occurred to Mr. Paskin and me in reading through the O.A.G.'s despatch.

Telegraphic approval is requested for the creation of two new posts of Assistant Agricultural Officer and Junior Laboratory Assistant, both on Local Civil Service terms, in connection with the new Coffee Team Services (see paragraph 26 of despatch). Also for a proposal accepted by the Standing Finance Committee, that the long scale (£360 for two years, £425-25-600, 600-30-720-40-840) applicable to Superintendents of Police, should be applied to Assistant Superintendents. The proposal is fully discussed in paragraph 180 of the Report of the Standing Finance Committee. The proposal was approved in principle by the Secretary of State in 1930, and would have been introduced but for the financial position of the Colony.

*these items*  
Approve by telegram as requested by the O.A.G. *x* *await the previous further notice regarding Revenue before making Treasury comments in the Colonial.*

*Ch. G. with 9/2/37*

*J. P. Paskin 12/2*

actual surplus for 1936 is not definitely known, but when the Estimates for 1937 were presented to Legislative Council it was estimated to be £287,500. Recent returns have indicated that the probable surplus for 1936 will be of the nature of £147,500.

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Approve by telegram as requested by the O.A.G.

*These items*  
*to be approved by telegram*  
*with the former further*  
*Report regarding Revenue*  
*Working Planning Concurrence in the*  
*Estimates*

*C.F. Ross with*  
*9/2/37*

*J.P. Paskin*  
*12/2*

*Para 89*  
*of the despatch*

*B*

*C*

*12B*

*3/2/37*

*12a*

*A*

13. ACTING GOV'S DEPUTY. 16. 31.1.37.  
 Tre. Order No. 42 of 1936/1937 Appropriation Order,  
 1936 together with Legal Report thereon by a Genl.  
 14. ACTING GOV. 78. 30.1.37.  
 Tre. for approval two copies of Ests. of Revenue for  
 1937, as passed by Leg. Co. on 5.1.37, together with  
 two copies of Report of Standing Finance Committee  
 on Draft Ests. of Rev. & Expend. for 1937, Part II.

(Continuation of the minutes overleaf)  
 Now that the Revenue Estimates have turned up  
 it is possible to give a clearer comparison  
 of the Estimates for 1935, 1936 and 1937.

1935	
Estimated Gross Revenue and Expenditure	Estimated Net Revenue and Expenditure
Revenue	2,173,877
Expenditure	2,157,770
Surplus	15,907

The actual surplus for the year was £15,250.

1935	
Revenue	2,168,355
Expenditure	2,155,605
Surplus	9,750

The Revised Estimates anticipate an actual surplus of £147,500.

1937	
Revenue	2,209,652
Expenditure	2,204,539
Surplus	5,013

Excess of Assets over Liabilities.

31/12/1934	£207,639
31/12/1935	£256,881
31/12/1936	£406,381
	(If the anticipated Surplus of £147,500 is achieved).

It

It must be remembered, however, that the Surplus balance of £406,381 includes such non-liquid assets as

Agricultural Advances	£101,057
Civil Servants Building Schemes	117,147
Loans to Maize, Wheat and Barley Industries	116,089
Unallocated Stores	40,797
	£275,090

*I have approved these claims for which the OAG asks separate approval, & will be prepared to refer to the Staff for approval.*

*J. P. Ryan*  
*15/2*  
 20. 30. 38. — 10. 19. 37

The most interesting thing in this collection is the report of the Standing Finance Committee on the Revenue Estimates. It will be observed that the Committee, after taking the estimates as originally framed and revising them in an upward direction, came to the conclusion that there would be a surplus of revenue over expenditure amounting to £99,543. Acting on this assumption they then proceeded to revise downwards the yield from sundry taxes and cut them down by £94,500. If then, the estimates work out

out

out exactly as planned, there will be a balance on the right side of £5,013. The things selected for reduction were the native hut and poll tax - £25,000, the non-native poll tax - £12,000, the traders' provisional licence - £2,500, the petrol tax - £15,000, and £40,000 of the income tax. The income tax had been originally estimated to yield £83,000 and is now shown as £43,000.

The general effect of this then is that native direct taxation has been reduced by £25,000 and non-native by £69,500, because except for what is paid by the Indians, all the taxes mentioned affect the whites only. They certainly don't affect the natives. In the face of this it seems pretty brazen to talk about the Moyne formula and to express fear that European direct taxation will be increased in order to provide more native services.

In regard to the income tax, it will be seen that the European elected members accepted "the principle of a light income tax on the lines of that enforced in the Rhodesias". This was not what we were given to understand, because no reference was made to the Rhodesian model in any of the correspondence in November and December. Lord Grenville Scott does mention it in one of his letters to the Secretary of State dated the 12th of December, but the word "Rhodesia" was not mentioned in the telegrams. If it had been, we might have felt occasion to jib, because the Rhodesian income tax is notoriously light. On the other hand, we

knew

knew that it was intended to knock about £40,000 off the suggested yield for income tax, and for a farming community in Kenya's position, there is something to be said for low rates and plenty of exemption. This point has always been urged by Mr. Joelson in his paper "East Africa", and I don't think that we need comment upon it. We shall see, in due course, what is actually proposed.

Mr. Pandya said that income tax had no relation to any constitutional changes and was due to budgetary necessity. This appears to have been taken note of.

The elected members asked for an assurance that Government would not increase native services in such a way as to involve the imposition of increased direct taxation on the non-native communities. The official members "recognise the equity of this". To my mind this opens up a somewhat serious prospect. The Europeans, as pointed out above, have got off £69,000 a year in taxation as compared with £25,000 which the natives are being let off. In addition to that, the education tax (£11,500) has been removed, so the Europeans have been doing very well. It is to be hoped that indirect revenue will increase, both by native and European efforts, to such an extent as to justify the very much needed increases in native services which are called for, but the argument put forward by the elected members can be regarded as a demand that their direct taxation shall never be increased above its present level. Suppose, for instance, that £250,000 is being spent on native services; if it is proposed to expand them and spend,

859

say, £260,000, the European can contend that the extra £10,000 is coming out of his pocket either by direct or indirect taxation. If Government wants to increase the services of Europeans such as education, then Government won't be able to finance it by direct taxation, because it can equally be contended that the increase is being used to keep up an extravagant expenditure on native services. In fact, the whole thing shows how impossible it is to try to divide up your revenue and expenditure on any sort of communal basis.

I would draw attention to the discussion with the Commissioner of Customs recorded in paragraphs 7-18. It will be seen that they expect better times in 1937 but the officials take the more prudent (perhaps I should say less extravagant) view of the situation than the unofficials.

It appears from paragraph 32 that the reduction in native taxation, which would result from halving the rate on multiple huts, would be £35,000. If that is added to the £25,000 got by raising the tax age, the native direct taxation would be relieved by £60,000, which would be pretty near the same figure as the relief accorded to the Europeans. The Chief Native Commissioner (paragraph 33) expresses the view that there has been a reluctance rather than an inability to pay the tax, and talks of tightening things up. This is in accordance with the views expressed in the joint report by him and the Treasury, but

Sir Alan Pim

Sir Alan Pim was not at all impressed by that report, and I must say that neither am I. We have not yet received any despatch about it, which seems odd. The revised estimate for native poll tax in 1936 was only £520,000, and a figure of £540,000 might be reached with increasing prosperity so this has been accepted by the Committee and the £540,000 reduced to £515,000 to allow for raising the tax age.

The Committee has agreed to investigating during 1937 the multiple hut question.

I would draw attention to paragraph 38. The Committee expresses the view that expenditure on native services was going up, and though they do not think it should be unduly retarded, yet it was necessary that the native should contribute a fair share towards his own betterment. This is all right, but they spoil it by adhering to the McVyne formula of half the yield on direct taxation. As long as any of the native's direct taxation is expended on other objects than himself, the argument does not hold water. The Committee recognise that it is probable that indirect native taxation had substantially increased, though direct taxation was diminishing, and holds that expenditure on native services can go on.

The fourth consideration before the Committee is to the effect that to relieve native taxation by about £60,000 as a result of Sir Alan Pim's proposals would mean that a considerable portion of the expenditure on native services would be a direct charge against non-native taxation. I don't know how they arrive at this somewhat astounding conclusion, because the expenditure on the native

native services is only about £1 million.  
It is, of course, due to the Moyné formula  
again. It is quite unfair to assume that the  
natives contribute nothing except what they  
pay in direct taxation, and even if it was so,  
there is still a lot of native direct taxation  
available. It does not in the least follow that  
everything spent on the native over and above  
their direct taxes must be derived from  
non-native taxation. There may be trouble  
about this.

25.2.1937

*1 had to read the above in a separate note but it  
has got on here. I attach also a further note about the  
estimates generally, & how they are done & documents  
mentioned.*

*I don't want to go to the confusion with a letter*

*S.L.G.*

*15A* MINUTE, DATED 4.3.37, ADDRESSED TO MR. BOYD BY  
MR. FLOOD

There is a good deal here that one does not like  
much, but it seems useless going into any details.  
Broadly, the budget has been passed after very long  
discussions; it represents a not unsatisfactory  
series of compromises to which the S/S is in fact  
committed; and it can, I think, be regarded as the  
best we can expect to get. Standing by itself, there  
is not perhaps very much to criticise; but the Treasury  
will not improbably dislike the S.F. Comm's methods  
and decisions; they will, I expect, dislike the "Moyné  
formula" and its implications as heartily as I do, and  
they will perhaps express regret again that the surplus  
is not being built up faster. Escape from the "deficit  
borrowing" may probably temper their asperity a bit!

2. Personally, in all the circumstances here, I think  
the message that we have not income tax introduced  
is a major advantage. Income tax has a way of growing,  
in every country, despite the most fervent promises and  
assurances, as to the determined intention of the  
govt. to limit the rate rigidly. That is one of the  
broad facts of financial history everywhere; and I have  
little doubt that Kenya is now provided with a new  
economic weapon from the revenue point of view.

3. At leisure, the "Moyné formula", its implications  
in the light of the S.F. Comm's statements and comments,  
and the precise extent to which the S/S is committed in  
that matter, would perhaps be worth closer examination.  
The papers are not in this file -- or at any rate, I can't  
find them. Like Mr. Flood, I foresee fairly heavy  
trouble in the future in this matter; and it would  
perhaps be advisable to look over the position, when  
we can do so more or less at leisure.

4. The estimates despatch is an appalling document.



There is an infinitude of detail; and one can't catch the smallest glimpse of the wood on account of the amazing multitude of small trees and bushes. That is all wrong—and it is important, I think from a psychological point of view also. The Govt. romps away, page after page, with the most petty detailed explanations, and demands for sanction for this and that allowance, salary increase, and so on, ad infinitum. Surely all these purely administrative and personnel details, if they do require the sanction of the S/S, should be dealt with separately, as they arise, and in advance of the budget? It is quite wrong that they should be sent up for sanction with the budget. It detracts attention from the essentials, and forces attention on the insignificant details. My recollection is that—for some other Territories—this matter has been taken up. The Indian system was that—broadly speaking, and apart from the necessary major matters dealt with at the centre—everything of an administrative character put into the budget must have had prior sanction. Salary increases; additional staff; allowances; new schemes; etc. Many of the less important taxation revisions were also dealt with in advance. It would I think assist things materially if we could get something of the kind adopted by Kenya. The budget would then be a budget, and not a welter of detail, and it would be dealt with far better as a consequence.

I agree to the action it is proposed to take—in Mr. Flood's minute opposite.

I'm afraid I have had to hurry through this mass of papers rather rapidly; but I have read all the more important of them.)

The 3rd: March, 1937.

*[Signature]*  
3/3/37

*[Handwritten notes, partially illegible]*  
 I have found the budget...  
 the budget...  
 no doubt...  
 the Govt. romps away...  
 with the most petty detailed explanations...  
 demands for sanction...  
 also, since I don't want to...  
 stick up the... of staff, I...  
 think the...  
 the budget...  
 the... of the...  
 the... and to...  
 the... of...  
 the... has rate of income...  
 tax...  
 results.

*[Signature]* 8/3/37 atome

26/4

16 To Treasury. (original as per app). comm. 15. 8. 37.

*[Handwritten note]*

17. Col. Sec. 3m 19.1.37  
 for 10 further copies of sanctioned lists of expenditure

Spice to Library

18. Col. Sec. 3m 29.1.37  
 for 10 copies of sanctioned Estimates of Revenue for 1937

DESTROYED UNDER STATUTE

Tripartite trace at A...  
 DCA...  
 Li. Minute...  
 Li. S. Gordon...  
 on page 2 of 12B

17. & 18. (part in)

*[Signature]*  
3/3/37 atome

*[Handwritten notes at bottom]*  
 Note: ...  
 DCA...

Approve the Estimates of  
Nigeria & Kenya for  
Kenya.

C. J. Crossin  
8/4/37

20 25 Gov. Cal. 17 - 10. 16. 37 - 9. 15. 37

DESTROYED UNDER STATUTE

S. C. Cottrell  
I submit a draft despatch to the effect  
that I think it would be better to put  
out the Nigerian report & point out the need for  
a meeting (that will be a very serious one) to  
see that the report is put up before the separate  
members of the committee may give their views  
and it is better to have a meeting of the European if  
you think it is necessary. I had better say that  
but though it is very small, as it is to be met say  
monthly in the case of the committee which is a  
well known to Sir J. Campbell's point it is hard  
for Kenya to carry out the normal procedure, which  
is as he says. If Govt. does proceed to get approval  
during the year then, when the Estimates come into Council  
the Govt. says "the S. of S. has approved" and says no  
more. Then the unofficials say they have no say in  
the financial and get about the official statement.  
Of course the proper line to take is to say that such  
and such changes are proposed and submitted to Council  
and that it has been ascertained that if Council agrees the  
S. of S. won't object. That was my line in arguing with  
unofficials in Nigeria and Sir P. Boddley used to follow  
it also in Council, but as long as Nigeria is what you  
could not adopt it in Kenya. So they have no choice but  
to do what they have done, variations as it is.

S. C. Cottrell

I think the S. of S. would wish to see the despatch & possibly to

Don't send report of the  
look at the papers if he can spare the time (He has seen the reports  
of the Finance Committee already)

Sir J. Murphy

Draft submitted

On A in his speech...  
my objection I see...  
in question is that it compares  
to some extent with our later  
reference to the budget formula: we  
have ourselves been...  
gets a fair deal... I am not  
stand.

As regards B. I do not see  
why schemes should not  
be submitted to the S. of S. for  
their approval if their being  
included in the Estimates that  
does not preclude discussion  
or necessary inquiry into the  
the scheme rather...  
subject is to be... 50?

This seems a  
good idea. It  
can be taken up  
separately.

J.M.  
2/14  
WJ 22.4

WJ 2/14/37

J.M.  
1/14/37

WJ 2/14/37

Off. Treasury...  
S. of S. letter...  
accovers... 18

AIR MAIL 2/1 - 20 Kenya - 336 - (9c. 16% each x 19) - 2/14/37

Robert Kennedy  
13/7/37

22 To Treasury  $\frac{3}{16}$  (of 21) 24. 1/2 37

sub. to log as at X  
on page 119

23 To Sir A. Wade S.O. 11/60 9. 6. 37.

has been seen as at H. in 1/12

ack B

ack C

ack D  
on page 128.

H. Stanton  
14. 6. 37.

~~See S. G. Co.  
12. 6. 22.~~

Librarian, Legal Dept. 13

ack of flame copies of 1206  
11. 21.

~~See L. Hill  
B. G. Co.  
7. 21.~~

24. SIR A. WADE (S/O TO MR. FLOOD) 18. 7. 37.  
Ackd (23) with comments.

25 To H. Gurney 3 8 37



Dear Gurney,

Wade wrote to me on the 13th of July replying to my letter about the Estimates. His reference number is D/EST.37/D. As Wade will be on his way home before this gets into the post, I think I had better write to you.

I quite agree that Kenya has been in a state of great difficulty in knowing what it could put into the Estimates and what it would have to leave out. That was why we raised the point semi-officially, but as it has been raised, I have no doubt that you will do what is possible to prevent having too much mixed up with the annual Estimates despatch. It is, of course, terribly difficult in Kenya to arrive at an estimate of revenue, especially when the Standing Finance Committee may proceed to increase it at any minute, but something might be done in the way of sending a quite separate despatch with

H.L.G. GURNEY, ESQ.

with a list of things which are going to be included in the Estimates, when you have made up your minds, or something on those lines, (to avoid having fifty-nine pages of despatch, with a lot of troublesome trees preventing the view of the wood.

I had not any idea that a statement that the Secretary of State had provisionally approved would cut any ice in Council. That I meant was that there is a tendency in Council for unofficial members to say that as the Secretary of State has approved there is no use in discussing the matter, which leads to bad feeling, so I wanted to suggest that the thing should be put the other way, and that Government could invite the unofficials to discuss and, if they said there was no use in discussing until they knew what the Secretary of State would think, then it could be said that "the Secretary of State is quite happy and leaves it to you", and his approval means no more than that

*while officials, if in a bad temper, might say that as it had been approved it was going in solution the unofficials said*

On

On the whole I think that the suggestion of having an appendix to the memorandum on the Estimates of the various items for which approval is specially required is a good one, if, in the same memorandum, the reasons for recommending approval are also set out. Then the actual Estimates despatch would be much thinner and could discuss financial policy.

I object to the word "budget" in reference to Colonial Estimates, because it gives an entirely wrong impression. The "budget" in the House of Commons is the Chancellor's proposals for raising revenue and generally stating his financial antics during the forthcoming year. In a Colony, what is being discussed by Council is estimates of expenditure and to call it a "budget" is to give it an importance in the scheme of things that it really does not deserve. That is all, and the objection to the word "budget" is purely personal (indeed I may say that I frequently use it myself).

Yours sincerely,

(Signed) E. W. FLOOD

The Secretariat, <sup>12</sup> 24  
Nairobi,  
Kenya Colony

RECEIVED  
25 JUL 1937  
C.O. REC'D

13th July, 1937

Dear Flood,

Pa.  
10.

I thank you for your letter No. 38008/36 of the 9th June referring to our despatch No. 44 of the 15th January, on the subject of our Estimates. You observe, quite rightly, that it contained an infinitude of detail, and you suggest that "it would be preferable if all those purely administrative and personnel details requiring the Secretary of State's sanction could have been submitted separately in advance of the Estimates."

Our difficulty is that lately we have been so short of money that we have not known how much we could afford in the way of increases in expenditure, however small, until we had our Estimates of Revenue showing how much we might have to spend. It would therefore seem to be a waste of time to send home at odd times during the year a whole lot of applications for additional expenditure which we might never be able to afford. For instance, in connection with the 1938 Estimates, I am considering the inclusion of a few new posts, e.g. an

J.E.W. Flood, Esq., C.M.G.,  
Colonial Office,  
London

assistant to the Government Analyst, an Assistant Agricultural Officer or two, and some new teachers for Indian schools. I cannot tell how many of these we shall be able to afford until Stooke lets me know how much revenue he expects to get in during next year, and the longer I wait the more accurate is his estimate likely to be.

Another point is, I don't think a statement on the lines you suggest -- "It has been ascertained that the Secretary of State won't object if Council agrees so discussion won't be a waste of time" -- would cut very much ice in our Legislative Council. I am afraid it is true that among our unofficial legislators the office of Secretary of State is no more revered than is the office of Governor of Kenya, and the fact that the Secretary of State had already given his conditional approval would not impress them in the least. In fact, it would be more likely to have the effect of making them vote against it.

I don't understand your alternative suggestion of "a memorandum, enclosed in the Estimates despatch, setting out all the small items to which Council has agreed and asking for approval. I rather thought that that is just what we did, vide the two Schedules attached to the despatch under consideration, viz. Schedule I: Schedule of New Posts, and Schedule II: Schedule of

Alterations in Titles and Personal Emoluments.

However, it is our custom to send home copies of our Draft Estimates of Revenue and Expenditure together with the Memorandum thereon as soon as our Draft Estimates are ready for submission to Council, and we may be able to help by summarising in an Appendix to that Memorandum the items to which the approval of the Secretary of State is specially required.

One observation of yours has considerably mystified us, and that is: "I will not use the word 'Budget' which is quite wrong." Why is it wrong? We have used the word for years, and we regularly talk about our Budget Session. The inestimable Dr. Webster says that "To open the budget" is "to lay before a legislative body the financial estimates and plans of the executive government." That is exactly what we do. The dictionary of the University in which I was nurtured says that a Budget is an "annual statement of revenue and expenditure" whether of the Chancellor of the Exchequer or of a private person. I shall be interested to know for what reason the word has incurred your displeasure.

Yours sincerely,

*Admiral*



C. O.

38008/36

23 15

and (24)

SS

Mr. Grossmith

Mr. Peckham

Mr. Flood

Sir C. Parkinson

Sir G. Tomlinson

Sir C. Bottomley

Sir J. Spacknall

Permi. U.S. of S.

Partly. U.S. of S.

Secretary of State.

Semi-official for Mr. Flood's signature.

D 4. v

of the  
May, 1937.

**DRAFT.**

SIR A. WADE, C.H.G., O.B.E.

Dear Wade,

I have been meaning to write to you for the last month about certain comments which were made in regard to the Estimates despatch (Kenya despatch No. 44 of the 16th of January).

(No 10)

X You will remember that it contained an infinitude of detail and <sup>many</sup> dozens of requests for sanction for <sup>various minor items</sup> this and that

allowances, salary increases, and so on, thus making it <sup>rather hard</sup> extremely difficult to <sup>catch the smallest glimpse of the wood</sup> catch the smallest glimpse of the wood for the ~~multitudes of small trees and bushes~~ The observation <sup>made</sup> was ~~that~~ that leaving apart the actual requirements <sup>it is preferable to</sup> of Colonial Regulation 224, all those

**FURTHER ACTION:**

C. O.

*Cruc*

purely administrative and personnel details requiring the Secretary of State's sanction should have been ~~submitted~~ <sup>submitted</sup> with separately (in advance of the Budget, so that Council could have been informed that the Secretary of State has approved). This, of course, is normal procedure, but I know how difficult it is to carry it out in Kenya, where, if Government does proceed to get approval during the year, the Unofficials may easily complain that they have no say in the finances and comment on the use of "the official steam-roller". However, there seems no reason why ~~schemes~~ <sup>proposals</sup> should not be submitted to the Secretary of State for his approval of their being included in the Estimates. This would not preclude discussion in Council or necessarily imply the use of the steam-roller.

Perhaps you would be good enough to let me have your views. In any case would be much appreciated if something

- Mr.
- Mr.
- Mr.
- Sr C. Parkinson
- Sir G. Tomlinson
- Sir C. Ballomley
- Sir J. Shuckburgh
- Paras: U.S. of S.
- Parly: U.S. of S.
- Secretary of State.

DRAFT.

can be done to avoid a similar criticism in connection with future Estimates despatches.

*to come in all Colonies and as such above, comes from the attachment of the unapproved, fostered (most) by a tendency on the official side to say*

*The S. of S. has approved and that that is easy to do that has an unapproved official, after all had a range of two of program or a week or so of funds Council will be tempted to say it. But the same doctrine is that the S. of S. approved means I don't mind object to it if you get it through Council. His approval is not a decision to use the official majority, and if Council did object then Govt. is at full liberty to drop or modify the proposal. I remember years ago getting the people in Nigeria to take this line in their debates with the result that opposition, for the sake of opposition, nearly ceased on all such small matters. I'm bringing them up in Council or at the Select Committee the line to go for is - It has been confirmed that the S. of S. must object if Council says*

FURTHER ACTION.

*from time to time during the year by some*

as discussed... will be a waste of time, as

Another matter of making <sup>the forms</sup> easier to follow would be a memorandum, enclosed in the Estimates despatch, setting out all the small items to which Council has agreed & asking for approval.

We thought it better, and the S. of S. who went into it all himself agreeing to keep the despatch short and not say much about things. If we had wanted to comment some remarks would have been made about the suggestion that doctors ought to pay for their own instruction in Tropical Diseases. The idea is ludicrous.

There is not a vast lot of men stumbling over each other to get posts in Colonies & we have to pay the market price. Also, no man would ever spend six or eight months out of a lot of his own coat to qualify for a candidate for a post. Tropical Medicine is very special & must be so treated. The R.A.M.C. Navy, & R.A.F. give their own special courses after selection & spend far more on it than the Colonies do. But no matter.

Anyway I anticipate you would be having got the thing done on wild subjects - more or less.

Yours sincerely

12/10/37

Sir Arrogel certainly has the right Cavalier ring to it. Good luck to him!

C. O.

Mr. Flood 21/4/37

Mr.

Mr.

Sir C. Parkinson

Sir G. Tomlinson

X Sir C. Bottomley 21/4

Sir J. Shuckburgh

+ Perm. U.S. of S. 21/4

Party U.S. of S.

Secretary of State. W.M. 22/4

(for answer) (20)

DRAFT.

KENYA

NO. 336

GOVERNOR

To: Mr. Flood 15 March  
No. 16 without enclosure  
To: Mr. Flood 7 April  
To: Mr. Flood 19 April

FURTHER ACTION

copy to Mr. Flood

for 21/4

(No. 10)

Downing Street

6 April 1937

AIR MAIL

Sir,  
I have etc., to confirm my telegram No. 77 of the 8th of APRIL in which I informed you that the Estimates of the Colony and Protectorate of Kenya for the year 1937 had been approved. I now have the honour to inform you that His Majesty will not be advised to exercise his power of disallowance in respect of Ordinance No. 42 of 1936 entitled "An Ordinance to apply a sum of money for the service of the year ending the 31st day of December, 1937".

2. The Estimates as presented have been the subject of very full discussion and have been examined in detail in Mr. Wade's despatch No. 44 of the 16th of January. I enclose, for your

information,

information, a copy of correspondence with

the Treasury, from which you will observe

that I do not wish to criticise them in

detail. I <sup>(Lester)</sup> ~~should~~ note that the

Select Committee were able, by general

agreement, to increase the estimate of

revenue, and the result to modify the

various taxation proposals which have

been under consideration. I trust that

the estimate of revenue is now framed

may be realised, and indeed, if the

present state of affairs continues, I

see no reason why it should not prove

to be on the cautious side at the end

of the year, though the possibility of <sup>some reduction in the</sup> ~~various~~

The general effect of the

reductions in taxation which have been

agreed to is that the native direct

taxation has been reduced by £25,000,

while the non-native community has been

relieved of the Non-Native Poll Tax, the <sup>(reduced)</sup> ~~Educational Tax~~

Traders' Professional Licences Tax, and

the <sup>(part of the)</sup> ~~Petrol Tax~~, and about half of what it

had

C. O.

Mr.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir G. Bottomley.

Sir J. Shuckburgh.

Parli. U.S. of S.

Parly. U.S. of S.

Secretary of State.

DRAFT.

FURTHER ACTION.

18  
had originally been proposed to raise in

income tax. I recognise that some of

this taxation, such as the Traders' and

Professional Licences and Petrol Taxes,

will benefit the native population as

well as the non-native, and I do not

wish to comment further on this aspect

of things. <sup>(New/Hand)</sup> ~~On~~ consideration of the

Estimates I <sup>am inclined</sup> ~~can only come~~ to the

<sup>own</sup> ~~conclusion~~ that attempts to apportion

taxation revenue and expenditure on a

racial or a communal basis are <sup>not likely</sup> ~~doomed to~~

to give fruitful results, but increasing development

disappointments. It is really impossible

to separate the different sections of

the community, and it is, I think, <sup>and I don't think it</sup> ~~better to do~~

<sup>in the process of things</sup> ~~better to do~~ as a whole. It can

scarcely be said that any tax affects

only one section without reacting on the

others. Even the income tax, though it

directly will affect only the non-natives,

must, in a way, react upon the native

population by indirectly affecting the

4444

sum available from which to pay the wages of those employed by the immigrant.

I note from paragraph 32 of the Report of the Standing Finance Committee on the Revenue Estimates that the loss of revenue resulting from remitting half the taxation on multiple nuts would amount to £35,000. I also observe that the Chief Native Commissioner expressed the view that in recent years there had been

reluctance rather than inability to pay tax on the part of the native population, and this corresponds with the view expressed by him and by Mr. Walsh in their Report on Native Taxation. *It is, however,*

*is at any rate doubtful whether this is really the case, but in any event*

*you will, I think, agree that meeting with Sir Alan Pim's recommendation in this regard requires close consideration, and it will be necessary to examine it fully*

during the current year. I note from paragraph 37 that the Standing Finance

Committee

C. O.

- Mr.
- Mr.
- Mr.
- Sir C. Parkinson.
- Sir G. Tomlinson.
- Sir C. Bottomley
- Sir J. Shuckburgh
- Permt. U.S. of S.
- Parly. U.S. of S. *(124 No. 23)*
- Secretary of State *(3008/14)*

DRAFT.

Committee agree that the proposal should receive further investigation.

5. In other despatches I have drawn attention to the real effect of the so-called "Moyné Formula", and I do not propose to enlarge upon that subject further, beyond to say that it is unfair to assume that the native population contributes nothing to revenue except what it pays in direct taxation, since with the development of native trading and native agricultural production, it is obvious that the indirect contribution of the native population *(is increasing and further)* to revenue will increase. Even

were that not the case, still, after half the native direct taxation has been earmarked, *at present amounts* there is a considerable sum, *which* available to be taken into account.

*which appear to have been framed with care and are accompanied by full explanations.*

FURTHER ACTION

6. Otherwise I do not desire to comment upon the Estimates. I recognise that in a sense they may be regarded as tentative, since they mark the beginning of a new financial policy in Kenya, and

I may express the hope that with returning prosperity the revenue estimates <sup>will</sup> ~~may~~ <sup>be</sup> easily

~~be realised.~~ <sup>without difficulty</sup> With regard to expenditure,

Kenya has passed through a period of severe trial, and I would urge upon you

that the need for economy and careful husbanding of resources is as pressing

as it ever was. When a <sup>substantial</sup> ~~large~~ surplus

has been built up it may be possible to

consider the provision of further funds

for objects which, though desirable,

cannot be regarded as necessary, but

until there is <sup>at least a more</sup> ~~an~~ adequate reserve

available, <sup>it appears inadvisable to embark upon</sup> ~~I would hesitate to consider~~

any large item of expenditure. I am

glad to think that it has <sup>been</sup> possible

for Kenya to balance its revenue and

expenditure without having recourse

to temporary borrowing, and I trust

that it will not be necessary in

future to adopt this <sup>(if possible)</sup> ~~unusual~~ expedient, <sup>and the point is that if one needs</sup>

I have, etc.

(Signed) W. ORMSBY GORE

which could not be stopped in case of emergency -

(if possible) the point is that if one needs it is unavoidable

30  
19  
20

Any reply to this letter should be addressed to—  
THE SECRETARY,



TREASURY,  
WHITEHALL, LONDON



TREASURY CHAMBERS

and the following number subject  
S. 37849/01/37

7 April, 1937.

Sir,

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Flood's letter of the 13th ultimo (38008/36), with its enclosures, regarding the Estimates of Revenue and Expenditure of the Colony and Protectorate of Kenya for the year 1937.

2. My Lords note, with satisfaction, that the surplus for the year 1936 is now expected to be of the order of £147,500 compared with an estimated surplus of £9,750 and that, if this forecast is confirmed, the excess of assets over liabilities at the beginning of 1937 will have been approximately £406,000, of which, however, some £275,000 cannot be regarded as "free".

3. It is explained that the estimates of revenue for 1937 have been prepared to give effect to such of the economic measures and changes in the system of taxation recommended by Sir Alan Pim as were capable of immediate introduction and that in consequence the revenue estimates

must

The Under Secretary of State,  
Colonial Office.

COPY SENT TO ACCOUNTS DEPARTMENT

16

6/12/37  
5/12/37

30  
19  
20

Any reply to this letter should be addressed to—  
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TREASURY,

WHITEHALL, LONDON

and the following number, viz:

B. 37849/01/37.



TREASURY CHAMBERS

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2. My Lords note, with satisfaction, that the surplus for the year 1936 is now expected to be of the order of £147,500 compared with an estimated surplus of £9,750 and that, if this forecast is confirmed, the excess of assets over liabilities at the beginning of 1937 will have been approximately £406,000, of which, however, some £275,000 cannot be regarded as "free".

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must

The Under Secretary of State,  
Colonial Office.

COPY SENT TO ACCOUNTS DEPARTMENT.

16

57849/01/37 (2)



must be accepted with some reserve. They are, however, glad to note that it is improbable that the Government of Kenya will find it necessary to have recourse to borrowing to meet any budget deficiency during the current year.

4. In reply I am now to request you to inform Secretary Ormsby-Gore that My Lords concur in his proposal to approve the Estimates on the basis submitted.

Sir,

Your obedient Servant,

*R. V. W. [Signature]*

C. O.

38008/36

16

Mr. Grossmith. *5/3*

Mr. *Parkin 5/3*

Mr. Flood *5.3*

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Permt. U.S. of S.

Parly. U.S. of S.

Secretary of State.

*and (19)*

2

DOWNING STREET.

15 March, 1937.

C. O.  
D. R. 2-MAR  
1937

Sir,

I am etc. to transmit to you to be laid before the Lords Commissioners of the Treasury a copy of the Estimates of Revenue and Expenditure of the Colony and Protectorate of Kenya for the year 1937 together with a copy of a memorandum on the draft Estimates as originally submitted in *belated* and a copy of the report of the Kenya Standing Finance Committee.

2. The "provisional" Estimates for 1936 envisaged a surplus of revenue over expenditure amounting to £9,750. It is gratifying to note, however, that the most recent financial returns indicate that the probable surplus for the year will be of the order of £147,500.

**DRAFT**

*as passed by the Legislature Council*

THE SECRETARY,  
TREASURY.

Estimates of Revenue ✓

" " Expenditure

Memorandum (lined to 5 on Part I)

Report of Standing Finance Cttee. Parts I & II

From O.A.G. Kenya 28/1/37

(1) on 38137/8/37.

To O.A.G. Kenya

Draft on 38173/8/37.

*copy sent Dept. of Finance 6/1/37 (12)*

FURTHER ACTION

If this expectation is realized the excess of assets over liabilities on the 1st of January, 1937, will have reached approximately £405,000. The estimate for 1937 provide for a surplus of £5,013 so that at the close of 1937, the excess of assets over liabilities should amount to £411,000. It will be appreciated, however, that of the existing assets a considerable proportion remains frozen, e.g.:-

Advances

Central Agricultural Finance Board ..... 101,057

Civil Servants' Building Schemes ..... 17,147

Loans

Maize, Wheat and Barley Industries ..... 116,089

Uninspected Stores ..... 40,797

3. As will be seen from the report of the Standing Finance Committee, provision

*omit. Too problematical to be worth mentioning in U.P.M.S.*

*9/8*

C. O.

Mr.  
Mr.  
Mr.  
Sir C. Parkinson  
Sir G. Tomkinson  
Sir C. Bellamy  
Sir J. Shuteborough  
Parliament, U.S. of S.  
Party, U.S. of S.  
Secretary of State.

**DRAFT.**

**FURTHER ACTION.**

provision has been made in the current estimates for such of the economic measures and changes in the system of taxation recommended by Sir Alan Pin as were capable of immediate introduction. The estimates of revenue accordingly provide for the substitution of Income Tax for the Graduated Non-Native Poll Tax, the Education Tax and the increase imposed in 1933 on the original Traders and Professional Licence Tax. The provision has been made for the levy on official salaries, which has been discontinued in consequence of the raising of the taxable age of Natives from sixteen to eighteen, as recommended in paragraph 75 of Sir Alan Pin's report. The estimate of revenue from Native Hut and Poll Tax is £25,000 below the estimate for the preceding year.

5. The estimates have been passed by the U.S. of S. They have also been considered in detail and approved by the C.O.

the Government of Kenya and

Mr. Ormsby Gore proposes subject to

any observations which their

Lordships may have to offer to give

their approval. He desires to point

out, however, that the Estimates of

Revenue at any rate can only be

regarded as somewhat uncertain in

view of the decision to substitute

Income Tax at a low rate and to

drop the existing alternative taxes.

In these circumstances, he agrees

that it would not have been practicable

to budget for a larger surplus than the

amount mentioned in paragraph

of this letter.

In this connection I am to

refer to your letter of the 23rd

November, No. 541297, and to transmit

to you for their Lordships' information

a copy of correspondence with the O.A.G.,

Kenya, from which it will be seen that

*approve*

*cut tax*

*Under the Study Finance Committee in considering Revenue, appointed proposals to increase the estimates proposed by the Committee of Enquiry previously proposed, and may have taken an unduly optimistic view of the prospects.*

*? omit C]*

*No 34/3073/2/26*

C. O.

it is improbable that the Government

of Kenya will find it necessary to

have recourse to borrowing to meet any

budget deficiencies during the current

year.

I am, etc.

- Mr. ...
- Mr. ...
- Mr. ...
- Sir G. Parkinson
- Sir G. Tomlinson
- Sir C. Bellamy
- Sir J. Shackleton
- Perm. U.S. of S.
- Parly. U.S. of S.
- Secretary of State.

*Ag. J. E. W. Flood*

**DRAFT.**

FURTHER ACTION.

S. 45.

M. Boyd

24 15B

Pythoos

The 8. ops. may like to see these two prints about the Standard Finance Ctee of Kenya and the Estimates. The Estimates are now in with a huge despatch (120 paragraphs) mostly about higher charges) and are in a very awkward form - Revenue in one part, Expenditure in another. We are watching a draft to the Treasury which I intend to send on when we get it in shape.

They have also sent a despatch saying there is no need to have recourse to borrowing - which is all to the good.

In these two prints I have marked the salient points. Most are in the Revenue volume which shows how they decided that the provisional Estimates - framed in August - was much too low. The Treasurer - para 19 - urged caution but was politely flouted. We can hope for the best.

There is a good bit of "politics" in it. Para 6 may have awkward after effects. The "Moyné formula" is mentioned several times. It all shows how unwise it is to try to earmark revenue for definite objects or to argue that different sections of the body politic only contribute so much and therefore ought only to get so much expenditure.

The other volume calls for less comment. para 124 deals with Dr Gordon's point. Para 139 (para for post-writers) is a nuisance. The R.M.A. were very hot on the withdrawal of fees & now the District Members argue that such a p.m.o. should be done without extra fee. (It looks to see how P. Scott doing a p.m. on a well-kept carpet.) Para 142 (para for causes of frustration) is just silly. If we want to get experts in Tropical Disease, we have got to finance them. No political man will pay the expenses of a specialist in the Colonial Medical Service in not so very highly paid.

We drop out the Moyné formula again.

S.E.O. Flood  
6.3.57

John W. 5. 3. 37

The Kenya Estimates this year are in somewhat of a mess. First of all, we had the original Draft Estimates (the blue document enclosed in No. 5 on Part I of this file). Accompanying this was a memorandum by the Colonial Secretary on the Draft Estimates. Then the Standing Finance Committee got going and as a result the Estimates of Expenditure have turned up in the yellow volume herewith, while the Estimates of Revenue are contained in the red print. Each is accompanied by the report of the Standing Finance Committee. On top of this there is a despatch (No. 12) of 59 pages and 136 paragraphs drawing attention to various items in the Estimates, another despatch (No. 13) containing copies of the Appropriation Ordinance, and yet a further despatch (No. 14) sending the Estimates of Revenue.

Luckily, the alterations in expenditure are not great and are set out clearly in the despatch and the report of the Committee. I have been all through the despatch and the minutes and the Committee's reports, and I do not think that we need comment. We can accept the Estimates as they stand as regards the expenditure side of it, and invite the concurrence of the Treasury. In doing so, I would not send the Treasury a copy of the huge despatch, but send them copies of the printed Estimates of Revenue and Expenditure, saying that they have received the approval of Kenya and that the Secretary of State proposes to give his approval. At the same time, we should point out to the Treasury that the Estimates of Revenue, at any rate, can only be regarded as somewhat <sup>uncertain</sup> provisional in

view of the decision to substitute Income Tax at a low rate, and to drop the existing alternative taxes, and we should also send them a copy of the despatch about borrowing on 38173/8 and of the reply returned thereto, remarking that, in the circumstances, the Secretary of State does not think that comment on details is called for.

In my minute below No.15 I have drawn attention to some remarks in the report of the Standing Finance Committee on the subject of revenue. There are also some quite interesting things in the report of the Standing Finance Committee on the subject of expenditure. For instance, in paragraph 62 it is said that the Director of Education is personally satisfied that he can get the right type of Education Officer on Local Civil Service terms. It will be remembered that this was a question on which we had a great deal of heart-searching, and that we felt extremely doubtful as to Kenya's opinion. Eventually, finding that the Crown Agents had no difficulty in getting men who seemed suitable we gave in, but it would have helped us a bit if we had been informed of the Director's opinion.

There is a good deal of chat about the Game Department in paragraphs 95-99. It will be noted that "the importance of fishing to the Colony" is mentioned. This looks all right until it is realised that what they mean is fishing for <sup>important</sup> trout in the mountain streams as a bait for the casual tourist.

In paragraph 142, when they were discussing

discussing the expenses of instruction to Medical Officers, it will be seen that the four Elected Members thought that, on principle, officers appointed to posts carrying such high emoluments as those in the Colonial Medical Service should be required to meet their own expenses for training in tropical diseases "intended to fit them for their duties". It is almost impossible to understand the mentality of the people who subscribe to such a dictum as this. We have to get medical men for the Colonial Service, and the more training they have, the better. In the ordinary course of events, no man would ever dream of taking a course of tropical medicine in order to qualify himself for a Colonial appointment, nor would he dream of taking it at his own expense after he was selected. The R.A.M.C. officer goes through courses of instruction to fit him for his job, and is always at it during his service, and if we tried anything so foolish as the Kenya people suggest, we should not get many candidates for the Colonies. I should like to infect all the Elected Members with sleeping sickness and have them treated by an ordinary general practitioner, and see how they like it.

In paragraph 146, the "Moyné formula" comes out again. Here the question was of replacing part-time District Surgeons by whole-time Medical Officers. The Elected Members thought that the District Surgeons would do quite well, and though they did not doubt the desirability of insisting on efficient Native Medical Services they hoped that efforts would be made to increase native contributions.

Paragraph

Paragraph 185. It will be seen that the Committee did not recommend any improvement in the terms of service of the Subordinate European Police in Kenya. As those Subordinate Police afford employment for their own children, they will probably alter this attitude in time.

Apart from all this, I would call attention to the despatch on 38173/8 which shows that they now expect a substantial surplus for the year 1956 and do not wish to have any recourse to borrowing. I would also call attention to Mr. Grose's memorandum attached to this file on the subject of the various P.M. recommendations and the steps to be taken to carry them out. Some will almost certainly have to be modified. In particular, the reduction of the Administrative Staff is now, I understand, not so popular with the European Unofficials as it was. We can agree on the title of "Revenue Officers" instead of "Tax Officers" which seems an improvement, and also agree with the way in which they propose to allow for such reductions as may be decided upon (i.e. by not filling vacancies). In regard to the Secretariat, there will be a good deal of ink spilt before any decision can be reached. Much must depend on what becomes of Mr. Wade, Mr. Pilling, Mr. Logan, Mr. Montgomery and Mr. Walsh. Mr. Wade will almost certainly retire. Mr. Pilling is a strong candidate for promotion, either to succeed Mr. Wade or to somewhere else. Mr. Montgomery, though not a bad Chief Native Commissioner in that he bustles about all over the place, might not

find

27  
find himself altogether in his element if he became the Secretary and had to stay in Nairobi. Incidentally a lot of his usefulness would go. So there is much room for consideration, not only of the organization but of the persons to put into the different posts. Further, the whole thing is involved in the proposed reorganization of the Executive Council which is one of the things the new Governor will have to consider. This, too, is a matter which cannot well be rushed.

S.S.G. 229

17.2.57



38008/36

28 15

C. O.

Mr. *Evans* 19/1/37

Mr. *Parkin* 19

Mr. *Flad* 19

Sir G. Parryson

Sir G. Thompson

Sir C. Boddamley

Sir J. Shackleton

Permt. U.S. of S.

Party U.S. of S.

Secretary of State

Code sent 8pm  
19/2/37

C.  
R 20 FEB  
D 20

No. 38

**DRAFT**

*Pal*  
*James*  
*Navarro*

Item dispatch No 44.

Paragraph 26 Creation of  
two new posts approved.

Paragraph 29. Proposal  
approved

*Secy*

**FURTHER ACTION**

*Pal*  
*James*  
*Navarro*

AIR MAIL

KENYA  
No. 78



GOVERNMENT HOUSE  
NAIROBI  
KENYA

30 January, 1937. 29

*dupl all*

RECEIVED  
- 5 FEB 1937  
C. O. REGY

Sir,

I have the honour to refer to my despatch No. 44 of the 16th January on the subject of the Estimates of Revenue and Expenditure for the year 1937, particularly to paragraph 5 thereof, and to transmit for your approval two copies of the Estimates of Revenue for the year 1937, as passed by the Legislative Council on the 5th January.

I also transmit for your information two copies of the Report of the Standing Finance Committee on the Draft Estimates of Revenue and Expenditure for the year 1937, Part II. Further copies of this Report have already been forwarded under cover of Kenya Note No. Leg. Co. 26/7/7/60 of the 31st December, 1936. Additional copies of the approved Revenue Estimates are being forwarded by sea mail.

The basis on which these Estimates were drafted and the manner in which

THE RIGHT HONOURABLE  
W. ORMSBY GORE, P.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

*100 - 100 - 100 (106)*

9

a final agreement was reached in the Standing Finance Committee between the official and unofficial members has already formed the subject of correspondence ending with your telegram No. 313 of the 22nd December, 1936, and has further been very fully dealt with in the Standing Finance Committee Report, which forms an enclosure to this despatch. In these circumstances I do not feel that it is necessary to add any further explanation regarding the Revenue Estimates.

(9) on 38008/2/36  
 Mr. Flood  
 17/2

I have the honour to be,  
 Sir,

Your most obedient humble servant,

*Arthur J. E.*  
 AGING GOVERNOR



COLONY AND PROTECTORATE OF KENYA

# Revenue Estimates

FOR THE

## Year 1937

(As passed by the Legislative Council on the  
5th January, 1937)

TOTAL ESTIMATED NET REVENUE	£2,209,552
TOTAL ESTIMATED NET EXPENDITURE—	
Recurrent	£2,149,812
Non-Recurrent	£54,727
	<u>£2,204,539</u>
	Surplus
	<u>£5,013</u>

## Preface

In view of the recommendation made by the Standing Finance Committee of the Legislative Council in paragraph 2 of their Report on the Draft Estimates of Revenue and Expenditure for the year 1937, the Estimates of gross Expenditure were presented in a separate volume.

The present volume includes the figures for gross Revenue, together with the schedules both of Net Expenditure and Net Revenue. It will be noted that an additional schedule explaining the sources of reimbursements and cross-entries for which the net schedules are computed, has been inserted for the first time to facilitate reference. The estimated statement of Accounts and Balances for 1937, which was not possible of completion for insertion in the preceding volume has also been included.

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ACCOUNT AND BALANCES FOR 1937, ESTIMATED STATEMENT OF	5
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### REVENUE ESTIMATES

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Licences, Duties, Taxes, etc.	9
Miscellaneous Receipts	12
Parliamentary Grants	16
Posts and Telegraphs	11
Reimbursements	13
Revenue from Government Property and Royalties	12
Sale of Government Property	13
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REVENUE

Head of Revenue	Total Estimated 1937	Estimated Reimbursements and Cross Entries	Estimated Net Local Revenue, 1937	Estimated Net Local Revenue, 1936	Actual Net Local Revenue, 1933	1937 Increase over 1936	1937 Decrease on 1933
I. Customs and Excise	816,900	3,000	807,000	880,000	712,001	127,000	—
III. Licences, Duties, Taxes, etc.	872,150	360	871,700	953,400	910,000	—	82,700
II. Fees and Payments for Specific Services	116,430	—	116,430	111,080	115,805	3,010	—
IV. Posts and Telegraphs	100,842	12,070	178,768	182,703	169,460	—	4,027
V. Earnings of Government Deposits	82,784	8,000	77,784	77,000	77,285	—	116
VI. Revenue from Government Property and Royalties	57,077	—	56,997	85,547	81,710	550	—
VII. Sale of Government Property	4,160	1,500	12,950	16,670	13,500	—	3,020
VIII. Miscellaneous Receipts	12,008	3,450	9,215	9,395	38,144	—	180
IX. Local Department Revenue	31,600	1,700	29,900	28,200	30,273	1,700	—
X. Interest	38,087	31,237	7,450	8,520	10,478	—	1,070
XI. Reimbursements	1,076,648	1,076,548	—	—	—	—	—
XII. Land Sales	13,250	—	13,250	13,400	12,507	—	250
	2,344,610	1,134,084	2,209,552	2,168,365	2,191,740	133,180	91,963
XIII. Colonial Development Fund	71,730	71,730	—	—	—	—	—
XIV. Parliamentary Grant	26,065	26,065	—	—	—	—	—
	£ 3,442,311	1,532,759	2,209,552	2,168,365	2,191,740	133,180	91,963

Net Increase—£41,197

\* Table detailed schedule on page 4.

EXPENDITURE

RECURRENT	Estimated 1937	Estimated Reimbursements and Cross Entries	Estimated Net Local Expenditure, 1937	Estimated Net Local Expenditure, 1936	Actual Net Local Expenditure, 1935	1937 Increase over 1936	1937 Decrease on 1935	
I. His Excellency the Governor	16,957	—	16,957	15,100	16,179	701	—	
II. Administration	223,355	—	223,355	228,482	219,850	—	5,087	
III. Agriculture	136,566	2,491	122,064	123,916	123,440	6140	—	
IV. Audit	10,977	5,672	14,405	14,408	14,110	—	987	
V. Coast Agency	6,473	2,070	3,403	3,191	3,176	242	—	
VI. Conference of E.A. Governors	956	—	956	956	7,705	—	1,424	
VII. Customs	48,048	21,220	26,828	27,288	171,947	0,114	—	
VIII. Education	184,033	1,260	183,402	177,288	—	—	605	
IX. Forest	30,032	1,700	29,232	29,707	20,890	—	9367	
X. Game	1,970	—	1,970	2,305	4,467	—	—	
XI. Government Analyst	1,452	—	1,452	1,152	1,644	—	2,208	
XII. Interest and Unfunded Debt	8,170	1,725	6,445	4,242	6,547	—	—	
XIII. Judicial	31,080	—	31,080	30,740	29,203	—	—	
XIV. Legal	8,804	—	8,804	8,317	8,001	—	—	
XV. Local Government, Lands and Estates	31,400	905	30,585	31,340	31,050	—	765	
XVI. Local Govt. Contributions to Local Authorities	83,790	10,536	73,254	71,880	71,811	—	—	
XVII. Medical	207,353	8,332	199,021	188,000	195,076	—	9,421	
XVIII. Military	137,823	48,396	89,428	88,806	79,744	—	—	
XIX. Mining and Geological	10,880	—	10,880	11,820	130,450	—	941	
XX. Miscellaneous Services	222,000	7,280	214,720	214,194	202,754	—	6,447	
XXI. Police	138,308	1,300	137,008	137,008	137,008	—	7,285	
XXII. Posts and Telegraphs	258,811	120,291	138,520	128,240	124,013	—	2,363	
XXIII. Printing and Stationery	20,488	—	20,488	20,438	27,980	—	347	
XXIV. Prisons	50,446	—	50,446	50,389	40,341	—	7,114	
XXV. Public Debt Funded	3,065,022	878,765	2,186,257	175,747	183,084	—	2,975	
XXVI. Public Works Department	116,854	1,600	115,254	115,254	115,254	—	30,750	
XXVII. Registrar General	5,148	—	5,148	5,141	5,032	—	6,684	
XXVIII. Rent and Interest to H.H. the Sultan of Zanzibar	10,000	—	10,000	10,000	10,000	—	—	
XXIX. Secretariat and Legislative Council	20,235	—	20,235	22,084	23,876	—	2,548	
XXX. Trade and Information Office	3,548	—	3,548	4,644	4,380	—	—	
XXXI. Treasury	20,840	1,918	18,922	27,230	26,933	—	1,701	
Total Recurrent Expenditure	3,284,820	1,135,008	2,149,812	2,100,986	2,098,590	71,800	28,161	
Not Increase in Net Recurrent Expenditure—£43,720								
NON-RECURRENT								
I. His Excellency the Governor	700	—	700	—	700	—	—	
II. Administration	2,250	—	2,250	1,820	2,640	—	430	
III. Agriculture	1,088	490	1,208	19,158	771	—	11,050	
IV. Audit	230	—	230	—	230	—	—	
V. Coast Agency	300	—	300	—	300	—	—	
VI. Customs	650	—	650	—	650	—	—	
VII. Education	—	—	—	—	135	—	100	
VIII. Forest	—	—	—	—	160	—	—	
IX. Legal	—	—	—	—	65	—	1,595	
X. Medical	3,005	—	3,005	1,800	1,250	—	6,303	
XI. Military	7,005	1,682	5,993	614	—	—	—	
XII. Mining and Geological	—	—	—	—	210	—	—	
XIII. Miscellaneous Services	3,120	—	3,120	6,571	39,075	—	2,451	
XIV. Police	1,031	—	1,031	1,100	2,262	—	74	
XV. Posts and Telegraphs	4,430	—	4,430	4,280	4,922	—	6,250	
XVI. Printing and Stationery	—	—	—	—	20	—	80	
XVII. Prisons	—	—	—	—	200	—	800	
XVIII. Public Works Extraordinary	25,730	—	25,730	20,800	17,706	—	6,770	
XIX. Colonial Development Fund	20,065	90,624	110,689	—	—	—	2,031	
XX. Parliamentary Grant	26,065	26,065	—	—	—	—	—	
Total Non-recurrent Expenditure	162,478	97,761	54,727	62,510	71,233	20,294	18,086	
Not Increase in Net Non-recurrent Expenditure—£2,208								
TOTAL	£ 3,437,298	1,232,769	2,204,529	2,163,505	2,169,823	92,181	40,250	

NET INCREASE IN NET EXPENDITURE—£46,031

\* Table detailed schedule on page 4.

a1. Includes £2,334 charged in 1935 against Statistical Department.

a2. £182 reimbursement to Public Works Extraordinary in respect of Nyali Bridge.

THE FOLLOWING TABLE OF REIMBURSEMENTS PROVIDES THE SOURCE OF THE REIMBURSEMENTS AND CROSS-ENTRIES ON THE BASIS OF WHICH THE SCHEDULES ON PAGES 2 AND 3 HAVE BEEN COMPILED

THE FOLLOWING TABLE OF REIMBURSEMENTS PROVIDES THE SOURCE OF THE REIMBURSEMENTS AND CROSS-ENTRIES ON THE BASIS OF WHICH THE SCHEDULES ON PAGES 2 AND 3 HAVE BEEN COMPILED (Contd.)

Expenditure Head Subject to Reimbursement or Cross-entry	Revenue Head and Item No. of Reimbursement or Cross-entry	Total
III	HEAD VIII Item 0 \$100 XI Item 48 \$806 Item 53 \$1,040 (Vide Expenditure Head III, Items 123, 124, 128 and 130)	2,401
IV	XIII Item 1 \$230 Item 4 \$220 XI Item 5 \$500 Item 0 \$205 Item 9 \$350 Item 12 \$432 Item 24 \$3,725	5,572
V	XI Item 3 \$2,000 Item 14 \$70	2,070
VII	XI Item 1 \$21,220	21,220
VIII	II Item 19 \$450 (Vide Expenditure Head VIII, Item 100) XI Item 51 \$280	1,250
IX	IX Item 6 \$250 Item 0 \$1,450	1,700
XII	VIII Item 3 \$850 (Vide Expenditure Head XII, Item 1) X Item 2 \$45 (Vide Expenditure Head XII, Items 2 and 3) Item 7 \$530 (Vide Expenditure Head XII, Item 5)	1,725
XV	XI Item 31 \$475 Item 43 \$430	905
XVI	XI Item 28 \$0,288 Item 32 \$1,003 Item 52 \$168	10,530
XVII	VII Item 8 \$1,500 XI Item 4 \$412 Item 18 \$0,000 Item 37 \$500 Item 45 \$450 XII Item 0 \$500	0,332
XVIII	XI Item 10 \$48,395	48,395
XX	Item 0 \$3,000 (Vide Expenditure Head XX, Item 25) VIII Item 0 \$2,500 (Vide Expenditure Head XX, Item 42) XI Item 23 \$1,720 (Vide Expenditure Head XX, Item 20) Item 44 \$00 (Vide Expenditure Head XX, Item 30)	7,500
XXI	XI Item 7 \$280 Item 8 \$100 Item 13 \$7 Item 15 \$280 Item 48 \$73 Item 40 \$80	1,300
XXII	XI Item 25 \$5,442 Item 20 \$2,254	7,600

Expenditure Head Subject to Reimbursement or Cross-entry	Revenue Head and Item No. of Reimbursement or Cross-entry	Total
XXIII	HEAD IV Item 5 \$5,570 (Vide Expenditure Head II, Items 36, 53, 62, 70, 90, 117, 142, 170 and 237, Head III, Item 13, Head IV, Item 15, Head V, Item 14, Head VII, Item 39, Head VIII, Items 15, 27, 01 and 98, Head IX, Item 14, Head X, Item 12, Head XII, Item 23, Head XIV, Item 12, Head XV, Items 18 and 50, Head XVII, Item 02, Head XVIII, Items 80, 130 and 178, Head XIX, Item 31, Head XXII, Item 50, Head XXIV, Item 35, Head XXV, Items 30 and 50, Head XXVII, Items 41 and 84, Head XXIX/Item 12, Head XXXI, Items 22 and 32, Head XXXIII, Item 21), Item 91 \$30,000 XI Item 25 \$42,913 Item 111 \$43,058 Item 54 \$1,023 XIII Item 27 \$1,250	120,200
XXV	V Item 2 \$0,000 (Vide Expenditure Head XXV, Item 40) XI Item 17 \$1,070	7,070
XXVI	IX Item 7 \$1,302 Item 51 \$5,900 Item 5 \$22,000 XI Item 10 \$200 Item 18 \$20,000 Item 20 \$100,000 Item 21 \$1,00,219 Item 22 \$04,135 Item 27 \$1,000 Item 28 \$2,382 Item 30 \$10,461 Item 32 \$5,475 Item 33 \$2,500 Item 34 \$5,578 Item 36 \$2,415 Item 38 \$1,272 Item 39 \$403 Item 40 \$2,275 Item 41 \$2,411	318,754
XXVII	XI Item 60 \$4,500	4,500
XXXIII	XI Item 43 \$748 Item 46 \$470 Item 47 \$700	1,918
III A	XI Item 53 \$480 (Vide Expenditure Head III A, Item 5)	480
XVIII A	XI Item 10 \$1,082	1,082
XXXV	XIII \$00,524	00,524
XXXVI	XIV \$26,068	26,068
	TOTAL	1,232,760

## REVENUE

## SUMMARY

Total Estimated Revenue	£	3,442,311	£
Total Estimated Expenditure			
Recurrent	£3,284,820		3,437,208
Non-Recurrent	£162,478		
Estimated Surplus			£45,103
<b>TOTAL</b>	<b>£</b>	<b>3,442,311</b>	<b>£</b>

Actual Excess of Assets over Liabilities on 31st December, 1936		648,881
Estimated Receipts, 1937		3,402,870
Estimated Expenditure, 1937		3,350,870
Estimated Excess of Assets over Liabilities on 31st December, 1937		648,881
Estimated Revenue, 1937		3,442,311
Estimated Expenditure, 1937		3,407,208
Estimated Excess of Assets over Liabilities on 31st December, 1937		351,394

## \*ESTIMATED STATEMENT OF ACCOUNT AND BALANCES FOR 1937

Estimated opening balance (surplus) on 31st December, 1936, vide Appendix B to Expenditure Estimates, 1937		£	346,351
Proposed Expenditure 1937			
Recurrent	£3,284,820		3,437,208
Non-Recurrent	£162,478		
Estimated Revenue, 1937			3,442,311
Estimated closing balance on 31st December, 1937		£	351,394
<b>TOTAL</b>	<b>£</b>	<b>3,788,002</b>	<b>£</b>

\*Normally included in the Estimates as appendix C.

## COLONIAL ESTIMATES, COLONY AND PROTECTORATE OF KENYA (JANUARY TO DECEMBER, 1937)

Abstract of Estimated Revenue for the year 1937, showing also the actual receipts for 1936 and the actual receipts for 1935

HEAD	1	2	3	4	5	6	7	8	9	10	11
I. Customs and Excise	682,500	440,460	284,620	725,000	12,200	215,211	720,105	£10,000	+ 127,500	+ 85,000	+ 89,394
II. Licences, Duties, Taxes	954,000	654,265	291,665	945,950	13,357	910,952	929,355	872,150	- 32,650	- 73,800	- 55,706
III. Fees &c.	111,500	72,288	42,962	115,260	27,000	114,838	115,653	115,440	+ 3,910	+ 180	+ 377
IV. Posts and Telegraphs	189,093	121,466	72,054	193,540	4,441	195,451	194,695	190,845	+ 1,752	+ 2,495	+ 3,950
V. Grants of Government Departments	77,900	49,338	35,764	55,100	7,200	77,255	81,192	69,794	5,394	1,316	+ 2,592
VI. Revenue from Government Property &c.	43,547	57,276	19,224	76,700	6,847	81,719	79,209	86,097	+ 550	+ 9,397	+ 6,888
VII. Sale of Government Property	16,570	10,257	5,843	16,100	1,700	18,559	14,850	14,450	- 2,120	- 1,650	- 400
VIII. Miscellaneous Receipts	9,395	9,377	3,323	12,700	3,356	14,444	25,422	12,685	+ 3,270	- 35	+ 12,757
IX. Forest Department Revenue	29,600	17,928	12,572	30,900	1,900	30,100	30,497	31,600	+ 3,000	+ 1,100	+ 1,103
X. Interest	29,630	17,924	15,776	33,700	4,070	30,225	32,033	34,687	+ 9,057	+ 4,957	+ 6,654
XI. Retirements	1,061,244	729,060	350,066	1,088,126	26,882	1,052,669	1,070,393	1,075,546	+ 4,304	+ 12,578	+ 5,150
XII. Land Sales	3,246,109	2,188,107	1,133,869	3,322,676	75,957	3,261,167	3,291,921	3,331,266	+ 64,537	+ 8,590	+ 39,945
XIII. Land Sales	13,500	10,945	4,758	15,700	2,200	12,557	14,134	13,250	- 250	- 2,450	- 884
XIV. Colonial Development Fund	28,551	16,577	69,923	86,500	57,939	14,822	50,661	71,730	+ 43,169	+ 1,770	+ 21,089
XV. Parliamentary Grant	39,056	2,474	5,026	8,500	-	15,470	11,095	26,065	-	12,991	+ 17,585
<b>TOTAL REVENUE</b>	<b>3,327,926</b>	<b>2,218,403</b>	<b>1,214,573</b>	<b>3,433,376</b>	<b>+ 105,459</b>	<b>3,304,026</b>	<b>3,368,701</b>	<b>3,442,311</b>	<b>+ 114,385</b>	<b>+ 6,935</b>	<b>+ 73,610</b>

\*In addition to sum of £20,000 has been allowed for as general marginal revenue, making the total for 1936, £3,453,976.



REVENUE

REVENUE

Item No.	Details and Horsepower Code Number	Estimate, 1957	Sanctioned Provisional Estimate, 1958	Actual Receipts, 1958	Increase	Decrease	Notes
<b>I - CUSTOMS AND EXCISE</b>							
<b>(a) Customs</b>							
<b>IMPORT DUTY</b>							
<b>Class 1 - Food, Drink and Tobacco</b>							
1	Green and Mout	18,500	20,000	20,048		1,500	
2	Spices	133,500	120,000	127,324	13,500		
3	Wine, Ale and Beer	25,500	18,000	25,623	7,500		
4	Other Food and Drink	25,000	22,000	27,528	14,000		
5	Tobacco	65,000	62,500	60,461	2,500		
<b>Class 2 - RAW MATERIALS AND ARTICLES MAINLY MANUFACTURED</b>							
6	Chemicals	3,000	1,500	1,537	1,500		
<b>Class 3 - ARTICLES WHOLLY OR MAINLY MANUFACTURED</b>							
7	Cotton Yarns and Manufactures	151,000	112,500	124,277	38,500		
8	Other Textile Manufactures	25,500	22,000	27,119	3,500		
9	Oil, Fat and Resin Manufactures	23,000	27,500	25,014	15,500		
10	Waxes	25,500	26,000	26,030	9,500		
11	Metals	18,000	7,000	5,969	1,000		
12	Miscellaneous Goods	140,000	134,000	125,472	2,000		
13	Crude Petroleum	42,000	39,000	37,210	8,000		
<b>TOTAL IMPORT DUTY</b>		<b>775,500</b>	<b>690,000</b>	<b>688,252</b>		<b>1,000</b>	
14	Sundries	5,000	8,000	2,128			
<b>TOTAL (a) CUSTOMS</b>		<b>775,500</b>	<b>698,000</b>	<b>690,380</b>			
<b>(b) Excise</b>							
15	Beer	6,500	6,500	6,404		1,000	
16	Rum	15,000	15,000	12,407		2,500	
17	Alcohol	5,000	4,500	3,078		1,500	
18	Cigarettes	4,000	2,500	31,619		1,500	
<b>TOTAL (b) EXCISE</b>		<b>30,500</b>	<b>24,500</b>	<b>34,892</b>			
<b>TOTAL CUSTOMS AND EXCISE</b>		<b>810,000</b>	<b>722,500</b>	<b>725,272</b>		<b>1,500</b>	
<b>Net Increase - 117,500</b>							
<b>II - LICENCES, DUTIES, TAXES, ETC.</b>							
1	Native Registration	1,350	1,350	1,332			
2	Quail Licences	8,500	8,500	8,816			
3	Explosives, Gun and Ammunition Licences	2,800	2,800	2,763			
4	Liquor Licences	10,500	10,500	9,556			
5	Miscellaneous Licences	4,000	4,000	3,884			
6	Coffee Licences	1,400	1,400	1,423			
7	Registration of Documents and Titles	3,200	3,200	3,690			
8	Licences under Traffic Ordinances	60,000	62,800	64,621	7,500		
9	Stamp Duty, various Revenue Duties	60,000	65,000	60,088		5,000	
10	Cattle Traders' Licences	1,400	1,300	1,235		100	
<b>TOTAL (a) LICENCES, DUTIES, TAXES, ETC.</b>		<b>185,150</b>	<b>190,800</b>	<b>185,142</b>			
11	Hub and Poll Tax (Native)						
	Nyanza Province	217,000	202,000	202,007			
	Rift Valley Province	40,000	40,000	40,000			
	Central Province	220,000	220,000	199,031			
	Coast Province	45,000	45,000	39,087			
	Turkana District	5,000	5,000	5,000			
	Moshi District	5,000	5,000	5,000			
	Northern Frontier District	5,000	5,000	5,000			
<b>Total Hub and Poll Tax (Native)</b>		<b>515,000</b>	<b>510,000</b>	<b>502,309</b>		<b>25,000</b>	
11a	Native Hut and Poll Tax - Sale of Slaves						
12	Non-Native Poll Tax	40,000	39,000	70,987			20,000
	Nyanza Province						
	Rift Valley Province						
	Central Province						
	Coast Province						
	Turkana District						
	Moshi District						
	N.E. District						
13	Income Tax	43,500	15,000	19,847	43,500		
14	Finca and Forclosures	14,000	12,000	9,850		1,000	
15	Potato Duty	12,000	12,000	12,000			
16	Traders and Professional Licences	22,500	35,000	32,800		12,500	
17	Motor Tax	53,500	50,000	56,082		3,500	
18	Cotton Tax	7,500	6,000	3,349		1,500	
19	Entertainment Tax	5,000	6,000	3,727			200
20	Motor Drivers' Licences	2,550	2,550	2,551			60
21	Licences under Stage Plays and Cinematographs		250	467			50
22	Money Lenders' Licences	850	850	870			
23	Lake Fishery Licences	1,500	1,500	1,055		100	
	Postage Tax			107			
	European Education Tax		11,500	11,520			11,500
	Alcohol Education Tax		12,500	12,974			12,500
	Levy on Official Salaries		37,000	37,480			37,000
	Unvalued Poll Tax Arrears						
<b>TOTAL LICENCES, DUTIES, TAXES, ETC.</b>		<b>872,150</b>	<b>854,800</b>	<b>810,969</b>		<b>69,500</b>	<b>141,450</b>
<b>Net Decrease - 582,000</b>							

Standing Finance Committee Report

Item abolished

Standing Finance Committee Report

\* New item.  
\* Reduced rates.

### II. REVENUE

Item No.	DETAILS AND HOLLERITH CODE NUMBER	Estimates, 1937	Sanctioned Provisional Estimates, 1938	Actual Receipts, 1938	Increase	Decrease	Notes
		£	£	£	£	£	
<b>III - FEES AND PAYMENTS FOR SPECIFIC SERVICES</b>							
	Fees of Court .....	53-01-00	15,000	16,000	14,562		
	Official Receiver's and Public Trustee's Fees .....	53-02-00	3,000	3,000	3,100		
	Registration of Companies and Business Names .....	53-03-00	1,700	1,600	1,062	200	
	Registration of Patents and Designs and Trade Marks and Rules of Sale Fees .....	53-04-00	550	500	477	50	
	Survey Fees .....	53-05-00	1,500	800	1,711	700	
	Conveyancing Fees on Crown Titles .....	53-06-00	1,300	1,300	1,017		
	Market and Cattle Pound Fees .....	53-07-00	2,300	2,300	2,203		
	Veterinary Inoculation Fees, etc. ....	53-08-00	10,000	8,040	9,753	1,980	
	Hospital Fees .....	53-09-00	8,200	8,000	8,169	200	
	Rules of Health .....		Nil	800	808		
	Miscellaneous Fees (Cemetery, Marriage and Divorce, Vaccination and Copying, Testing Scales, Weights and Measures, Legal Library, Fees under Ordinances for Doctors, Dentists and Druggists, Pawnbrokers, etc.) .....	53-10-00	3,100	3,000	2,940	100	
	Infectious Diseases Hospital Fees, Nairobi Municipality .....	53-11-00	500	500	281		
	Infectious Diseases Hospital Fees, Mombasa Municipality .....	53-12-00	300	200	407	100	
	Elementary Fees .....	53-13-00	2,600	2,250	2,854	300	
	Tuition Fees, European Schools .....	53-14-00	4,700	4,500	4,240	200	
	Tuition Fees, Indian Schools .....	53-15-00	8,300	7,500	7,298	800	
	Tuition Fees, African Schools .....	53-16-00	50		60		
	Boarding Fees, European Schools .....	53-17-00	11,500	11,000	11,067	50	
	Boarding Fees, Indian Schools .....	53-18-00	550	1,000	500		
	Boarding Fees, Arab and African Schools .....	53-19-00	250	200	206	50	
	School Fees, General .....	53-20-00	250	100	194	100	
	Conveyancing, VUDA Rules, etc. General .....	53-21-00	4,500	4,200	4,164	300	
	Fees from Medical Research Laboratory .....	53-22-00	1,500	2,500	3,300	1,000	
	Fees from Government Analyst .....	53-23-00	50	50	89		
	Fees from Agricultural Chemical Laboratory .....				75		
	Agricultural Produce Grading, Conditioning, and Cold Storage Fees, etc. ....	53-24-00	5,400	4,500	4,088	900	
	Registration of Domestic Servants .....	53-25-00	1,200	1,400	1,200	200	
	Widows and Orphans' Pensions Contributions .....	53-26-00	24,200	24,000	24,166	200	
	Aviation Housing and Landing Fees .....	53-27-00	1,750	2,000	2,237	250	
	Overseas Examination Expenses and Education Journal Fees from Geological Assays .....	53-28-00	800	760	808	50	
	Coast Agency Fees .....	53-29-00	150	180	100		
	Water Board Fees .....	53-30-00	200	300	48	100	
	<b>TOTAL FEES AND PAYMENTS FOR SPECIFIC SERVICES</b>		<b>115,440</b>	<b>111,650</b>	<b>114,866</b>	<b>6,310</b>	<b>2,400</b>
	<b>NET INCREASE - £3,010</b>						

1. Prices revision inadequate.

2. Standing Finance Committee Report.

### IV. V. REVENUE

Item No.	DETAILS AND HOLLERITH CODE NUMBER	Estimates, 1937	Sanctioned Provisional Estimates, 1938	Actual Receipts, 1938	Increase	Decrease	Notes
		£	£	£	£	£	
<b>IV - POSTS AND TELEGRAPHS</b>							
<b>POSTAL RECEIPTS</b>							
1	Sale of Stamps .....	54-01-01	94,000	93,500	93,823	500	
2	Money Order Commission .....	54-01-02	2,500	2,400	2,400	200	
3	Postal Order Commission .....	54-01-03	700	768	711	50	
4	Share of Parcel Post .....	54-01-04	8,000	7,500	7,771	500	
5	Sundry Collections .....	54-01-05	3,100	2,850	2,998	200	
6	Unclaimed Money Orders .....	54-01-06	1	1	7		
	Net Earnings of Post Office Savings Bank .....			3,500	2,822		3,600
	<b>Total Postal Receipts</b>		<b>108,401</b>	<b>110,561</b>	<b>110,431</b>		
<b>TELEGRAMS</b>							
7	Telegraph Revenue .....	54-02-01	36,000	34,000	35,877	1,100	
8	Telephone Revenue .....	54-02-02	36,800	35,700	35,701	1,100	
9	Contribution from Railway for Maintenance of Railway Telegraph Wires and other Services .....	54-02-03					
	(a) Maintenance .....		58,134				
	(b) Miscellaneous .....		375				
	<b>Total Telegraphs</b>		<b>79,309</b>	<b>70,000</b>	<b>78,016</b>		
	<b>Total Kenya Direct Revenue</b>		<b>187,710</b>	<b>187,401</b>	<b>188,471</b>		
<b>REVENUE COMMON TO KENYA, UGANDA AND TANGANYIKA</b>							
	1034, 1938						
	Sale of Stamps to Dealers and Collectors .....		3,500	1,000			
	Miscellaneous .....		2,000	2,000			
	<b>£ 5,500 3 000</b>						
<b>To be Divided Between Kenya, Uganda, and Tanganyika in Proportion of Direct Revenue</b>							
	Kenya's Share of Common Revenue .....	54-03-00	3,135	1,092	7,380	1,443	
	<b>TOTAL POSTS AND TELEGRAPHS</b>		<b>190,845</b>	<b>189,093</b>	<b>195,851</b>	<b>5,302</b>	<b>3,660</b>
	<b>NET INCREASE - £1,752</b>						
<b>V - EARNINGS OF GOVERNMENT DEPARTMENTS</b>							
1	Gazette, Printing and Stationery .....	55-01-00	17,000	16,500	16,101	600	
2	Prison Industries .....	55-02-00	10,500	9,000	9,593	1,500	
3	Sera, Vaccines and Laboratory Products .....	55-03-00	3,500	3,000	2,710	600	
4	Mombasa Water Supply .....	55-04-00	43,500	38,000	38,485	5,600	
5	Kisumu Water Supply .....	55-05-00	5,000	4,200	4,440	500	
6	Machakos Water Supply .....	55-06-00	470	470	501		
7	Gilgil Water Supply .....	55-07-00	120	120	103		
8	Kitalo Water Supply .....	55-08-00	1,200	1,200	1,230		
9	Nyeri Water Supply .....	55-09-00	570	670	562		
10	Kakamega Water Supply .....	55-10-00	150	150	105		
11	Kilifi Water Supply .....	55-11-00	60	50	50	10	
12	Teyateya Water Supply .....	55-12-00	150	140	163	10	
13	Kericho Water Supply .....	55-13-00	289	275	310		
14	Kilifi Water Supply .....	55-14-00	340	25	270	5	
15	Government Supply Charges .....	55-15-00	30	50	63	20	
16	Water Boring .....	55-16-00	350	300	369		
17	Timber Seasoning and Workshops .....	55-17-00	75	50	84	25	
18	Hire of Government Motor Vehicles .....	55-18-00	450	2,950	460	2,800	
19	Coal Taxes .....	55-19-00		580		580	
	Share of Kenya Agricultural Journal .....						
	<b>TOTAL EARNINGS OF GOVERNMENT DEPTS.</b>		<b>83,784</b>	<b>77,000</b>	<b>77,285</b>	<b>8,054</b>	<b>5,070</b>
	<b>NET INCREASE - £6,884</b>						

1. Standing Finance Committee Report.

2. Savings Bank now a separate entity.

3. Trade revival and installation of additional meters.

4. Two services now operated by contract.

REVENUE

VI, VII, VIII, IX

Item No.	DETAILS AND HOLLERITH CODE NUMBER	Estimate, 1937	Sanctioned Provisional Estimate, 1936	Actual Receipts, 1935	Increase	Decrease	Notes
<b>VI. REVENUE FROM GOVERNMENT PROPERTY AND ROYALTIES</b>							
1	Income Tax	54,000	55,500	50,573		1,500	
2	Alcohol and Royalties	3,500	2,175	3,018	1,325		
3	Mining Revenue (a) Royalties	18,750	14,000	7,325	4,760	4,600	
4	(b) Fees	1,800	11,500	11,000	155		
5	Royalties on Becho-de-Mer	1,150	775	631	475		
6	Rental Buildings and Furniture	500	500	500			
7	Rental for Nairobi Wireless Station	150	150	120			
8	Royalty on Salt	347	347	341			
9	Rental Military Buildings	500	500	700			
10	Quarry Royalties	347	500	1			
11	Royalty on Sea Shells						
<b>TOTAL REVENUE FROM GOVERNMENT PROPERTY AND ROYALTIES</b>		<b>86,097</b>	<b>85,547</b>	<b>81,710</b>	<b>6,560</b>	<b>6,000</b>	
<b>NET INCREASE—£300</b>							
<b>VII. SALE OF GOVERNMENT PROPERTY</b>							
1	Form Produce and Stock	800	800	794			
2	Maps	450	450	408			
3	Stores	1,100	3,050	3,130		1,000	
4	Tools (other than Forest Department)	1,650	1,350	1,340			
5	Ivory and Confidential Property	8,000	10,000	7,144		2,000	
6	Uncollected and Confiscated Goods	200	300	249		100	
7	Wrecked Conduits	450	450	408			
8	Quinine	2,000			2,000		
9	Sales of Trout Fry	70				70	
10	Foodstuffs (Animals, etc.)						
<b>TOTAL SALE OF GOVERNMENT PROPERTY</b>		<b>14,450</b>	<b>10,570</b>	<b>13,500</b>	<b>2,900</b>	<b>4,120</b>	
<b>NET INCREASE—£2,120</b>							
<b>VIII. MISCELLANEOUS RECEIPTS</b>							
1	Supply	4,750	4,500	4,788	250		
2	Recovery of Overpayments Relating to Previous Years	3,500	3,500	2,832			
3	Unclaimed Deposits	500	550	509		50	
4	Gain on Exchange	100	100	131			
5	Rebate on Crown Agents' Charges	10					
6	Kisumu Bazaar Sites	15	25	70		20	
7	Beer Shop, Kisumu	200	200				
8	Nairobi Town Planning	100	500			400	
9	Income—Stamp Duty Reserve Fund	3,400		29,814	3,400		
10	Contributions, Cotton Research Work, Kilimanjaro	100		100			
<b>TOTAL MISCELLANEOUS RECEIPTS</b>		<b>12,665</b>	<b>0,505</b>	<b>38,144</b>	<b>3,750</b>	<b>480</b>	
<b>NET INCREASE—£3,270</b>							
<b>IX. FOREST DEPARTMENT REVENUE</b>							
1	Wood and Plant Sales	1,500	1,750	1,803		180	
2	Timber Sales and Royalties	14,000	12,000	13,530	2,000		
3	Timber Sales and Royalties	12,500	11,000	11,522	1,500		
4	Miscellaneous Forest Receipts	1,800	1,000	1,000		100	
5	Sale of Polls	250	400	221		180	
6	Reimbursements	1,450	1,550	1,002		100	
<b>TOTAL FOREST DEPARTMENT REVENUE</b>		<b>31,600</b>	<b>28,000</b>	<b>30,404</b>	<b>3,500</b>	<b>500</b>	
<b>NET INCREASE—£3,000</b>							

\* Standing Finance Committee Report.

X, XI

REVENUE

Item No.	DETAILS AND HOLLERITH CODE NUMBER	Estimate, 1937	Sanctioned Provisional Estimate, 1936	Actual Receipts, 1935	Increase	Decrease	Notes
<b>X. INTEREST</b>							
1	Suitors' Funds	300	280	315	20		
2	Loans to Local Bodies	1,707	1,710	1,785			
3	Civil Service Building Scheme	1,000	1,020	1,172		20	
4	Surplus and Loan Balances	8,000	3,000	4,760	5,000		
5	Land Bank	24,000	20,860	10,533		3,150	
6	Agricultural Advances	2,500	2,500	2,540			
7	Provident Funds	530	300	50		270	
8	Farmers Conciliation Board	550		650			
<b>TOTAL INTEREST</b>		<b>39,687</b>	<b>20,030</b>	<b>30,360</b>	<b>9,000</b>	<b>33</b>	
<b>NET INCREASE—£9,057</b>							
<b>XI. REIMBURSEMENTS</b>							
<b>UGANDA GOVERNMENT ON ACCOUNT OF—</b>							
1	Customs Department	21,220	10,488	10,816		1,732	
2	Posts and Telegraphs	42,013	30,793	38,592		2,230	
3	Const. Agency	2,000	2,000	2,000			
4	Zanzibar Sanitary Station	1,412	412	412			
5	Audit, Customs Accounts	800	800	800			
6	Audit, Posts and Telegraphs Accounts	265	218	201		59	
7	Pensions	180	194	251		25	14
8	Provident Funds	350	350	350			
9	Audit K.A.R. Accounts	800	700	568		672	
10	K.A.R. Transport Brigade	350	350	350			
11	Kenya Royal Naval Volunteer Reserve	50,077	40,105	40,998			
<b>TANGANYIKA GOVERNMENT ON ACCOUNT OF—</b>							
12	Posts and Telegraphs	53,026	70,111	58,711		9,111	
13	Audit, Posts and Telegraphs	452	740	238		50	
14	Pensions	70	70	70			
15	Const. Agency	70	70	70			
16	Provident Funds	250	210	210		30	
<b>CONFERENCE OF EAST AFRICAN GOVERNORS ON ACCOUNT OF—</b>							
17	Rent of Conference Secretariat Offices	300	300	300			
<b>KENYA AND UGANDA RAILWAYS AND HARBOURS ON ACCOUNT OF—</b>							
18	Prisons—Personal Emoluments	1,970	1,080	1,036		800	
19	Medical Services	6,000	6,100	5,593		100	
<b>Interest and Sinking Fund:</b>							
20	£5,000,000 Loan, 1921	297,177	297,177	297,177			
21	£5,000,000 Loan, 1927	300,000	300,000	300,000			
22	£3,500,000 Loan, 1928	156,219	150,219	150,218			
23	£3,400,000 Loan, 1930	64,135	64,135	64,136			
24	Management Expenses of Loans	1,728	1,728	1,728			
25	Audit	3,725	3,636	3,496		200	
26	Police	5,442	5,328	5,000		117	
27	Port Police	2,254	2,048	1,957		206	
28	Housing Accommodation for High Commissioner	1,000	1,000	1,000			
29	Contributions in Lieu of Rates:						
30	(a) Nairobi	3,110	3,910	3,100		700	
31	(b) Mombasa	6,038	6,000	6,000			
32	(c) Eldoret	80	80	80			
<b>NAIROBI MUNICIPALITY ON ACCOUNT OF—</b>							
33	Interest and Redemption—Loan of £112,000	9,382				9,382	
34	Interest and Redemption—Loan of £282,847	17,451	17,451	17,453			
35	Municipal Native Affairs Officer	475	475	475			
<b>Carried forward</b>		<b>1,052,446</b>	<b>1,042,461</b>	<b>1,036,047</b>	<b>11,031</b>	<b>1,030</b>	

\* New Item.

\* Standing Finance Committee Report.

## REVENUE

## XI, XII

Item No.	DETAILS AND HOLLERITH CODE NUMBER	Estimates, 1937	Sanctioned Provisional Estimates, 1938	Actual Receipts, 1938	Increase	Decrease	Notes
		£	£	£	£	£	
<b>XII—REIMBURSEMENTS (Contd.)</b>							
	Brought forward	1,052,446	1,042,461	1,036,047	11,031	1,039	
	<b>MOBASA MUNICIPALITY ON ACCOUNT OF</b>						
32	Public Health Staff	1,063	1,063	1,069			
	Interest and Redemption						
33	Loan of £170,000	6,417	6,417	6,417			
34	Loan of £10,000	290	290	290			
35	Loan of £1,448	72	72	73			
36	Loan of £850	41	41	42			
37	Malaria Control Scheme	500				500	
	<b>NAIROBI MUNICIPALITY ON ACCOUNT OF</b>						
38	Interest and Redemption						
	Loan of £10,000	1,272	1,272	1,275			
	<b>ELDORET MUNICIPALITY ON ACCOUNT OF</b>						
39	Interest and Redemption						
	Loan of £3,000	493	493	496			
40	Loan of £1,008	77	77	77			
41	Loan of £1,000	72	72	74			
42	Total Works on Account of Local Government	430	430	430			
43	East Africa Currency Board, London, on Account of Clerical Services	748	748	741			
44	Reparation Expenses	60	60	120		10	
45	Medical Expenses, European Hospital, Nairobi	220	220	238		30	
46	Military Pensions on Account of Commissionaires	470	450	462		10	
47	Other Administrations on Account of Commissionaires on Pension Payments	700	570	608		130	
48	Other Administrations on Account of Soldiers and Pension Contributions on Account of Commissionaires						
49	Pension Contributions on Account of Commissionaires	668	665	663		103	
50	Pension Contributions on Account of Commissionaires on Pension Payments	84	86	80		27	
51	Loan on Account of Public Works Department Staff	4,506	4,480	4,100		10	
	<b>Other Government on Account of Salary and Leave Pay of Transferred and Seconded Officials</b>	808	700	60		60	
52	Grants of Plots, Nairobi Rates Contributions	168	160	154		10	
	Pension Contributions on Account of Seconded Officials			180			
	Nyati Bridge Development Company			10			
	Seconded Staff to Imperial and International Communications, Ltd.			100			
	Samburu Levy Force			172			
	Kenya R.N.V.R. Donation from Sir Ali bin Salim, K.C.E., C.M.G.			62			
	Masai Levy Force			76			
	Missions on Account of Seconded Staff			353			
	Seconded Military Staff			4,520		1,620	
53	East Africa Stock Research Station, Naivasha	1,923				1,923	
	Carriage Corporation—Grant on Account of Native Agricultural Instruction						
54	Post Office Savings Bank						
	<b>TOTAL REIMBURSEMENTS</b>	<b>1,075,548</b>	<b>1,061,244</b>	<b>1,062,060</b>	<b>15,086</b>	<b>1,670</b>	
	<b>NET INCREASE—£14,304</b>						
	<b>GRAND BALANCE</b>						
1	Stand Premia for Part A	2,750	2,000	1,980		760	
2	Stand Premia for Towns	4,500	5,500	2,878		1,000	
	<b>TOTAL LAND SALES</b>	<b>119,250</b>	<b>13,800</b>	<b>12,507</b>	<b>750</b>	<b>1,090</b>	
	<b>NET DECREASE—£250</b>						

## XIII, XIV

## REVENUE

Item No.	DETAILS AND HOLLERITH CODE NUMBER	Estimates, 1937	Sanctioned Provisional Estimates, 1938	Actual Receipts, 1938	Increase	Decrease	Notes
		£	£	£	£	£	
<b>XIII—COLONIAL DEVELOPMENT FUND</b>							
	Colonial Voluntary Scholarship Scheme	230	230	230			
	Mineral Content of Natural Pastures Research at Nyirahia	2,200	2,200	1,850		1,114	
	Experiments in Tsetse Fly Control	193	1,303	2,700		20	
	Colonial Agricultural Scholarship Scheme	226	248	377		40	
	Coffee Investigation Work						
	Parakeva River Irrigation		150	350		160	
	Coffee Research		80	600		80	
	Steel Dismantling Machinery		600	2,600		600	
	Spinning of Jute Fibre		7,435	2,805		1,455	
	Malaria Control Measures, Kisumu	5,000	8,000	9,000		9,000	
	Malaria Control Measures, Mombasa	500	525			25	
	Reconstruction of Wooden Telegraph Pole		1,250	1,500		250	
	Grass, Malindi Development	2,380	6,350			3,070	
	Roads in Salimbi Area	17,000		2,100		17,000	
	Roads in the Area—Lumwa—Kenia Roads	18,365		600		18,865	
	Disposal of Surplus Cattle	23,590				23,590	
	Kenya Coffee Mosquito Bug Research	800				800	
	Essential Oils and Pyrethrum Industries			650			
	Hydro-electric Power Investigation			1,130			
	<b>TOTAL COLONIAL DEVELOPMENT FUND</b>	<b>71,730</b>	<b>28,501</b>	<b>14,822</b>	<b>59,756</b>	<b>16,686</b>	
	<b>NET INCREASE—£43,165</b>						
<b>XIV—PARLIAMENTARY GRANT, £50,000</b>							
1	Purchase of Land	5,920	16,467	6,571		10,567	
2	Compensation	13,458	13,642	5,376		184	
3	Salaries	1,010	2,650	1,736		1,040	
4	Unallocated	3,177	3,777			600	
	Aloraria Survey			100			
	Atti River Low-level Bridge	2,500	2,500	1,687			
	Tana River Bridge						
	<b>TOTAL PARLIAMENTARY GRANT</b>	<b>28,065</b>	<b>39,056</b>	<b>16,470</b>		<b>12,991</b>	
	<b>NET DECREASE—£12,091</b>						



COLONY AND PROTECTORATE OF KENYA

**Report of the Standing Finance Committee on the  
Draft Estimates of Revenue and Expenditure  
for the Year 1937**

**Part II—REVENUE**

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**Report of the Standing Finance Committee  
on the Draft Estimates of Revenue and  
Expenditure for the Year 1937**

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**Part II—REVENUE**

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# Report of the Standing Finance Committee on the Draft Estimates of Revenue and Expenditure for the Year 1937

## PART II—REVENUE

As a preliminary to the detailed examination of the printed Draft Revenue Estimates for 1937 the Committee considered the main recommendations dealing with Revenue contained in the Report of Sir Alan Pinn, namely—

- (a) Reductions in Native Taxation (paragraphs 75 and 76).
- (b) The introduction of an Income Tax including a basic minimum tax, and the consequential abolition of the Graduated Non-Native Poll Tax, the Non-Native Poll Tax and the Education Taxes (paragraphs 81 to 86).
- (c) The modification of the Traders and Professional Licences (paragraph 88).

2. After discussion the conclusion was reached that no final decision should be made on the principle of these recommendations, nor should consideration be given to the probable financial effect on the Revenue Estimates of their acceptance, or partial acceptance, until such time as a revision of the remaining items of Revenue unaffected by these proposals, *vis-à-vis* the Expenditure side of the Estimates, should have enabled the Committee to form an opinion as to what modifications would be possible or desirable.

3. As a consequence of the recommendations contained in Part I of this Report which had already been approved by the Legislative Council and the recommended additions to the remaining Revenue items referred to in paragraph 2 the Committee at a later stage in their deliberations formed the opinion that the Budget as revised would result in a surplus of estimated Revenue over estimated Expenditure of £99,518.

4. In these circumstances the Committee recommended the following reductions—

	£
Item 11. Hut and Poll Tax (Native) ... ..	25,000
Item 12. Non-Native Poll Tax ... ..	12,000
Item 13. Income Tax ... ..	40,000
Item 16. Traders and Professional Licences ...	2,500
Item 17. Petrol Tax ... ..	15,000
	£94,500

In this connection the European Elected Members stated that in their opinion the revised Estimates of Revenue had removed any budgetary necessity for the introduction of an Income Tax at the present time, and asked that it should be recorded that their acceptance of the principle of a light Income Tax on the lines of that enforced in the Rhodesias was actuated by the desire that finality should at last be reached on the subject of taxation, disagreements in regard to which had over a period of years exercised so damaging an influence on the economic conditions of the country and by the feeling that the best interests of all communities would be served by an equitable compromise. Their willingness to accept such a compromise had been strengthened by the recent announcement of the Secretary of State that the Governor-designate would be instructed to inquire into the reconstitution of the Executive Council. They accepted the modifications recorded in the first paragraph of this Report on the definite understanding that their introduction would not result in any increase of direct taxation on the non-native communities but might be described rather as a redistribution of the existing yield from other forms of direct taxation.

3. Mr. Pandya asked that it should be recorded that, in his opinion, imposition of income tax or acceptance of that form of taxation by the European elected members bore no relation to, nor had it anything to do with, the reconstitution of the Executive Council. The imposition of income tax was due to budgetary necessity. When the Governor-designate came to inquire into the question of the reconstitution of the Executive Council, Mr. Pandya did not think that the acceptance or otherwise of income tax by the European elected members should receive any special consideration.

4. The Elected Members asked that they should be given an assurance that it was not Government's policy progressively to increase native services in such a way as to necessitate the imposition of increased direct taxation on the non-native communities. The official members recognized the equity of this attitude and the Colonial Secretary undertook to recommend its acceptance to Government. At the same time he pointed out that though under the proposals in this Report the expenditure allocated to native services in 1937 would considerably exceed that available under the Moyne formula, at the same time these proposals had not resulted in any net increase in taxation on the non-native communities, but in fact a net decrease of approximately £37,000, not including postal reductions.

#### HEAD I—CUSTOMS AND EXCISE.

7. The Committee discussed with the Commissioner of Customs, the Director of Agriculture and the Agricultural Economist the Estimates of Revenue under Head I, Customs and Excise, and sought, as a preliminary to a detailed examination of these figures, an explanation of the formula, if any, on which the Revenue Estimates in any given year were related to estimated export figures with particular reference to those for Agricultural Exports.

8. The Commissioner of Customs stated that the connection between these figures had engaged his attention, and he had satisfied himself that over a period of years there was a close relationship between actual Agricultural Export values and actual Customs receipts. This expression of opinion he substantiated by means of a graph drafted on the data provided on pages 255 and 260a of Sir Alan Pim's Report.

9. The Commissioner pointed out, however, that in the preparation of Estimates any formula based on figures of agricultural exports must be accepted with the greatest reserve. The realization of agricultural export values was dependent in any given year on such problematic factors as climatic conditions, market movements and social changes.

10. In a more or less fully developed country there were obvious reasons why Customs receipts should not improve in proportion to increased prosperity, since the imposition of duties tended automatically to increase the internal production of dutiable articles; and in the case of Kenya he expressed the view that two other influences were at work which would militate against any startling improvement in Customs Revenue in 1937.

11. In the first place, until the country had fully recovered from the effects of the depression, a large portion of the increased income of the individual would be utilized in meeting accrued liabilities and the purchasing power of the community would be correspondingly decreased.

12. In the second place it must not be forgotten what a large part the Railway played in the economic life of Kenya. Railway returns during the latter half of 1936 had made it clear that further substantial reductions would shortly be possible in rates. This assumption had been confirmed by the General Manager in the recent debate on the Railway Estimates in the Legislative Council, and later still by the announcement of the revised tariffs which would come into operation as from January 1st, 1937. In anticipation of these reductions importers had naturally been averse from moving imports during the last three months of the year and, except where transfer was

unavoidable, there had been a tendency to clear goods and house them in Mombasa in private warehouses until advantage could be taken of the more favourable rates.

13. In view of the Customs arrangement between the territories of Kenya, Uganda and Tanganyika Territory whereby moneys collected in respect of Customs duties on entry are credited to Kenya Funds and only reallocated when definite proof of transfer is available, he explained that the Kenya receipts would be artificially swollen over the period of restricted movement during the latter part of 1936, and would suffer correspondingly with increased traffic transfers in 1937.

14. In reply to a question the Commissioner of Customs anticipated that the postponement of transfers from Kenya to Uganda and Tanganyika Territory in 1936 might cause an inflation of Kenya revenue of from £30,000 to £40,000. In estimating the 1937 receipts therefore the figures for 1936 could not be taken as a safe guide.

15. The Commissioner of Customs stated that in arriving at his figure of £740,000 shown in the printed Draft Estimates he had taken all the then known factors into consideration. He had, also, made use of the Agricultural Export value estimate of £3,140,000 originally supplied to him by the Agricultural Department.

16. The Director of Agriculture then explained that, in consequence of actual figures for Agricultural Exports for the first nine months of 1936 having now been made available, he felt himself justified in increasing his estimated figures for 1937 from £3,140,000 to £3,307,000. The Committee considered in detail the items of which this total was composed, bearing in mind the following considerations:

- (i) That the full effects of a good coffee crop in 1937 would not be felt from an economic point of view until 1938.
- (ii) That increased maize planting for the 1936-1937 period would have little effect on maize exports in 1937.
- (iii) That a reasonable margin of error should be allowed for market fluctuations.
- (iv) That allowance should be made for the spending of advances acquired in respect of standing crops, although this would, in all probability, be offset by restricted spending on account of the immediate desire of farmers to meet liabilities referred on account of the depression.

17. In the light of evidence adduced, the Committee with the concurrence of the Director of Agriculture recommended that the figure of £3,307,000 might with safety be increased to approximately £3,600,000 and recorded major increases in export values of the following items:

Maize, tea, sugar, butter, ghee, skins, wool, cotton, wattle bark and wattle extract.

Allowance for non-agricultural export values, estimated at approximately £600,000, would bring the total value of Kenya exports to a figure in excess of £4,000,000 for 1937.

18. In these circumstances the Commissioner of Customs stated that he would be prepared to increase his original estimate of £740,000 to £810,000 and the Committee recommended accordingly.

19. While agreeing that it was not unreasonable to anticipate that this figure would be reached the Treasurer at this stage invited the attention of the Committee to the dangers of estimating Revenue too liberally. He pointed out that in the past few years expenditure had been restricted and the fulfilment of many justifiable demands had been postponed on the grounds that funds were not available. In due course these demands would have to be met, and he



was apprehensive that the estimating of Revenue "to the hilt" would leave no margin during 1937 for meeting unanticipated expenditure. Provision of this nature during 1936 under Special Warrants had amounted to approximately £150,000.

20. The Committee appreciated the fact that the Treasurer by virtue of his office, was bound to adopt this attitude but were of opinion that in arriving at an estimate of revenue they should not be influenced by the question of unforeseen expenditure. At the same time they expressed the view that the potential danger outlined by the Treasurer should as far as possible be obviated by a rigid scrutiny of Special Warrants during 1937.

21. The revised details of Customs Revenue forming the total of £810,000, have been incorporated in the Schedule appended to this Report.

## HEAD II - LICENCES, DUTIES, TAXES, ETC.

### Item 2 - Game Licences.

22. It was explained that the decreased yield on the 1936 estimate shown under this item was consequent on a marked drop in 1936 receipts. This decrease the Game Warden assigned in part to the high cost of licences, and in part to the increased interest in photographing, as opposed to shooting game. In view of information recently received that the local safari agencies were fully booked up with visitors for 1937, however, he considered it safe to restore the estimate to the 1936 figure of £8,500.

23. The Committee recommended accordingly.

### Item 6 - Coffee Licences.

24. The Director of Agriculture explained that a case had been put up by the Coffee Board for the transfer from General Revenue to the Board of all receipts in respect of Coffee Licences.

25. The Committee heard evidence on the subject but in view of the increase of £1,000 already recommended on the Expenditure side of the Estimates in respect of improved Coffee Research Services they were unable to agree to immediate acceptance of the proposal.

### Item 8 - Licences under Traffic Ordinances.

26. In view of the revised estimate of £57,000 for 1936, the Committee recommended that this item should be increased by £5,000 to £60,000.

### Item 9 - Stamp Duties, Various Revenue Purposes.

27. The evidence of the Acting Principal Registrar of Wills and others made it appear that revenue under this item was buoyant, and that the estimated figure for 1936 would be exceeded.

28. The Committee recommended an increase of £5,000 to £60,000.

### Item 10 - Cattle Traders Licences.

29. It was explained that the increase in receipts in 1936 in respect of these licences was largely assignable to the boom in stock trade in consequence of the Italo-Ethiopian situation. This influence would not be felt in 1937.

30. The Committee accepted the view that the proposed inauguration of the meat and by-products factory of Messrs. Leabigs (Kenya) Ltd., must have a stimulating effect on the stock industry and recommended an increase of £100 to £1,100.

### Item 11 - Hut and Poll Tax (Native).

31. The Committee considered the proposals for remissions in native taxation contained in paragraphs 76 and 78 of Sir Alan Pim's Report.

32. The Chief Native Commissioner stated that he had taken steps to investigate the loss to revenue which would result from the acceptance of either or both of Sir Alan's recommendations. Sir Alan himself had estimated that the loss on raising the age for tax liability from sixteen to eighteen would amount to £20,000, and that on remitting half the liability on multiple huts to £45,000. A detailed calculation based on 1935 actual collections, however, raised these figures to £25,000 and £25,000 respectively.

33. In reply to a question the Chief Native Commissioner stated that the sum of £540,000 which appeared in the printed Draft Estimates represented the amount which, in his opinion, would be collected in 1937 on the present basis of assessment. The Revised Estimate for 1936 amounted to £520,000 only but it was his view that a tightening up of collections in areas where there had been a reluctance rather than an inability to pay and the spread of the Kodak stamp system, should result in the 1937 Estimates being realized.

34. The Treasurer explained that the figure of £15,000 appearing in the Revised Revenue Estimates for 1936 on account of the sale of stamps was in respect of stamps purchased but not yet exchanged for tax tickets. This sum could not therefore yet be allocated to Hut Tax Receipts. He explained that under the Stamp system this lag was unavoidable. After the first year the floating balance should remain approximately constant and it would not therefore be necessary to take it into account in estimating receipts from this source in future years.

35. At this stage of their deliberations, as explained in the third paragraph of this Report, the Committee had made recommendations increasing the 1937 Revenue estimated on the basis of the items incorporated in the printed Draft Estimates by £99,518.

36. The Committee was informed that the opinion had been expressed over a period of years and by numerous individuals both within and outside the Colony that it was inequitable that while in the case of other races the age of liability for tax was higher, in the case of the native it should be fixed at sixteen years. This view had already been accepted in the adjoining territories of Uganda and Tanganyika but the Government of Kenya had not in the past supported it since it was felt that the native who matured earlier than the European or Asiatic and consequently earned a man's wage at an earlier date, should also pay a man's tax earlier. Sir Alan Pim had now raised his support to those who considered that the age for liability should be raised and in the circumstances it did not appear practicable to defer taking this step any longer.

37. The Committee, however, considered that the proposal to remit a half of the tax assessment for multiple huts required further investigation during 1937.

38. The Committee discussed the question at length and in reaching their conclusion bore in mind the following considerations:

- (i) That expenditure on native services was on the increase and on the existing basis of taxation had already, in the Expenditure Estimates for 1937, exceeded the Moyne formula by a considerable sum, and that although it was undesirable that this expansion should be unduly retarded, it was necessary that the native should contribute a fair share towards the expenditure on his own betterment.
- (ii) That even accepting the principle that all the recommendations in Sir Alan Pim's Report should be made effective at as early a date as possible, it was clear that a number of the economies proposed could only be put into operation after considerable delay, and it was desirable that reductions in revenue should, as far as possible, march with these economies.
- (iii) That while direct native contributions to Revenue had decreased over a period of years it appeared probable that their indirect contributions had substantially increased.
- (iv) That the acceptance of Sir Alan Pim's proposals in full would mean relief in native taxation of approximately £60,000, the effect of which would be that a considerable portion of the expenditure on native services would be a direct charge against non-native taxation.

### Item 12 - Non-Native Poll Tax.

39. The Committee recommended that the yield estimated under this item should be reduced by £12,000 from £62,000 to £40,000.

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Item 13—Income Tax.

40. The Committee recommended that the yield estimated under this item should be reduced from £83,500 by £40,000 to £43,500.

Item 10—Traders and Professional Licences.

41. The Committee considered the recommendation contained in paragraph 354 of Sir Alan Pim's Report and recommended that the licence fees imposed under the 1934 Licensing Ordinance should revert to the scale formerly obtaining, with a consequential reduction of £23,500 on the amount included in the printed Draft Estimates and a reduction of £12,500 on the approved Estimates for 1936.

Item 17—Petrol Tax.

42. The Committee considered this item in the first place on the basis of its computation in the Printed Draft Estimates and was informed, in evidence, that in the view of local commercial undertakings the trading prospects for 1937 were favourable. It was understood that the 1936 sales had shown an increase of 6.56 per cent over those for 1935 and that a 7 per cent increase in 1936 was anticipated in 1937.

43. The Committee recommended that in view of the above information and in view of the buoyant revenue for 1936, this estimate should be increased by £16,500 to £63,500. In this computation account was taken of the increased use of heavy oils in diesel engines and it was further recommended that in order to preserve the equilibrium between petrol and heavy oils the possibility of increasing taxation on vehicles employing this form of power should be examined.

44. At a later stage of their deliberations, the Committee was able to review the recommendations in the preceding paragraph in the light of the conclusions reached at paragraph 9 of this Report. They were of opinion that a remission of taxation in petrol consumption tax would be distributed over all communities and, in consequence, recommended that the revised estimate of yield under this item should be reduced by a sum of £18,000 to £45,500.

Item 18—Cotton Tax.

45. The Deputy Director of Agriculture (Wheat Industry) explained that the crop estimate on which this item's receipts were based was 15,000 bales. The revised estimate amounted to 23,300 bales, or a 55 per cent increase. Cotton areas however did not yet pay tax. These areas were Kilim, Southern Machakos and Taveta where the yield should amount to 3,000, 500, and 500 bales respectively. The taxable yield therefore would be approximately 15,300 bales. On a tax of Sh. 8 per bale total receipts would amount to £7,400.

46. The Committee recommended that this item should be increased by £1,500 to £7,500.

HEAD III—FEES AND PAYMENTS FOR SPECIAL SERVICES.

Item 1—Registration of Companies and Business Names.

47. In view of the revised figures of revenue during 1936 under this item and in consequence of advice from the Registrar General that receipts were increasingly buoyant, the Committee recommended that this item should be increased by £200 to £1,700.

Item 4—Registration of Patents and Designs and Trade Marks and Bills of Sale Fees.

48. In view of actual receipts for 1936 the Committee recommended that this item should be increased by £50 to £550.

Item 5—Survey Fees.

49. The Committee recommended that this item should be increased by £200 to £1,500.

Item 8—Veterinary Inoculation Fees, etc.

50. The Acting Chief Veterinary Officer explained that revenue receipts under this item were largely of a fortuitous nature but he agreed that the average of receipts over a period of years would warrant some increase in the estimate for 1937. He expressed the opinion that if the expenditure provision under items 117, 118, and 119 of Head III could be increased by a total of £500 to the figure sanctioned in the estimates for 1936, the yield under this item might safely be increased to £100.

51. The Committee recommended accordingly.

Item 9—Hospital Fees.

52. The Committee, on the advice of the Director of Medical Services, recommended an increase of £200.

Item 10—Bills of Health.

53. The Committee noted that Government had decided to give effect to Article 49 of the International Sanitary Convention of 1926 and amend Regulation 30 of the Public Health (Port Health) Rules, page 1154, Volume Sub-Legislation and provide for the issue of Bills of Health free, with the consequent elimination of this item and the deletion of the yield estimated thereunder.

Item 11—Miscellaneous Fees.

54. The Committee recommended that this item should be increased by £100 to £3,000.

Item 14—Passport Fees.

55. In view of the revised actual figures for 1936 and the probability of increased travelling from within the territory during 1937 in consequence of the Coronation the Committee recommended that this item should be increased by £200 to £2,500.

Item 25—Agricultural Produce, Grading, Conditioning, and Cold Storage Fees, etc.

56. The Director of Agriculture stated that the estimate of receipts at this item was of a very provisional nature. He had been in consultation with the Kenya Farmers Association and, in view of their estimate of maize exports, he expressed the opinion that the figure of £4,700 might safely be increased to £5,400. The consequential increase at Expenditure Head III, Item 73, would be £200.

57. In reply to a question he explained that this service was not run to show a profit and, in fact, receipts did not cover working expenses.

58. The Committee recommended an increase of £700.

Item 31—Water Board Fees.

59. The Committee noted that there had been a reduction in these charges but in view of the buoyancy of 1936 receipts recommended that the estimated yield should be increased by £100 to £200.

HEAD IV—POSTS AND TELEGRAPHS.

Item 1—Sale of Stamps.

60. The Postmaster General explained that since the submission of the figure of £95,000 appearing in the Draft Estimates, a revised estimate had shown that this figure might be increased to £100,000. Against this, however, had to be set the loss in revenue consequent on the approval of his proposal to introduce lower internal postal rates on letters and postcards, estimated to amount to somewhat more than £6,000. He asked, therefore, that the printed figure should be reduced by £1,000 to £94,000.

61. The Committee recommended accordingly.

## HEAD V—EARNINGS OF GOVERNMENT DEPARTMENTS.

### Item 2—Prison Industries.

62. In answer to a question the Commissioner of Prisons stated that Prison Industries showed a very substantial profit. Expenditure in 1936 amounted to £5,807 and receipts to £9,593. In view of the buoyant nature of this Revenue in 1936 he expressed the view that estimated receipts at this item might be increased by £600.

63. The Committee recommended accordingly.

### Item 3—Sera, Vaccine and Laboratory Products.

64. In the light of the latest 1936 revenue returns the Committee recommended an increase of £500 to £9,500.

### Item 4—Mombasa Water Supply.

65. After discussion the Director of Public Works agreed that in view of the fact that the probable yield under this item during 1936 would amount to £45,000 it would be safe in 1937 to anticipate a further increase of £3,000, or a total of £48,000.

66. The Committee examined the suggestion that any net profits on this undertaking, after making full allowance for renewals, interest charges, should be applied to relief of local consumers and should not accrue to Government. Whilst not disputing the force of this argument, the Committee felt unable at this stage to give full effect to the proposal and accordingly recommended reduction of the estimate as amended from £48,000 to the figure of £45,500, the balance of £4,500 being utilized for relief of the inhabitants of the Mombasa district, the form this relief should take being left for discussion with the appropriate local authorities.

### Item 5—Kisumu Water Supply.

67. In view of the actual yield in 1936 the Committee recommended that this item should be increased by £600 to £5,000.

### Item 6—Kericho Water Supply.

68. The Committee recommended that this item should be increased by £15 consequentially on the corresponding increase at Head III, Expenditure.

### Item 7—Akiba Water Supply.

69. The Committee recommended that this item should be increased by £50 consequentially on the corresponding increase at Head III, Expenditure.

### Item 8—Hire of Government Vehicles.

70. The Committee recommended that this item should be increased by £25 to £75.

### Item 20—East African Agricultural Journals.

71. In view of the recommendation recorded in respect of Item 25 of Expenditure Head III the Committee recommended that the figure for receipts under this item should be deleted.

## HEAD VI—REVENUE FROM GOVERNMENT PROPERTY AND ROYALTIES.

### Item 8—Mining Revenue.

(a) Royalties, £18,750.

(b) Fees, £7,000.

72. In answer to a question, the Commissioner of Mines explained that an increase in receipts from royalties tended to be offset by a decrease in fees, since production and prospecting did not march together, but normally succeeded one another. In consequence, while anticipating an increase of £4,750 in the former, he had estimated for a £4,000 decrease in the latter.

73. Despite the serious shortfall in actual as against estimated revenue for 1936, the Committee accepted the view that the maximum probable production for October, 1936, might be accepted as an indication of reasonable possibilities in 1937, and accepted the estimate.

### Item 6—Quarry Royalties, £350.

74. The Committee invited the attention of the Acting Commissioner for Local Government, Lands and Settlement to the fact that, although revenue at this item had increased yearly from 1934 to a figure of £766 in 1935, and although a sum of over £400 had been collected by the close of August, 1936, the sum of only £360 had been estimated for 1937, or £150 below the 1936 estimate.

75. The Acting Commissioner for Local Government, Lands and Settlement explained that the estimate was based on detailed figures supplied from the various quarrying centres, but expressed the opinion that the estimate might be increased by £150 to £500.

76. The Committee recommended acceptance of this proposal.

## HEAD VII—FOREST DEPARTMENT REVENUE.

### Item 1—Seed and Plant Sales.

77. The Committee was informed that the revenue from this source had shown a falling-off in 1936. This decline the Conservator of Forests ascribed in part to adverse climatic factors and in part to the entry into the market of a certain number of private seedsmen. He asked that the printed estimate should be reduced by £50.

78. The Committee recommended accordingly.

### Item 2—Timber Sales and Royalties.

79. The Committee noted that there had been a marked improvement in the timber trade in Kenya, and recommended that the estimate under this item should be increased by £200 to £14,000.

### Item 3—Fuel Sales and Royalties.

80. The Conservator of Forests informed the Committee that on the basis of receipts for the first nine months of 1936 the estimate under this item might safely be augmented by £1,000.

81. In answer to a question by Mr. Conway Harvey, he explained that there was, in fact, a decrease in receipts from the Railway. The estimated figure of sales to the latter Administration was unassailable, since it was based on forward contracts. He ascribed the 1936 improvement in receipts under this item entirely to the demand for charcoal by pyrethrum-growers and others, a factor to which reference had been made at page 21 of the Memorandum on the Draft Estimates.

82. The Committee recommended accordingly, and noted that a slight consequential increase would be necessary at Expenditure Head IX, Item 20.

### Item 4—Miscellaneous Forest Receipts.

83. The Committee recommended the increase of estimated yield under this item by £100 to £1,800 in the light of improved 1936 returns.

### Item 5—Sale of P350s.

84. The Committee noted that the yield under this item should be reduced to £250 with a consequential reduction of the cross-entry at Expenditure Head IX, Item 26.

### Item 6—Reimbursements.

85. The Committee was informed that this was a declining figure, and, in view of the receipts already brought to account in 1936, recommended that a reduction of £300 should be made.

## HEAD XI—REIMBURSEMENTS.

*Item 1—Customs.*

86. In consequence of the recommended increased estimate of Kenya revenue at Head I, the Committee noted the reduction of the reimbursements from Uganda shown at this item by £1,039 to £21,920.

*Item 10—K.A.R. Northern Brigade.*

87. The Committee understood that in view of the alterations recommended in respect of Items 15 and 20 of Head XVIII of Expenditure, and also in respect of the new items included in Head XVIII, the joint cost to Kenya and Uganda of the Northern Brigade had risen from £124,987 to £129,399, of which 98.7 per cent—the Uganda contribution—amounted to £250,077. It was accordingly recommended that receipts under this item should be increased by £1,707.

*Item 11—Posts and Telegraphs.*

88. In view of the revised estimate at Appendix L, the Committee recommended an increase of £124 to £63,026.

*Item 17—Prisons: Personal Emoluments.*

89. The Committee noted an increase of £230 consequentially on the recommended increased services shown at Expenditure Head XXV, under Items 19, 20 and 25.

*Item 24—Audit.*

90. The Committee understood that this item should be reduced by £400 to £3,725, this latter sum being inclusive of the increase of £200 envisaged under Item 1 of Expenditure Head IV.

## HEAD XII—LAND SALES.

*Item 2—Stand Premia for Town Plots.*

91. The Commissioner for Local Government, Lands and Settlement explained that, in view of information made available since the preparation of the Draft Estimates, he was of opinion that the revenue estimate of £2,000 should be increased by £2,500 to £4,500.

92. The Committee recommended acceptance of this proposal.

93. In answer to a question, it was stated that the hotel site, Mombasa, had been put up for auction on several occasions, but that no bid had been made. The Committee were of opinion that the present terms of lease, embracing as they did a £60,000 construction clause, were of too onerous a description, and recommended that the Commissioner for Local Government, Lands and Settlement should be instructed to review the terms of sale with a view to their modification on a sound but more reasonable and attractive basis.

## HEAD XIII—COLONIAL DEVELOPMENT FUND.

*Item 4—Colonial Agricultural Scholarship Scheme.*

94. The Committee noted that the printed provision should be reduced to £226 in consequence of the reduced expenditure recommended under Head III at Item 27.

95. The recommendations of the Committee recorded above, and set out in the succeeding Schedule, *et cetera*, the recommendations contained in Part I of this Report, would, if approved, show a surplus of Revenue over Expenditure in 1937 amounting to £5,018, as follows:

Estimated Revenue	£3,442,311
Estimated Expenditure	£3,437,293
Surplus	£5,018

1937. We wish to place on record our appreciation of the work done by the Clerk. Mr. Baker Beall has prepared the drafts with a minimum of delay and thus enabled us to submit the Reports before the end of the year. We realise that this has entailed very considerable overtime work for him and his office staff.

A. DE V. WADE (*Chairman*)

G. WALSH

H. R. MONTGOMERY

FRANCIS SCOTT

CONWAY HARVEY

H. E. SCHWARTZ

J. B. PANDYA

C. J. WILSON

## SCHEDULE

Comparative Table Showing the Effect on the Draft Estimates of Revenue for 1937 of the Amendments thereto Recommended by the Standing Finance Committee

Item No.	HEAD OF REVENUE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£		
<b>I.—CUSTOMS AND EXCISE—</b>							
1	Grain and Flour	17,000		18,500		1,500	
2	Spirits	128,000		133,500		5,500	
3	Wines, Ale and Beer	23,000		29,500		6,500	
4	Other Food and Drink	31,000		36,000		5,000	
5	Tobacco	60,000		65,000		5,000	
6	Raw Materials and Articles Mainly Unmanufactured	2,500		3,000		500	
7	Cotton Yarn and Manufactures	130,000		161,000		31,000	
8	Other Textile Manufactures	23,000		25,500		2,500	
9	Oils, Fats and Resin Manufactures	85,500		103,500		18,000	
10	Vegetables	32,000		35,500		3,500	
11	Miscellaneous Goods	6,500		8,000		1,500	
12	Parcel Post	183,000		140,000		43,000	
13	Sundries	35,000		42,000		7,000	
14	Beer	2,000		3,000		1,000	
15	Sugar	6,000		8,500		2,500	
16	Rice	14,000		15,000		1,000	
17	Tea	14,500		15,000		500	
18	Religious	3,000		4,000		1,000	
	<b>TOTAL HEAD I</b>		740,000		810,000		
<b>II.—LICENSES, DUTIES, TAXES, ETC.—</b>							
2	Gam Licences	3,000		8,500		5,500	
3	Licences under Traffic Ordinances	55,000		60,000		5,000	
4	Stamp Duties, various Revenue Purposes	55,000		60,000		5,000	
5	Cattle Traders' Licences	1,500		1,400		100	
6	Hut and Poll Tax (Native)	640,000		515,000		125,000	25,000
7	Non-Native Poll Tax	62,000		40,000		22,000	12,000
8	License Tax	83,500		43,500		40,000	2,500
9	Traders' and Professional Licences	25,000		22,500		2,500	
10	Petrol Tax	58,000		53,500		4,500	
11	Cotton Tax	6,000		7,500		1,500	
	<b>TOTAL HEAD II</b>		944,050		872,150		
<b>III.—FEES AND PAYMENTS FOR SPECIFIC SERVICES—</b>							
1	Registration of Companies and Business Names	1,500		1,700		200	
2	Registration of Patents and Designs, etc.	500		350		150	
3	Survey Fees	1,200		1,500		300	
4	Veterinary Inoculation Fees, etc.	3,250		10,000		6,750	
5	Hospital Fees	8,000		6,200		1,800	
6	Bills of Health	3,500		Nil		3,500	800
7	Miscellaneous Fees	3,000		13,100		10,100	
8	Passport Fees	2,400		2,500		100	
9	Agricultural Features, Crystals, Coils, etc.	1,000		5,400		4,400	
10	Water Board Fees	100		200		100	
	<b>TOTAL HEAD III</b>		112,640		115,440		
<b>IV.—TOWN AND TELEGRAPHY—</b>							
1	Rate of Stamps	95,000		94,000		1,000	
	<b>TOTAL HEAD IV</b>		191,845		190,845		

COMPARATIVE TABLE SHOWING THE EFFECT ON THE DRAFT ESTIMATES OF REVENUE FOR 1937 OF THE AMENDMENTS THERETO RECOMMENDED BY THE STANDING FINANCE COMMITTEE (Contd.)

Item No.	HEAD OF REVENUE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£		
<b>V.—EARNINGS OF GOVERNMENT DEPTS.—</b>							
2	Prison Industries	10,000		10,000		600	
3	Serol Vaccine and Laboratory Products	3,000		3,500		500	
4	Mombasa Water Supply	49,000		43,500		5,500	
5	Kisumu Water Supply	275		6,000		5,725	
6	Kericho Water Supply	4,500		280		4,220	14
7	Kaji Water Supply	200		340		140	50
8	Hire of Government Vehicles	50		75		25	
9	East African Agricultural Journal	550		Nil		550	
	<b>TOTAL HEAD V</b>		82,245		83,784		
<b>VI.—REVENUE FROM GOVERNMENT PROPERTIES AND ROYALTIES—</b>							
0	Quarry Royalties	350		1,500		1,150	
	<b>TOTAL HEAD VI</b>		85,647		85,007		
<b>VII.—SALE OF GOVERNMENT PROPERTY—</b>							
			14,450		14,450		
<b>VIII.—MISCELLANEOUS RECEIPTS—</b>							
			12,005		12,005		
<b>IX.—FOREST DEPARTMENT REVENUE—</b>							
1	Seed and Plant Sales	1,550		11,000		9,450	60
2	Timber Sales and Royalties	13,500		14,000		500	
3	Fuel Sales and Royalties	11,500		12,500		1,000	
4	Miscellaneous Forest Receipts	11,700		11,500		200	
5	Sale of Pocho	1,500		1,500			
6	Reimbursements	1,000		1,450		450	200
	<b>TOTAL HEAD IX</b>		30,300		31,500		
<b>X.—INTEREST—</b>							
			88,987		88,987		
<b>XI.—REIMBURSEMENTS—</b>							
1	Customs Department	22,250		21,220		1,030	1,030
2	K.A.R.—Northern Brigade	48,370		50,077		1,707	
3	Posts and Telegraphs	62,002		63,026		1,024	
4	Prisons—Personal Emoluments	1,740		1,970		230	
5	Audit	4,125		3,725		400	
	<b>TOTAL HEAD XI</b>		1,074,929		1,075,548		
<b>XII.—LAND SALES—</b>							
1	Stand Premium for Town Plots	5,000		5,500		500	
	<b>TOTAL HEAD XII</b>		10,750		13,250		
<b>XIII.—COLONIAL DEVELOPMENT FUND—</b>							
1	Colonial Agricultural Scholarship Scheme	248		225		23	
	<b>TOTAL HEAD XIII</b>		7,762		7,750		
<b>XIV.—PARLIAMENTARY GRANTS—</b>							
			20,000		20,000		
	<b>GRAND TOTAL</b>		3,430,322		3,442,311	11,989	89,111

NET INCREASE OF STANDING FINANCE COMMITTEE RECOMMENDATIONS OVER DRAFT ESTIMATES—25,989



13

KENYA

No. 10

GOVERNMENT HOUSE,

NAIROBI

KENYA

January, 1937

Sir,

I have the honour to forward two authenticated and twelve printed copies of Ordinance No. XLIII of 1936 entitled "An Ordinance to Apply a Sum of Money for the Service of the Year ending the 31st day of December, 1937" together with a Legal Report thereon by the Attorney General.

2. This Ordinance passed its third reading in the Legislative Council on the 30th December, 1936, and I assented to it in His Majesty's name on the 30th December, 1936.

I have the honour to be,

Sir,

Your most obedient humble servant,

*[Signature]*  
ACTING GOVERNOR'S DEPUTY.

THE RIGHT HONOURABLE

W. ORMSBY GORE, P.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

LEGAL REPORT

THE 1937 APPROPRIATION BILL, 1936

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

Nairobi,

30th December, 1936

*W. H. ...*  
ATTORNEY GENERAL



Colony and Protectorate of Kenya

IN THE FIRST YEAR OF THE REIGN OF  
HIS MAJESTY KING GEORGE VI

ARMIGEL DE VINS WADE, C.M.G., O.B.E.,  
*Acting Governor.*

Assented to, in His Majesty's  
name this 30<sup>th</sup> day of December,  
1936.

A. de V. WADE

*Acting Governor.*

AN ORDINANCE TO APPLY A SUM OF MONEY  
FOR THE SERVICE OF THE YEAR ENDING  
THE THIRTY-FIRST DAY OF DECEMBER, 1937



ORDINANCE No. XLII of 1936

**An Ordinance to Apply a Sum of Money for the Service of the Year ending the Thirty-first Day of December, 1937.**

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

1. This Ordinance may be cited as the 1937 Appropriation Ordinance, 1936. Short title.

2. The Public Revenue for the year 1937, and other funds of the Colony and Protectorate of Kenya are hereby charged towards the service of the year ending the thirty-first day of December, one thousand nine hundred and thirty-seven, with the sum of three millions, four hundred and thirty-seven thousands, two hundred and ninety-eight pounds.

3. The money granted by this Ordinance shall be applied for the purposes and services expressed in the Schedule annexed hereto. Application of money granted.

4. The Treasurer of the Colony and Protectorate of Kenya is hereby authorized and required from time to time upon the warrant or order of the Governor to pay out of the Revenue and other funds of the Colony and Protectorate of Kenya, for the several services specified in the Schedule, the said sum of three millions, four hundred and thirty-seven thousands, two hundred and ninety-eight pounds which will come in course of payment during the year ending on the thirty-first day of December, one thousand nine hundred and thirty-seven. Treasurer's authority for payment.

SCHEDULE

No. of Head	1937 Appropriation	1936
I. His Excellency the Governor	15,957	
Ia. His Excellency the Governor Extraordinary	700	
II. Administration	223,805	
IIa. Administration Extraordinary	2,250	
IIb. Agriculture	130,655	
IIba. Agriculture Extraordinary	1,088	
IV. Civil Agency	19,977	
Va. Civil Agency Extraordinary	5,472	
Vb. Coast Agency Extraordinary	230	
VI. Conference of East African Governors	955	
VII. Customs	48,048	
VIIa. Customs Extraordinary	300	
VIII. Education	184,052	
VIIIa. Education Extraordinary	850	
IX. Forest	30,692	
X. Game	6,070	
XI. Government Analyst	455	
XII. Interest and Movable Debt	2,170	
XIII. Judicial	91,050	
XIV. Land	8,504	
XV. Local Government, Lands and Settlement	21,450	
XXVb. Local Government Contributions to Local Authorities	84,700	
XVII. Medical	207,853	
XVIIa. Medical Extraordinary	54,596	
XVIII. Military	167,823	
XVIIIa. Military Extraordinary	7,665	
XX. Mining and Geological	10,885	
XXa. Miscellaneous Services	72,897	
XXa. Miscellaneous Services Extraordinary	3,120	
XXI. Pensions and Gratuities	225,000	
XXII. Police	138,308	
XXIIa. Police Extraordinary	1,031	
XXIII. Posts and Telegraphs	238,811	
XXIIIa. Posts and Telegraphs Extraordinary	3,480	
XXIV. Printing and Stationery	23,438	
XXV. Prisons	50,045	
XXVI. Public Debt Funded	1,054,603	
XXVII. Public Works Department	70,819	
XXVIII. Public Works Recurrent	115,284	
XXIX. Registrar General	5,148	
XXX. Rent and Interest to His Highness the Sultan of Zanzibar	10,000	
XXXI. Secretariat and Legislative Council	29,245	
XXXII. Trade and Information Office	1,540	
XXXIII. Treasury	23,840	
XXXIV. Public Works Extraordinary	120,750	
XXXV. Colonial Development Fund	63,531	
XXXVI. Warlike Military Grant	228,000	
	<b>7,437,228</b>	

Passed in the Legislative Council the \_\_\_\_\_ day of December, in the year of our Lord one thousand nine hundred and thirty-six.

This printed impression has been carefully compared by me with the Bill which passed the Legislative Council and is presented for authentication and assent as a true and correct copy of the said Bill.

**R. W. BAKER** *DEPUTY*

*Acting Clerk of the Legislative Council.*

*Other points*

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ESTIMATES, 1937.

Despatch  
Paragraph 19.

Head IIA. Administration Extraordinary.

Item 75. Reconditioning of Machakos Native Reserve, £400.

The Machakos Local Native Council have provided funds for some years for the reconditioning of the Native Reserve, including the salary of a Reconditioning Officer. The sum of £400 to be contributed by Government is designed to enable the Council to engage a second officer. Further encouragement of a substantial nature is afforded by the further grant of £42,000 from the Colonial Development Fund for the improvement and provision of Water Supplies. £5,000 of this sum is allocated to the Machakos district.

Head VIIIA. Education Department Extraordinary.

Item 2. Purchase of scientific equipment for Primary Schools, £400.

It is proposed to introduce a modern side into the curricula of the Primary Schools to include a course of Science.

Paragraph 58.

Head XVI. Local Government. Contributions to Local Authorities. £93,790. Increase of £582.

The O.A.G. proposes to appoint a committee to report upon a revision of statutory contributions payable by Government to Local Authorities, with a view to introducing a more equitable distribution and, if possible, to effecting economies.

Paragraph 73.

Head XVIII. Military.

The estimated increase under this head amounts to £5,459. The increase is due solely to the incorporation in the Estimates of provision in respect of the new Territorial Defence Forces and the new Coast Defence proposals.

As regards the latter, it appears that the provision for Kenya's share (£2,897) is made on the basis of 3/10ths Kenya, Uganda, and Tanganyika, and 1/10th Zanzibar, as recommended by the Governors' Conference. Additional provision will be required in view of the decision that Tanganyika shall not contribute to Coast Defence.

*the main one is J. All these points are in the report. C.R.*

Paragraph 92. Head XVIII. Military Extraordinary.

- Item 1. Purchase of 500 rifles and accessories, £3,846.
- Item 2. Purchase of mortars, £500.

The Committee felt that the re-armament of the King's African Rifles during the next few years must be faced, and in consequence the present provision has been inserted as the first instalment of a comprehensive scheme which will be carried out as speedily as the finances of the Colony permit. The matter has already formed the subject of correspondence.

Paragraph 93. Head XXII. Police.

- Item 72. Post-mortem and Medical Examination fees. Expenses in connection with, £500.

This is provided for the restoration of the payment of fees to Medical Officers appointed to the Service before the 1st of January, 1934. Officers appointed since that date are not entitled to it.

Sir T. Stanton to see.

*D*

Paragraph 128. Head XXVII.

- Item 77. Contribution to Water Supplies Renewals Fund £14,000.

During the depression it has not been possible to maintain these contributions. The annual provision is computed to be £22,397. But as a start they are providing £14,000, that is to say, as much as can be afforded in 1937.

SIR ALAN PIM'S ECONOMY PROPOSALS  
AS REFLECTED IN THE 1937 ESTIMATES.

Proposals for the reorganization of districts, and the substitution of 10 Local Civil Service (Tax) Officers for 10 District Officers:

Despatch  
Paragraph 12(11)

The Acting Governor says that considerable local unofficial opposition has already been manifested towards certain of the proposed reductions in staff and in other cases. It is for consideration whether the indirect effect of the proposed reorganization would not be to increase rather than decrease expenditure without any material gain of executive efficiency. Sir A.Pim suggested the districts in which the new Tax Officers could be suitably employed; he agreed, however, that it would be a matter for local decision. In any case, the O.A.G. is appointing a small committee to examine each group of proposals on its merits.

Provision has been made in the Estimates for the salary of two Tax Officers - proper title "District Revenue Officers" - who will, in all probability, be employed in the Nyanza Province. The officers will be members of the Local Civil Service. Further recruiting will be delayed until it has been found possible to draw up a comprehensive scheme of operation for this Service on the basis of the experience gained in the case of these two officers.

The establishment of District Officers remains unaltered at 107 and the provision shows a slight increase of £133, but no Administrative Cadets are to be recruited in 1937. This, and normal casualties, should result in a reduction of the establishment to 100 at the close of the year.

Agricultural Department.

Agricultural Department.

Paragraph 21.

While Government is committed in principle to the proposed reorganization of the Department, the financial provision for 1937 is on the present distribution of staff. The total provision of £130,555 exceeds the 1936 provision by £6,912.

In accordance with the recommendation in paragraph 250 of the Pim Report, certain Research Officers have been grouped under the Senior Plant Breeder and Experimentalist as a Coffee Team. The Coffee Team's research is to be with special attention to "quality". It will also fill in the gaps in the investigations which have occurred through lack of coordination.

In connection with this service, a scheme has been drawn up for the establishment of two Coffee Sub-stations in the Nandi and Kikuyu coffee growing areas at an all-in cost of £1,960. This involves the engagement on Local Civil Service terms of an additional Assistant Agricultural Officer and Junior Laboratory Assistant. Telegraphic approval of this is requested.

- Item 133 Training fees for African Instructors.. £180.
- Item 155 Bursaries at Makerere ..... £150.

The 1936 provision for these items was £75 in each case. The increased provision is in accordance with the recommendation of Sir A. Pim, who throughout his report has expressed the view that, wherever possible, Africans should be trained up to occupy posts now held by Europeans and Asiatics.

Education Department.

Bursaries at Makerere

- Arab education £30 (new item)
- African education, £190 (an increase of £90)

Paragraph 43.

These sums have been provided to enable selected Pupil Teachers to take an advanced course of training at Makerere. Parallel provision has been made under the Medical and Public Works Department heads, and is in accordance with Sir A. Pim's recommendations that Government should aim at filling the lower posts in the Service with Arabs and Africans.

Department of Local Government Lands and Settlement.

Paragraph 54.

The estimates for this Department have been based on the existing organization. The Governor points out that Sir A. Pim's proposals for the reorganization of the Department are closely linked with the future organization of the Secretariat and the Mining and Geological Department, and that there was not sufficient time to consider these proposals in framing the Estimates.

Paragraph 56.

Sir A. Pim recommended that the post of Surveyor-General (£1,000 a year) should not be filled on the retirement of the present holder, but that a Chief Surveyor should be appointed from among the Surveyors at a salary of £920. Provision has been made in the Estimates accordingly, i.e. £417 only for the Surveyor-General and £537 for a Chief Surveyor.

Prisons Department. £50,645, a net decrease of £824 on 1936.

Paragraph 109.

In paragraph 351 of his report, Sir A. Pim has invited attention to three possible means of reducing expenditure on the Prisons, and in particular has noted a scheme put forward by the Commissioner of Prisons for the closer concentration of prisoners in the 1st and 2nd Class Prisons and the recruiting of a staff of District Prison Warders for the 3rd Class Prisons,

supervised

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supervised on the lines of the Tribal Police. He estimated in paragraph 352 of his report that the various economies suggested might result in a saving of approximately £2,000. The Prison Commissioner's scheme is being put into effect, and but for a new revenue earning item of £1,000 for raw materials in prison industries, the Pim economies have been effected.

Public Works Department.

Paragraph 114.

Sir A. Pim in his report has made recommendations for economies in this Department which he anticipated would result in savings amounting to £6,100. The details of these savings are set out in paragraphs 368-373 of the report, and include a sum of £979 in respect of the closing down of the Eldoret Division. Since this latter saving was effected in the provisional Estimates for 1936, the effective economies proposed by Sir A. Pim amount to £5,121 only. The Public Works Department as a whole shows a net increase of £10,500. It should, however, be noted that this head includes provision for Water Supplies, which have risen by £13,915 owing to the re-introduction of provision of £14,000 in respect of a General Renewals Fund, and the administration of the Law Courts building, which has increased by £55. In the Estimates for 1937, therefore, a net decrease of £3,170 has been shown in Public Works Department expenditure proper.

In this connection attention is invited to the fact that Sir A. Pim in his total savings has made allowance for 4% and 50% savings on account of hidden emoluments for European and Asian Officers respectively. Savings of this nature would of course be shown under the departmental



departmental head, and the figure shown in the Estimates must to that extent be increased in order to make it comparable with Sir Alan's total. In addition, it has been necessary to insert provision for a portion of the year for the salaries of certain officers, such as the Deputy Chief Accountant, whose retirement will take place during 1937 in consequence of the acceptance of Sir Alan's, or parallel, proposals. Provision of this nature which will disappear in subsequent years amounts to approximately £1,400. A permanent decrease amounts therefore to a sum of £4,500. The O.A.G. says that, "bearing in mind the fact that the major portion of these economies is on account of personal emoluments, and taking into account the sum creditable to savings in respect of hidden emoluments, I am satisfied that the Director of Public Works has produced economies in his department considerably in excess of those recommended by Sir Alan Pim."

On the point at X above, it has been pointed out in a despatch to the O.A.G. that Sir A.Pim expressed the view that it is advisable to work gradually towards the economies recommended by him by not filling vacancies, rather than by the wasteful method of the compulsory retirement of efficient officers with a resultant increase in pension charges.

? We must remind the O.A.G. of this in the despatch on the Estimates.

Item 36 of Head XXVII Public Works Department provides for a sum of £820 for leave pay for retrenched officers. According to the Select Committee's Report it appears that the officers to be retrenched are European Clerks under Item 14. It is not clear, however, whether the Clerks in question are on the pensionable establishment.

*we have to do this  
 up to retire him  
 J.*

or Local Civil Service Clerks

We had better ask for full particulars

Secretariat and Legislative Council

Paragraph 130

The organization of the Secretariat remains identical with that obtaining in 1936, and the net increase of £2,548 is accountable to increased provision in respect of allowances, etc. to Unofficial Members of Executive and Legislative Councils, and to leave movements.

*A debate has not been necessary containing suggestions for the re-organization*

The Standing Finance Committee recorded the view that although they considered it desirable to recommend acceptance of the provision made in the Estimates this provision should be regarded as of a temporary nature only to cover the period occupied in putting into effect S.A.C.'s or parallel proposals. The O.A.G. adds that in the present circumstances it is neither practicable nor desirable that such comparatively drastic changes should be hurried, or should be introduced without the full consideration which they clearly demand.

*on the whole agree J*

Treasury.

Provision under this head remains identical with that obtaining in the past. The O.A.G.'s remarks above apply equally in the case of the reorganization of the Treasury.

AIR MAIL



GOVERNMENT HOUSE  
NAIROBI  
KENYA

12  
85

KENYA  
No. 18

CONFIDENTIAL

RECEIVED

1937

23 January, 1937.

Sir,

10.

I have the honour to refer to my despatch No. 44 of the 16th January on the subject of the Estimates of Expenditure for the year 1937 and in connection therewith to invite your attention to the following confidential correspondence relating thereto.

Standing Finance Committee Compromise.

Sir Joseph Byrne's confidential telegram No. 294 of the 17th December. (Paragraph 5 of my despatch under reference).

(1) on 38008/2/36  
Representation of Elected Members  
in etc.

HEAD II : ADMINISTRATION

Item 22: Principal Labour Officer. £750.

(2) on 38091/3/36 ✓

Your Confidential (2) despatch of the 19th August, 1936. (Paragraph 14 of my despatch under reference).

HEAD III : AGRICULTURAL DEPARTMENT.

Item 124: Temporary Assistant Agricultural Officer. £360.

Item 125: Irrigation Officer. £460.

(4) on 38092/3/36 ✓

Mr. J.H. Thomas' Confidential despatch of the 14th February, 1936. (Paragraph 31 of my despatch under reference).

Head IV...

THE RIGHT HONOURABLE

W. ORMSBY GORE, P.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

-2-

HEAD IV : AUDIT.

Item 1: Auditor.

Your Confidential despatch of the 26th October, 1936. (Paragraph 34 of my despatch under reference).

(2) ON 46504/8/36  
E.A.

HEAD XVII : MEDICAL DEPARTMENT.

Native Services.

My Confidential despatch No.1 of the 2nd January, 1937 (Paragraph 60 of my despatch under reference).

(18) ON 38008/2/36

Item 80: Medical Officers. £25,980.

Your Confidential despatch of the 17th December, 1936. (Paragraph 68 of my despatch under reference).

46508/1/36 E.A.

W/Brian Structure bundle  
in care

HEAD XXVIII : MILITARY.

Item 12: Brigade Major. £850.

Your Confidential despatch of the 21st July, 1936. (Paragraph 74 of my despatch under reference).

(3) ON 34046/4/36 K.A.R.

HEAD XXII : POLICE.

Item 4: Superintendents.  
Item 5: Assistant Superintendents. } - £14,709.

Mr. J.H. Thomas' Confidential despatch of the 24th March, 1936. (Paragraph 89 of my despatch under reference).

(4) ON 46504/2/36 E.A.  
Division of Salaries

I have the honour to be,

Sir,

Your obedient servant,

*Asst. Gov.*

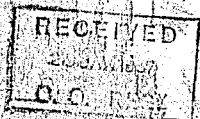
ACTING GOVERNOR.



THE SECRETARIAT,  
NAIROBI

KENYA

WHEN REPLYING  
PLEASE QUOTE  
NO./EST. 37/D/13  
AND DATE



19th January, 1937.

AIRMAIL

The Colonial Secretary of  
the Colony and Protectorate of Kenya  
presents his compliments to the Under  
Secretary of State for the Colonies  
and with reference to Kenya despatch  
No. 44 of the 16th January, has the  
honour to request that the attached  
page may be substituted for page 3  
thereof, in view of the inadvertent  
reference to a confidential telegram  
contained in the original.

10

*Done*  
*20/1*

*W.A. 12*

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Finance Committee on the Draft Estimates of Revenue and Expenditure for the year 1937, Part I, was laid on the table of the Council on the 14th December, and after debate, was adopted on the 18th December, 1936.

5. After informal discussions between myself and the unofficial members of the Standing Finance Committee, and after further discussions amongst the Elected Members themselves, a settlement was reached on the outstanding points of disagreement in connection with the Revenue Estimates on the 17th December. The substance of this agreement was conveyed to you in my Confidential telegram No. 294 of that date. In view of your concurrence with this settlement, signified in your telegram No. 313 of the 22nd December, the Report of the Standing Finance Committee, Part II, dealing with the Revenue Estimates for 1937 was drafted to give effect to the agreement, and was laid on the table of the Legislative Council on the 29th December and adopted on the 5th January. A further despatch on this subject will follow after publication of the Revenue Estimates for 1937 as revised by the Standing Finance Committee and approved by the Legislative Council.

6. It will be appreciated from the preceding paragraph that the various

AIR MAIL

KENYA

No. 744



GOVERNMENT HOUSE  
NAIROBI

KENYA

RECEIVED

25 JAN 1937

C. O. REGY

16 January, 1937.

Sir,

I have the honour to

confirm my telegram No. 304 of the 30th  
December, 1936, which was as follows:-

6.

*copy not made Jan 1937*

"1937 Appropriation Bill, providing for gross expenditure of £3,437,298 passed all its stages today. Revenue Estimates as recommended by Standing Finance Committee total £3,442,311. Estimated surplus £5,013. The revenue figures include reductions of £25,000 in Hut and Poll Tax (Native), £12,000 in Non-Native Poll Tax, £40,000 in Income Tax, £2,500 in Traders and Professional Licences and £15,000 in Petrol Tax, in accordance with the recommendations of the Standing Finance Committee and the compromise reached with the majority of the European Elected Members, reference your telegram No. 313 of the 22nd December."

(9) on 38008/2/36

To 5. 309  
23/1

and to transmit, for your approval, two copies of the Estimates of Expenditure for the year 1937 as passed by the Legislative Council

2. I also transmit for your information two copies of the Report of the Standing...

THE RIGHT HONOURABLE

W. ORMSBY GORE, P.C., M.P.,  
SECRETARY OF STATE FOR THE COLONIES,  
DOWNING STREET,  
LONDON, S.W.1.

5. Standing Finance Committee on the Draft Estimates of Expenditure. Copies of the Draft Estimates of Revenue and Expenditure for the year 1937 and of the Memorandum thereon were forwarded under cover of Kenya Note No. LEG.CO.26/3/7/57 of the 24th November, 1936. Further copies of the Sanctioned Estimates are being forwarded by sea mail.

3. The Draft Estimates of Revenue and Expenditure were laid on the table of the Legislative Council on the 28th October, 1936, and were debated on the 4th November and following days. The debate was a lengthy one; the motion referring the Estimates to the Standing Finance Committee for examination and report, including the approval of the Council on the 17th November, 1936.

4. Meetings of this Committee were held continuously from the 20th November to the 10th December, 1936; and at that stage, in order to make possible the passing of the Appropriation Bill through all its stages before the close of the year, the Committee recommended that the Report on the Expenditure side of the Estimates should be printed and presented to the Legislative Council as a separate entity. This recommendation was carried out and the Report of the Standing Finance...



Finance Committee on the Draft Estimates of Revenue and Expenditure for the year 1937, Part I, was laid on the table of the Council on the 14th December, and after debate, was adopted on the 18th December, 1936.

5. After informal discussions between myself and the unofficial members of the Standing Finance Committee, and after further discussions amongst the Elected Members themselves, a settlement was reached on the outstanding points of disagreement in connection with the Revenue Estimates on the 17th December. The substance of this agree-

ment was conveyed to you by Sir Joseph Evans in previous correspondence. In view of your concurrence with this settlement, signified in your telegram No. 313 of the 22nd December, the Report of the Standing Finance Committee, Part II, dealing with the Revenue Estimates for 1937 was drafted to give effect to the agreement, and was laid on the table of the Legislative Council on the 29th December and adopted on the 5th January. A further despatch on this subject will follow after publication of the Revenue Estimates for 1937 as revised by the Standing Finance Committee and approved by the Legislative Council.

6. It will be appreciated from the preceding paragraph that the various delays...

38008/2/36

delays which have occurred in dealing with the Draft Estimates have largely been the outcome of the endeavour to arrive at an amicable compromise between the official and unofficial members of the Standing Finance Committee on the subject of the incorporation in the Revenue Estimates of the recommendations contained in Sir Alan Pim's Report. This Report, as you are aware, was not received in Kenya until the 5th September. Although the Legislative Council was informed by Sir Joseph Byrne that this Government was prepared to accept the main principles outlined in the Report, many of the recommendations contained therein were of a contentious nature, in particular the recommendations regarding the introduction of Income Tax contained in paragraphs 383 to 386 and remissions in native taxation in paragraphs 75 and 76, and necessitated, as you agreed, the fullest opportunity being given for their consideration and debate before effective decisions could be taken. Reference is invited in this connection to the views expressed in paragraph 9 of your despatch No. 795 of the 8th October, 1956.

In the later paragraphs of this despatch I shall have occasion to refer to the effect on the expenditure side of the Budget of the acceptance of Sir Alan Pim's...

38/43/36

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Pin's recommendations. At this stage I only wish to invite your attention to the main cause of the delay in the passing of the Estimates.

8. On the 1st January, 1936, the excess of Assets over Liabilities amounted to £258,881. When submitting revised Estimates for the year the Treasurer expressed the opinion, with which I agreed, that the accounts for the year were likely to result in a surplus of Revenue over Expenditure in the region of £87,500. The excess of Assets over Liabilities at the close of 1936, on the basis of the revised Estimates, therefore, should amount to approximately £346,381. The recommendations of the Standing Finance Committee contained in the second Part of their Report on the Estimates envisaged a working surplus on 1937 of £5,013. The excess of Assets over Liabilities, as reflected in the Estimates, should therefore be further increased at the close of 1937 to a sum of £351,394. (In point of fact, however, recent returns indicate that the probable surplus for 1936 will be some £90,000 in excess of the revised Estimates). Of the existing assets a considerable proportion remains frozen, as explained in paragraph 6 on page 2 of the Memorandum on the Provisional Draft Estimates for 1936, a fact to which Sir Joseph Byrne also had occasion to refer in paragraph 6 of his despatch No. 1 of the 2nd January, 1936.

9. The anticipated surplus of  
£5,013...

(3) 38008/B/35

38008/B/35

£5,013 to which I have referred above is £5,764 less than the surplus envisaged in the Draft Estimates. I am satisfied, however, that in view of the desirability of effecting the remissions in taxation to which I referred in my telegram No. 304 of the 30th December, it would not be practicable to budget for a larger surplus.

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10. Copies of the debate in the Legislative Council will be forwarded to you in due course but I am able now to say that the view has been generally accepted both officially and unofficially that the Estimates of Expenditure, with which I shall now proceed to deal in detail, were reasonable, and that the anticipated remissions in taxation consequent on the adoption of the Revenue Report of the Standing Finance Committee were equitably distributed. The general agreement of the unofficial side of the Legislative Council with the Estimates of Expenditure is emphasised by the fact that in an unanimous report the Standing Finance Committee recommended net increases of expenditure over and above those shown in the printed Draft Estimates amounting to £11,753.

EXPENDITURE ESTIMATES.

HEAD II : ADMINISTRATION.

Item 5: District Officers. £65,155.

11. The position in regard to the...

the provision under this item has been very fully dealt with on page 7 of the Memorandum on the Draft Estimates and in paragraph 5 and succeeding paragraphs of the Standing Finance Committee Report, Part I.

12. Sir Alan Pim in paragraph 197 of his Report envisaged a very considerable reduction in the administrative establishment, the consequential saving on which, in respect of officers and clerks he estimated would amount to approximately £12,460 per annum. Although every endeavour will be made, so far as is possible, to make these recommendations effective at an early date I am advised that, for the reasons detailed below, the final reduction in the Estimates under this Head will only be a proportion of Sir Alan's estimated total, and that this proportionate saving will only be arrived at after a period of years.

(1) Sir Alan Pim has included in his figure of savings an allowance of 15% for hidden emoluments over and above the direct salary provision in respect of District Officers, and of 50% in respect of Asian staff. A large part of this proportion of the total saving will be spread over various...

various other Expenditure Heads, such as Pensions, etc., and will not appear under Head II. There will, however, be a slight compensation on account of the 2% for hidden emoluments, which has been estimated by him in respect of the ten substitute Tax Officers.

(11) It is very doubtful whether it will ultimately be found possible to introduce all the recommendations, the effect of which was shown in the schedule incorporated in paragraph 196 of his Report. Considerable local unofficial opposition has already been manifested towards certain of the proposed reductions in staff and in other cases it is for consideration whether the indirect effect of the proposed reorganisation would not be to increase rather than decrease expenditure without any material gain of executive efficiency. I informed the Standing Finance Committee that I proposed to appoint a small committee to examine each group of proposals on its merits. I may say here that the Elected Members fully appreciated the desirability of this investigation, as also did the Executive Council.

-9-

(iii) As Sir Alan Pim has himself stated in paragraph 378 of his Report it would be a wasteful method of economy to effect this re-organisation by the retrenchment of officers with the necessary resulting increase in pensions charges. The process must, therefore, be a gradual one spread over a period of years, and effected by the restriction of re-  
cruiting and the transfer of officers as and when opportunity occurs; the compulsory retirement of officers being restricted to such as are inefficient.

(iv) The substitution of Tax Officers -- and in this connection I invite your attention to the title of 'District Revenue Officers' recommended by the Standing Finance Committee and incorporated in the approved Estimates -- must needs be slow of completion. In view of the nature of the duties with which they will be entrusted it will be necessary to recruit with caution. At some time during 1937 it is proposed tentatively to appoint two such officers to one province, in all probability the Nyanza Province, and the necessary details and provision have been included under Item 5. Further recruiting will be delayed...

delayed until it has been found possible to draw up a comprehensive scheme of operation for this service on the basis of the experience gained in the case of these two officers.

13. It will be seen from the Estimates as passed by the Legislative Council that the establishment of District Officers remains unaltered at 107 and the provision shows a slight increase of £133. As explained in the fifth paragraph of the Standing Finance Committee Report the decision to recruit no Administrative Cadets in the year 1937, and the effect of normal casualties should result in a reduction of this establishment to a number in the region of 100 by the close of the year. The increase of £133 is more than accounted for by the reabsorption of the late Consul for Southern Abyssinia into the Kenya Administration and the part-time provision for the two new District Revenue Officers. In estimating the 1937 savings on Administrative establishment it is also reasonable to take into account the reduction of £3,250 in the African Tropical Services Course item, and, as is shown in the total figures on page 5 of the approved Estimates, a reduction of some £8,000, as compared with the figure for 1936, has, in fact, been effected.



Item 22: Principal Labour Officer. £750.

14. This appointment has already received your approval.

Items 40 to 56: Native Registration and Finger Print Section.

15. As explained on page 8 of the Memorandum the increase of £1,276 under this section is mainly due to the reintroduction of the Renewals System and increased expenditure on metal containers. Mr. Thomas' approval of the reintroduction of the system and of the necessary increase of establishment was conveyed in his telegram No. 225 of the 15th May, 1936.

Items 73 to 247: Provincial Administration.

16. So far as the Provincial Administration is concerned I have few observations to make. There is an over all increase of £2,046, of which £1,100 is in respect of new items on account of Petty Works. The intention of this new provision is explained on page 9 of the Memorandum and in paragraph 14 of the Standing Finance Committee Report. Of the balance the major part is on account of increased expenditure on Tribal Police.

Item 96: Clerks (African). £306.

17. It will be noted that, as explained on page 9 of the Memorandum, this new post is in fact only a redistribution of existing staff.

Item 179: Hut Counters (African). £221.

60

18. I am satisfied that this increase in establishment is necessary. In this connection reference is invited to page 10 of the Memorandum.

HEAD ITA: ADMINISTRATION EXTRAORDINARY.

Item 5: Reconditioning of Machakos Native Reserve. £400.

19. The Machakos Local Native Council has provided funds for some years for the reconditioning of the Native Reserve. In 1935 a Reconditioning Officer, paid by the Council, was appointed and the Council voted in 1936 a sum of £1,115 for this purpose, including the salary of the Reconditioning Officer. The sum of £400 to be contributed by the Government is designed to enable the Council to engage a second officer, the need for whose services has been strongly urged by the Machakos Reconditioning Committee. Actual reconditioning work is proceeding scientifically and active assistance is being given by the Forest Department. In meeting the cost of the further supervision which is required the Government will be encouraging in the best possible way both the Committee and the natives themselves to continue their efforts.

20. Further encouragement of a substantial character is afforded by the free grant of £42,000 from the Colonial Development Fund for the improvement and provision of water supplies. £5,000 of this sum is allotted to the Machakos District, and the expenditure of this...

this allotment will play an important part, appreciated by the people themselves, in the reconditioning campaign. The proposed introduction of a meat extract factory by Liebig's (Kenya) Ltd., during this year has also to be considered in this connection.

HEAD III : AGRICULTURAL DEPARTMENT.

21. Owing to the late publication of Sir Alan Pim's Report it has not yet been possible to consider in detail his proposals for the reorganisation of the Agricultural Department. In these circumstances although, as explained in paragraph 26 of the Standing Finance Committee Report, Government is committed in principle to this reorganisation, it has not been practicable to reflect the proposals in these Estimates, which have been drafted on the basis of the present distribution of the staff. Sir Joseph Byrne instructed therefore that the introduction of any new services should be deferred until they could be discussed in the light of Sir Alan Pim's recommendations. The only important exception was the increase in provision in respect of Coffee Team Services with which I will deal at the appropriate point in this despatch.

22. The reason for the gross increase of £6,912 over expenditure in 1956, apart...

apart from the subhead Coffee Team Services to which I have referred above, has been explained at length on page 12 of the Memorandum, and is largely on account of continued provision for Cotton Services made during 1936 by means of Special Warrant, in which connection I have to refer you to your despatch No. 370 of the 2nd June, 1936, expenditure subject to reimbursement, and the reallocation departmentally of certain items which previously appeared under Head XXXV -- Colonial Development Fund -- in accordance with the instructions conveyed in Mr. J.H. Thomas' Circular (2) despatch of the 17th December, 1935.

(2) 38153/36

(9) 6008/35 GENL  
 26/1/37

Item 25: Colonial Agricultural Scholarship Scheme. £678.

Item 26: Colonial Veterinary Scholarship Scheme. £590.

23. The transfer of the provision in respect of these items from Head XXXV to the Departmental Head is in accordance with the instructions conveyed in Mr. J.H. Thomas' Circular (2) despatch of the 17th December, 1935.

6008/35 GENL

Item 28: Senior Coffee Officer. £306.

24. The Senior Coffee Officer is retiring and, in view of the reorganisation consequent on the inauguration of the Coffee Team Services, it is proposed to abolish this post.

Item 29...

Item 29: Agricultural Officers and Experimentalists. £2,025.

Item 30: Assistant Agricultural Officer. £100.

25. The post of an Assistant Agricultural Officer on Local Civil Service terms has been substituted at Item 30 for one overseas post at item 29. In this connection reference is invited to your despatch No. 451 of the 27th June, 1936.

(15) on 38047/36  
To Dept.  
7/11/36

Item 48 et seq.: Coffee Team Services.

26. As explained on page 12 of the Memorandum the proposal made by Mr. Milligan and supported by Sir Alan Pim in paragraph 250 of his Report, to group certain research officers under the Senior Plant Breeder and Experimentalist as a Coffee Team, has been put into effect. The scheme, as originally incorporated in the Draft Estimates, consisted in a redistribution of serving staff without any actual increase in expenditure. Subsequently the Standing Finance Committee, as explained in paragraphs 35 and 36 of their Report, considered and approved proposals to enlarge these services by the engagement of an additional Assistant Agricultural Officer under item 53, and a Junior Laboratory Assistant under item 55, both on Local Civil Service terms, and by increasing the provision appearing under items 33, 35, 37 and 45, at a total cost of £1,960. I would ask that your approval may be accorded telegraphically to the creation of the two new posts.

Item 76: Senior Veterinary Officer. £920.

27. The retirement of one Senior Veterinary Officer anticipated on page 11 of the Memorandum on the Provisional Draft Estimates for 1936 became effective during that year, and in the Estimates for the current year the post has been shown as abolished.

Item 82: Veterinary Assistant. £224.

28. The financial effect of the abolition of this post, anticipated on page 12 of the Memorandum for 1936, was shown in the Draft Estimates for 1937 as printed for presentation to Legislative Council. In view of representations made on behalf of the Coast community, however, the Standing Finance Committee was averse from the retrenchment of this officer, as explained in paragraphs 39, 40 and 41 of its Report, and the necessary provision was consequently reinserted.

Item 86: Personal & Pensionable Allowance to Mr. S.G. Hassan Shah. £100.

29. An explanation of the alteration in the terms of service of this officer has been afforded on page 13 of the Memorandum. I trust that your approval of this personal allowance will not be withheld as I am satisfied that the officer is fully deserving of special treatment.

Item 123: Temporary Assistant Agricultural Officers. £1,000.

30. In connection with this item reference is invited to page 14 of the Memorandum from which it will be seen that the increase in temporary staff makes effective a recommendation by Mr. Milligan and is in accordance with the terms of Sir Joseph Byrne's despatch No.194 of the 16th April, 1936.

(1) on 38153/36

Item 124: Temporary Assistant Agricultural Officer. £360.

Item 125: Irrigation Officer. £480.

No. 4 on 38092/36

31. The cost of these two appointments will be reimbursed from the grant made by the Trustees of the Carnegie Corporation and I invite reference to the relevant correspondence. It is proposed that the Irrigation Officer when appointed should pay a visit to India with a view to examining the methods of irrigation adopted in that country. The necessary provision has been made under the Agricultural Department Extraordinary Head under item 5 and will, together with the recurrent expenditure, be reimbursed in full by the Carnegie Trustees.

Item 127: Clerks (African). £117.

32. An explanation of the grounds for the insertion of these additional three posts is afforded at page 14 of the Memorandum. I trust that you will approve of the appointments at an early date.

Item 133...

Item 133: Training Fees for African Instructors. £180

Item 155: Bursaries at Makerere. £150.

33. In this connection reference is invited to page 15 of the Memorandum. The increased provision is in accordance with the views of Sir Alan Pim, who throughout his Report has expressed the view that, wherever possible, Africans should be trained up to occupy posts now held by Europeans and Asiatics.

HEAD IV : AUDIT.

Item 1: Auditor.

34. In accordance with your instructions the salary of the Auditor has been consolidated at £1,350, as explained in paragraphs 48 and 49 of the Standing Finance Committee's Report.

HEAD VII : CUSTOMS DEPARTMENT.

Item 15: Clerks (Asian). £23,626.

35. It was proposed in the Draft Estimates (Memorandum, page 17) to abolish four of these posts which had remained unfilled during 1936, but it was decided subsequently, for the reasons set out in paragraph 57 of the Standing Finance Committee Report, to retain three and to show these as no longer in abeyance. Since the consideration of the Estimates by the Standing Finance...



Finance Committee the Commissioner of Customs has made further representations that, in view of the considerable increase in Customs work during the months of November and December, the staff for which provision now exists will be inadequate during 1937 to carry out efficiently the work of the Department. I am satisfied that this is the case and that any delay in engaging additional staff will cause inconvenience and reason for complaint by the commercial community. I have therefore authorised the engagement of three further clerks on Asian Local Civil Service terms at a commencing salary of £48 per annum; on condition that the increase in expenditure is met from savings under other Personal Emoluments items in accordance with the views expressed in paragraph 59 of the Standing Finance Committee Report. This proposal will result in a net increase of two posts over and above the approved establishment for 1936. In view of the urgency of maintaining an efficient Customs service I have agreed that the additional staff should be engaged as from the 1st January, 1937. I trust that the filling of the four posts in abeyance and the creation of the two new posts will meet with your approval in these circumstances.

Item 16: Clerks (African). - £683.

36. In the circumstances recorded above and at page 17 of the Memorandum I trust that...

that your approval will be accorded to the engagement of four additional clerks as from the 1st January, 1937.

HEAD VIII : EDUCATION DEPARTMENT.

(5) on 38008/B/35

37. In connection with the increase of £624 in the expenditure of this Department I wish first to refer you to Sir Joseph Byrne's Despatch No.1 of the 2nd January, 1936, in the 31st paragraph of which he invited attention to the reduction in expenditure during 1936 on African Education. Of the scheme for reorganisation to which he there referred a new system of teacher training formed an inherent part.

(2) on 38191/36

R. 309

23/

38. As explained on page 17 of the Memorandum the reductions made during 1936 anticipated an increase in expenditure on African Education during 1937 consequent on the introduction of this new Teacher Training Scheme. In this connection reference is invited to Sir Joseph Byrne's despatch No. 543 of the 19th October, 1936. Sir Alan Pim accorded his approval to the proposal in paragraph 288 of his Report. The incorporation of this scheme in the Estimates has resulted in increased expenditure amounting to £3,758 and I trust that you will agree that the balance of the total Departmental increase amounting to £2,456 does not represent an excessive addition to the cost of services under this Head, especially in view

of...

of the fact that this increase is largely accounted for under items of Personal Emoluments owing to normal increments.

Item 18: Education Officers. £27,579.

39. The reduction of two officers under the establishment at this item, as explained on page 18 of the Memorandum, is consequent on the closing of two farm schools. There is, however, no loss in educational facilities.

Item 38: Matron Staff. £2,657.

40. In connection with the additional post shewn under this item reference is invited to paragraphs 70 and 71 of the Standing Finance Committee Report. I trust that your approval of the appointment will not be withheld.

Item 51: Education Officers. £25,785.

41. Out of the total increase of £1,498 here shewn £620 is on account of three new appointments, namely an European lady Principal for the Indian Girls' School, Mombasa, and additional officers at the Indian Elementary School, Mombasa and the Indian School at Thika. I trust that you will approve these increases of establishment, which I am satisfied are necessary.

Item 71...

Item 71: Overseas Scholarship Scheme. £300.

42. This is a new item, although approval was accorded to the scheme in 1936 and provision made by means of Special Warrant, as explained on page 20 of the Memorandum and in paragraph 83 of the Standing Finance Committee Report. In this connection reference is invited to paragraph 34 of Sir Joseph Byrne's despatch No.1 of the 2nd January, 1936.

(5) 38008/B/35

Item 86: Bursaries at Makerere. £30.

43. As explained on page 20 of the Memorandum provision has been made to enable selected pupil-teachers to take an advanced course of training at Makerere College, Uganda. Parallel provision has been made under the Medical and Public Works Department Heads and is in accordance with Sir Alan Pim's recommendation that Government should aim at filling the lower posts in the service with Arabs and Africans.

Item 107: Grants-in-Aid to African Schools. £11,750

44. As I have made clear in paragraph 38 of this despatch a sum of £3,750 has been provided under this item to make possible the introduction of the Teacher Training scheme for Africans to which your attention was invited in Sir Joseph Byrne's despatch No. 543 of the 19th October, 1936. This increase, as will be observed from the explanation on page 20 of the Memorandum, has

(2) 38191/36

been...

been set off to the extent of £1,000 in consequence of reduced contributions to the elementary schools in the Embu, Fort Hall, South Nyeri and Kiambu districts.

45. In this connection I desire to assure you that this reduction does not in fact anticipate any decrease in the expenditure on African Education in these areas but rather a redistribution of funds. I am advised that it is now desirable that entire financial responsibility for the cost of running the Government African School, Kagumo should be taken over by the Government. This school is fed from the districts which have been enumerated above, and the acceptance of full financial responsibility will result in additional expenditure of £1,065 to the Central Government, and a corresponding reduction in Local Native Council contributions, which sum will thus be made available for other purposes. Reference is invited to page 20 of the Memorandum where the details of this sum have been set out. You will observe that a slight change has been made in the title of this item. In past years it has been called 'Grants to Missions'. I am advised by the Director of Education that this title is misleading since these grants are not, and have not in fact, been confined to mission schools.

The...

The new title of 'Grants-in-Aid to African Schools' is therefore more appropriate. In connection with this item I also invite reference to paragraph 84 of the Standing Finance Committee Report. In addressing your predecessor on the subject of the Provisional Estimates for 1936 Sir Joseph Byrne in his despatch No.1 of the 2nd January, 1936 observed that the Government African School at Waa had been taken over by the Holy Ghost Mission. I am glad to be able to state that the transfer has been successful, and the grant of £500 will be continued under this item during 1937.

(5) on 38008/B/BS

46. It will be observed that, throughout the Estimates of this Department, a number of new items have been introduced and items under which provision has appeared in past years have been placed in italics, with a corresponding inflation of the increase and decrease totals. These changes in nomenclature do not affect the financial provision but have been inserted as being more appropriate and for the purpose of symmetry with similar items under the various subheads of the Estimates.

HEAD VIIIA : EDUCATION DEPARTMENT  
EXTRAORDINARY.

Item 2: Purchase of Scientific Equipment for Primary Schools. £400.

47. In connection with this provision...

93

provision reference is invited to paragraphs 87, 88 and 89 of the Standing Finance Committee Report.

HEAD IX : FOREST DEPARTMENT.

Item 8: Assistant Foresters (African).....£208.

48. The increase of the establishment under this item by one has been effected by the transfer of an African serving under the succeeding item. I trust that your approval will not be withheld from this addition, which is, in fact, merely a redistribution of existing staff.

Item 27: Contribution to Colonial Forest Resources Development Department.  
£100.

49. In this connection reference is invited to your despatch No. 988 of the 9th December, 1936.

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HEAD X : GAME DEPARTMENT.

Item 1: Game Warden. Nil.

50. The secondment of Captain A.T.A. Ritchie to the Federated Malay States, which has formed the subject of correspondence terminating with your despatch No. 809 of the 15th October, 1936, has made possible the placing in abeyance of this post during 1937 and a reduction in expenditure of £840.

(81) on 17/40 E.A.  
W.M. Park  
S/n

It...

It will be observed, however, from paragraphs 97, 98 and 99 of the Standing Finance Committee Report that the appointment of a Senior Assistant Game Warden has been recommended at a salary of £720 per annum. The inclusion in the Estimates at item 2 of this new post does not in fact result in any increase in establishment since one of the posts of Assistant Game Warden at item 3 has been abolished. I shall submit a recommendation on this matter in due course, but I trust that your approval in principle of the creation of the new post will not be withheld.

51. The only other matter to which I wish to refer in regard to this Department is the slight change of designation consequent on the insertion of the word 'Game' before the word 'Warden' in the titles of the holders of the posts shown at items 1, 2 and 3. The change is intended to obviate any risk of confusion between these officers and others bearing the same title and appearing under Head XIX.

HEAD XI - GOVERNMENT ANALYSTS  
LABORATORY

Item 3: African Laboratory Attendants. £24.

52. I am satisfied that the creation of this new post is desirable and would refer you to page 22 of the Memorandum in this connection.

Head XIII, ..



HEAD XIII : JUDICIAL DEPARTMENT.

Item 1: Chief Justice. £2,400.

53. In connection with the increase of £100 in the pensionable emoluments of this office I would invite your attention to the authorisation contained in your despatch No. 812 of the 16th October, 1936, reference to which has been made at paragraph 101 of the Standing Finance Committee Report.

(2) on 38096/1/36

HEAD XV : LOCAL GOVERNMENT, LANDS & SETTLEMENT.

54. The reorganisation of this Department has been recommended by Sir Alan Pim. These proposals, however, are linked closely with the future organisation of the Secretariat and the Mining and Geological Department and, as will be observed from paragraph 102 of the Standing Finance Committee Report, it was appreciated that the delayed publication of Sir Alan's Report rendered it impossible to consider them in framing the Estimates for 1937.

These Estimates, therefore, have been based on the existing organisation.

55. Consideration is being given to Sir Alan's recommendations and I hope that during the current year I shall be in...

In a position to address you further on the subject of making them effective. In the circumstances, as explained in paragraphs 103, 104 and 105 of the Standing Finance Committee Report, the arrangement detailed in paragraph 41 of Sir Joseph Byrne's despatch No.1 of the 2nd January 1936 whereby Mr. V.H. Merttens, Assistant Treasurer, has been seconded to this Department to carry out the duties of Local Government Inspector, is being continued.

(5) on 38008/B/35

Item 16: Surveyor General. £117.  
Item 17: Chief Surveyor. £571.

56. Although, as has been explained above, lack of time has prevented the incorporation in these Estimates of Sir Alan Pim's general reorganisation scheme for this Department, the retirement of the Surveyor General afforded a suitable opportunity of abolishing that post with effect from the date on which Mr. Gilbert will have completed his leave and of substituting therefor the post of Chief Surveyor on a salary scale of £920 in accordance with the recommendation contained in paragraph 315 of Sir Alan's Report. I shall submit a recommendation in regard to the filling of the new post in due course.

Item 26: Chief Computer. £750.

57. This post was inadvertently shown as 'non pensionable' in the 1936 Estimates.

This...

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This has been rectified in the present Estimates.

HEAD XVI : LOCAL GOVERNMENT CONTRIBUTIONS TO LOCAL AUTHORITIES.

58. In connection with this Head reference is invited to paragraph 111 and the succeeding paragraphs of the Standing Finance Committee Report, from which you will observe that I propose to appoint a Committee to report upon a revision of statutory contributions payable by Government to Local Authorities with a view to introducing a more equitable distribution and, possibly, to effecting economies.

HEAD XVII : MEDICAL DEPARTMENT.

20452/2/15/35  
PERSL  
Mr Maynard  
(R 311)

59. With reference to your despatch No.622 of the 15th August, 1936 on the subject of alterations in the nomenclature of certain posts in this Department, it will be noted that these Estimates reflect the instructions contained therein.

60. The net increase in the cost of Medical services for 1937 is anticipated to amount to £11,791, out of which total £9,767 is on account of Native Services. As will be observed from paragraph 146 of the Standing Finance Committee Report the

unofficial...

unofficial members expressed apprehension that the commitments of Government on Medical services for natives were increasing disproportionately to the Colony's ability to meet them in normal times and recommended that the practicability of supplementing the funds available for native Medical services either by providing for individual charges for medical attention or alternatively by means of further grants-in-aid from Local Native Council funds should be investigated. In this connection I would refer to recent correspondence.

Item 13: Specialist. £1,100.

61. . . In connection with the change in designation of this post reference is invited to your despatch No. 622 of the 15th August, 1936. I trust that you will approve the increase of this officer's salary scale to that of Senior Medical Officers. As explained in paragraphs 121 and 122 of the Standing Finance Committee Report it is not proposed to increase the establishment of senior posts carrying a maximum salary of £1,100.

Item 14.

20452/2/15/35  
PERSL  
6/Mr. Raymond  
(33)

Item 14: Medical Officers. £8,680.

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62. The Director of Medical Services has expressed the view that the work in the Mathari Mental Home and mental work in connection with criminal cases has expanded to an extent which warrants the employment of a full time alienist. The Standing Finance Committee agreed in this view and provision has accordingly been inserted for the creation of a new pensionable post of Resident Physician at the Mathari Mental Home on the salary scale of £600 by £30 to £810, £810 by £10 to £920. It is proposed that an officer should be recruited at the £810 step in the scale. In this connection reference is invited to paragraph 123 of the Standing Finance Committee Report, Part I. I have already addressed you on the subject in my despatch No. 140 of the 31st December, 1956.

Item 20: Nursing Sisters. £6,270.

63. Provision has been made for an additional appointment. Strong representations were made to the Standing Finance Committee and to Government that the presence of male African attendants during operations on Asian women was distasteful to the Asian community. As will be seen

from...

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from paragraph 127 of the Standing Finance Committee Report, the new appointment will obviate this objectionable practice and in the circumstances I trust that it will meet with your approval.

Item 38: Deputy Director of Laboratory Services. £900.

64. Provision in respect of this post, which has been in abeyance over a period of years, has been reinserted in the Estimates in consequence of recommendations made by the Director of Medical Services which have been fully detailed in paragraph 130 of the Standing Finance Committee Report. In the event of this post being filled, in which connection I propose to submit a separate recommendation, one of the posts at item 40 will be placed in abeyance and there will therefore in fact be no actual increase in establishment. I trust therefore that your approval of the proposal will not be withheld.

Item 39: Senior Pathologist. £1,000.

Item 40: Pathologists. £1,525.

65. These posts appeared in the Estimates of Expenditure for the year 1936 as "Senior Bacteriologist" and "Bacteriologists" respectively. The change in designation has already been approved by yourself as being more appropriate and in accordance with general usage. In this connection reference is invited to your despatch No. 622 of the 15th August, 1936.

Item 45...

20452/2/15/35  
Persl.  
W/R 30

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Item 45: Laboratory Assistants, Learner 161  
Grade: 3186.

66. The reason for the additional post shown under this item is explained on page 26 of the Memorandum.

Item 80: Medical Officers. 225,980.

67. I am satisfied that the time has now arrived when permanent Medical Officers should be substituted for part-time District Surgeons, and I do not feel that I can usefully add anything to the full explanation given in paragraphs 143 and 144 of the Standing Finance Committee Report.

68. As regards the disappearance of one of the posts of Senior Medical Officer previously shown under this item reference is invited to paragraphs 121 and 122 of the Standing Finance Committee Report. It is proposed that Dr. Braimbridge, the Surgical Specialist, should occupy a post carrying the same salary scale as that of the post of Senior Medical Officer. It has been decided therefore to abolish one post of Senior Medical Officer which had become vacant in consequence of the retirement of Dr. Reid. As already stated in paragraph 61 above it is proposed not to increase the number of posts carrying the salary scale applicable to Senior Medical Officers.

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Item 86: Medical Storekeeper. £630/

69. I trust that you will approve the alteration in the terms of service of this officer, an explanation of which has been afforded at page 27 of the Memorandum. I may state that Mr. Elliott's services have been extremely satisfactory and that he has effected considerable economies in the purchase of medical stores.

Item 88: Nursing Sisters. £8,646.

70. I am advised that the appointment of an additional Nursing Sister to serve in the Fort Hall Native Hospital is necessary, and trust that you will approve.

Item 96: Nursing Sisters (Asian). £265.

71. I regard the appointment of two Asian Nursing Sisters to the Mombasa Hospital for the care of Asian female patients as desirable. The matter has formed the subject of representations by the Indian community over a considerable period, and I trust your approval of the appointments will not be withheld.

Item 112: Medical and Surgical Stores & Equipment. £20,070.

72. The increase of £6,160 under this item is more apparent than real. As explained in paragraph 48 of Sir Joseph Byrne's despatch No. 1 of the 2nd January, 1936, a reduction of £4,500 was made

possible...

(5) on 38008/2/35



possible under item 112 of the 1936 Estimates owing to the purchase by Special Warrant in 1935 of additional stores to meet any emergency arising out of the Italo Ethiopian situation.

These stores were ultimately consumed in normal routine work. The actual increase therefore is not £6,160 but £1,660. I am advised that the additional expenditure is unavoidable.

HEAD XVIII - MILITARY.

73. The estimated increase of expenditure under this head amounts to 45,459. Since this increase is due solely to the incorporation in the Estimates of provision in respect of the new Territorial Defence Forces, a matter which has been the subject of correspondence terminating with your Airmail despatch No. 734 of the 21st September, 1936, and in respect of the new Coastal Defence proposals, which have been under correspondence with you throughout the year, I do not propose to deal with all the items under this Head in detail, but would invite reference to the explanations afforded on pages 28 to 31 of the Memorandum.

74. The creation of the post of Brigade Major, which now appears as item 12, has already been approved by you.

Item 20: Clerks (Asian): £2,180.

75. Reference is invited to the explanation..

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explanation afforded in paragraph 152 of the Standing Finance Committee Report, from which it will be noted that the appointment of an additional officer under this item will actually result in a decrease in expenditure. I trust that you will accord your approval to the proposal.

Item 49: Clerks (African). £705.

76. I trust that you will approve the introduction of this additional post, the necessity for which is explained at page 28 of the Memorandum.

Item 55: Privates. £11,390.

77. Reference is invited to page 29 of the Memorandum on which it is explained that the increase of six in the establishment under this item is set off by a corresponding reduction under item 67.

Item 70: Dressers. £252.

78. The reduction of £108 here shewn is consequent on a reduction in the salary scale.

Item 112: Clerks (European). £938.

79. The appointment of an additional officer under this item is part of the comprehensive scheme for the reorganisation of the headquarters staff of the Supply and Transport Corps which has resulted in considerable economies. I trust that you will...

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will approve the appointment.

Item 140: Bandmaster. £450.

80. As explained on page 30 of the Memorandum it has not been found possible to engage a suitable officer on the existing terms of service. In your despatch No. 723 of the 16th September, 1936, you approved the appointment of a Bandmaster at the proposed rate.

Item 150: Captain-Staff Officer, Local Forces (Regular Army). £750.  
Item 151: Regimental Sergeant-Major (Permanent Staff Instructor). £450.  
Item 152: Clerk (European). £150.  
Item 153: Clerk (Store) (Asian). £162.  
Item 154: Armourer (Asian). £158.  
Item 155: Porters (African). £58.  
Item 169: Company Sergeant-Majors. £780.

81. The increases of establishment shown under the above items are consequent on the inauguration of the new Defence Force scheme to which reference has already been made in paragraph 73.

HEAD XVIII : MILITARY EXTRAORDINARY.

Item 1: Purchase of 500 Rifles and Accessories. £3,816.  
Item 2: Purchase of Mortars. £500.

82. The Committee felt that the rearmament of the King's African Rifles during the next few years must be faced and in consequence the present provision has been inserted as the first instalment of a comprehensive scheme which will be carried out as speedily

as the finances of the Colony permit.  
The matter has already formed the subject  
of correspondence.

HEAD XIX : MINING & GEOLOGICAL.

Item 8: Junior Draughtsman. £300.

83. The grounds for the creation of this new post have been detailed on page 32 of the Memorandum. I am satisfied that a real need for this addition exists, and trust that your approval thereof will not be withheld.

HEAD XX : MISCELLANEOUS SERVICES.

84. Details of the expenditure under this Head have already been very fully dealt with in both the Memorandum and the Report of the Standing Finance Committee. I propose therefore to confine my comments to one or two items of major importance.

Item 4 (b): Subsidy to Imperial Airways (Africa) Limited. £15,000.

85. The question of the subsidy payable in consequence of the new Empire Air Mail scheme is still under consideration and has formed the subject of correspondence terminating with telegram No. 40 of the 11th December, 1936 addressed to you by the Secretary to the Governors' Conference. In the circumstances

fit...

177/3068/36  
GENL.

it has not been possible to determine any likely figure of expenditure for 1937 and consequently the provision inserted in the Estimates has been based on the cost of the existing organisation.

Item 15: Guarantees in Respect of Railway Branch Lines.

86. Reference is invited to paragraph 171 of the Standing Finance Committee Report, which contains a recommendation that the possibility of terminating these agreements should be explored. The matter will form the subject of correspondence with the Government of Uganda in due course.

Item 12: Railway Share of Income from Stamp Duty Reserve Fund.

87. Reference in this connection is invited to your Circular (2), despatch of the 27th August, 1936.

(10) ON 1653/2/35  
GENL.

HEAD XXA : MISCELLANEOUS SERVICES EXTRAORDINARY.

Item 6: Compensation to K.U.R. & H. for Removal of Houses. £2,000.

88. In this connection reference is invited to correspondence terminating with your telegram No. 60 of the 28th February, 1935.

(2) ON 3806/35  
26/1/37

Head XXII...

HEAD XXII : POLICE.

Item 4: Superintendents.  
Item 5: Assistant Superintendents. } £14,709.

(4) on 16209/30

89. In connection with the transfer of Assistant Superintendents of Police to the long scale, previously applicable only to Superintendents of Police, reference is invited to paragraph 180 and the succeeding paragraphs of the Report of the Standing Finance Committee. The alteration was accepted in principle by Lord Passfield in his despatch No.884 of the 11th November, 1930, but owing to the financial condition of the Colony it was not then adopted. I am satisfied that as an act of justice officers now serving should receive the benefit of the long scale and I would ask for your telegraphic approval. (Future entrants will be adequately provided for if the new standard long scale salary terms are duly introduced by you).

Item 9: Assistant Inspectors. £11,184.

90. The appointment of an additional second grade Assistant Inspector, as explained on page 35 of the Memorandum, has been rendered necessary in view of the expansion of work in the Criminal Records Office and Finger Print Bureau.

91. Under items 24, 25, 26 and 27 it will be noted that there is an increase of 6 African Constables. This increase is consequent on the necessity of maintaining a strong force of police in the Bamburu District. Owing to the fact that there has been no recurrence of lawlessness there and that therefore the area is no longer in a disturbed or dangerous state, the maintenance of a levy force at the expense of the inhabitants is no longer legally possible. At the same time I am satisfied that at present it is undesirable to reduce the force stationed there. The gross increase on this account amounts to 10 constables, but owing to reductions elsewhere the net increase has been reduced to 6.

Item 34: Clerks (Asian) £10,234.

92. On similar grounds to those on which it has been necessary to increase the establishment of Assistant Inspectors by one, three additional posts, of which your approval is sought, have been provided under this item.

Item 72: Post Mortem and Medadal Examination Fees, Expenses in connection with 3505.

93. As explained in paragraphs 136 and succeeding paragraphs the Standing Finance Committee recommended, in view of the improved financial position, the restoration of the payment of fees to certain Medical Officers for post mortem examinations.

This...

This provision originally appeared under Head XVII, Medical Department. In view, however, of the fact that the payment of this fee will only be in respect of post mortems carried out in connection with court cases it has been considered desirable to place the administration of this item under the control of the Police.

94. In connection with the increase of 10 posts in all under items 93, 94, 95, 112, 113 and 114, of which your approval is sought, reference is invited to page 37 of the Memorandum, in which it has been explained that the actual cost of this increase to the Colony will be nil, in consequence of reimbursements by the Railway Administration.

HEAD XXIII POSTS & TELEGRAPHS

Item 7: Senior Assistant Postmaster General 5920

95. The introduction of this new item, which is in substitution for one of the posts of item 4, will not result in any increased expenditure to Kenya, as explained at page 39 of the Memorandum. I trust that the creation of this new post will receive your approval. I have addressed you separately as regards the future reorganisation of the Posts and Telegraphs Department.

Item 11...



Item 11: Postal Clerks & Telegraphists (Female): 22,692.

96. The increase of £550

under this item is consequent on the taking out of abeyance of two posts to meet the additional work resulting from increased trunk telephone development. Your approval of this increase is sought.

Item 17: Sub-Engineers and Inspectors. £18,110.

97. The increase under this

item is due to the filling of two posts previously in abeyance to meet the increase of work entailed by the expansion of the telegraph and telephone network of the Colony.

I am satisfied that this expenditure is unavoidable, and I trust that you will accord your approval to the additional posts.

Item 23: Junior Inspectors.

Item 24: Senior Wireless Engineer Operator.

98. The alteration in the

titles of these officers is considered more appropriate and is in accordance with practice elsewhere. I trust that your approval of the proposal will not be withheld.

Item 28: Asian Postmasters, Money Order Clerks, etc. 27,151.

99. In view of the growth of

the work of this Department the present staff is inadequate and the Estimates contain

provision...

provision for the release of 6 of the 9 posts which in 1956 were in abeyance. I trust that your approval will not be withheld.

Item 32: Tracer. £146.

100. Reference is invited, in connection with the insertion of this new post in the Estimates, to page 40 of the Memorandum from which it will be seen that the charge will be met solely by Uganda.

Item 68: Assistant Engineers. £1,300.

101. I am satisfied that the appointment of an additional apprentice to the staff of the Engineer in Chief in consequence of the growing wireless station commitments of the three territories is unavoidable and I trust that your approval of the introduction of this additional pensionable post will not be withheld.

Item 77: Clerks (Asian). £2834.

102. Owing to the growth of work in the Stores Department, which is a joint charge against Kenya and Uganda, the appointment of an additional clerk has been rendered necessary.

103. It will be noted that a new subhead, Kenya and Uganda Savings Banks, has been included under this Head. The items included under this subhead are divisible ones...

113

ones in respect of which the computation of an exact amount is possible. In the case of other items which are of an indivisible nature reference is invited to Appendix K which appears for the first time in these Estimates. This arrangement gives effect to the recommendation of the Inter-departmental Committee appointed to examine the Savings Bank Systems in the Colonies.

HEAD XXIIIA : POSTS & TELEGRAPHS  
EXTRAORDINARY

10. The net increase of £5,250 under this Head is consequent partly upon the altered method of treating the Colonial Development Fund in the case of expenditure which is partly met from local revenue, in connection with which reference is invited to Mr. J. H. Thomas' Circular (2) despatch of the 17th December, 1935, and in so far as the remainder is concerned, is directly applicable to revenue producing expenditure. In this connection I invite reference to page 42 of the Memorandum.

HEAD XXIV : PRINTING & STATIONERY

Item 4: Clerks (European). £1,230.

105. The introduction of two new posts under this item is in fact due to

9) or 6008/35  
644  
26/37

a redistribution of existing staff. In this connection reference is invited to paragraph 202 of the Report of the Standing Finance Committee. It has been considered desirable that the Government Printer, in the present circumstances in which he is carrying out his duties without the help of an Assistant, should be supplied with a clerk of some experience to carry out the administrative work of his office in order that the Printer himself may be left free to deal with the press. The work in the Government Press during the past year has been heavy and I am satisfied that in order to make it possible for the Government Printer to cope with it without loss of efficiency this redistribution of staff is desirable.

Item 24: Apprentice (European). £60.

106. I am satisfied that in order to encourage the recruitment of local officers for this Department the introduction of this new post is desirable, and I trust that you will agree.

Item 25: Operatives (Asian). £1,733.

Item 26: Apprentices & Assistants (African). £775.

107. The increase of one post in the establishment at item 25 is in fact fictitious since the post of Operative under the subhead Railway Ticket Printing has now disappeared. There is in fact a decrease in this...

115

-17-

this item since two posts which were filled during 1936 have now been placed in abeyance, and in substitution therefor two new posts have been created at the succeeding item.

I trust that this redistribution of staff, which will effect an economy, will receive your approval.

108. Various other minor details in which alterations have been effected in these Estimates are dealt with fully in the Memorandum and in the Report of the Standing Finance Committee, and I do not propose to comment further on them.

#### HEAD XXV : PRISONS.

109. In connection with the Estimates of this Department reference is invited to the proposals contained in paragraph 351 of Sir Alan Pim's Report. In this paragraph Sir Alan has invited attention to three possible modes of reducing expenditure on the Prisons, and in particular has noted a scheme put forward by the Commissioner of Prisons for the closer concentration of prisoners in the first and second class prisons and the recruiting of a staff of District Prison Warders for the third class prisons supervised on the lines of the Tribal Police. He estimated, in paragraph 352 of his Report, that the various economies suggested might result..

result in a saving of approximately £2,000. Effect has been given in these Estimates to the scheme submitted by the Commissioner of Prisons, and reductions in the Warder staff and the increases under the new items in respect of District Warders under items 23, 24 and 25 are a direct result of the acceptance of these proposals. It will be noted that the net financial reflection on the Estimates amounts to a decrease of £824 only. Your attention, however, is invited to the increase of £1,000 under item 46, Raw Materials, Prison Industries. This increase is directly revenue earning and in consequence may reasonably be set off against the savings anticipated by Sir Alan Pim. Taking into account, therefore, the new provision of £150 under item 64 in respect of the After Care of Juveniles and £92 under item 32, in respect of Prisoners' Earnings, you will observe that the economies anticipated by Sir Alan Pim have, in amount, been fully effected, although that amount does not appear as a net decrease in the Estimates.

Item 6: Chief Officers. £3,226.

110. In connection with the increase of establishment under this item reference is invited to pages 43 and 44 of the Memorandum, from which it will be seen that these appointments form an integral part

of...

of the Prisons reorganisation scheme. I trust that you will accord your approval to these new posts.

- Item 10: Temporary Technical Instructor. £213.
- Item 11: Temporary Clerk (European)... £50.

111. In view of leave movements and the fact that recent reductions in the Prison staff do not permit of the carrying out of the duties of absentees by the existing staff I am satisfied that the temporary increase consequent on the introduction of these items is unavoidable.

- Item 53: Junior Instructors. £378.

112. The increase of 2 officers under this item, as explained on page 45 of the Memorandum, will in fact result in an economy and I trust that you will approve the creation of the two new posts.

- Item 55: Night Guards. £45.

113. The appointment of three additional night guards in consequence of the reorganisation of the Kabate Approved School, whereby it will become independent of the Nairobi Central Prison, will ultimately be set off by a corresponding decrease in the Warden staff elsewhere, as explained on page 45 of the Memorandum. I am satisfied that the appointment of these additional officers is desirable.

HEAD XXVII : PUBLIC WORKS DEPARTMENT.

114. Sir Alan Pim in his Report has made recommendations for economies in this Department which he anticipated would result in savings amounting to £6,100. The details of these savings are set out in paragraphs 368 and 373 of the Report and include a sum of £979 in respect of the closing down of the Eldoret division. Since this latter saving was effected in the Provisional Estimates for 1936, the effective economies proposed by Sir Alan Pim amount to £5,121 only. The Public Works Department Head as a whole shows a net increase of £10,900. It should, however, be noted that this total includes provision for Water Supplies, which have risen by £13,915 owing to the reintroduction of provision of £12,000 in respect of a General Renewals Fund, and the administration of the Law Courts Building, which has increased by £55. In the Estimates for 1937 therefore a net decrease of £3,170 has been shown in Public Works Department expenditure proper.

115. In this connection I would invite your attention to the fact that Sir Alan in his total savings has made allowance for 45% and 50% savings on account of hidden emoluments for European and Asian officers respectively. Savings of this nature cannot  
of...



of course be shown under the Departmental Head and the figure shown in the Estimates must to that extent be increased in order to make it comparable with Sir Alan's total. In addition it has been necessary to insert provision for a portion of the year for the salaries of certain officers, such as the Deputy Chief Accountant, whose retirement will take place during 1937 in consequence of the acceptance of Sir Alan's, or parallel, proposals. Provision of this nature, which will disappear in subsequent years, amounts to approximately £1,400. The permanent decrease amounts therefore to a sum of some £1,500.

(No H)

Bearing in mind the fact that the major portion of these economies is on account of Personal Emoluments, and taking into account the sum creditable to savings in respect of hidden emoluments, I am satisfied that the Director of Public Works has produced economies in his Department considerably in excess of those recommended by Sir Alan Pim.

116. The various alterations which have resulted in the total saving to which reference has already been made, have been fully detailed on pages 46 to 49 of the Memorandum, and in the 211th and the succeeding paragraphs of the Standing Finance Committee Report. In these circumstances therefore it does not appear that any useful

purpose...

purpose would be served by further comment other than on those items under which new provision has been made, or in respect of which there has been an alteration in nomenclature.

Item 2: Senior Executive Engineer. £960.

117. The introduction of this post is consequent on the abolition of the post of Superintending Engineer and the personal allowance of £300 which was payable to Mr. Stronach. The change in a full year means a saving of £340 and I trust that your approval will not be withheld.

Item 4: Senior Assistant Engineers. £2,415.

118. The addition of a further post under this item is in substitution for one of the two posts of Executive Engineer which have disappeared from the preceding item. The saving on this reorganisation would amount in a full year to £1,000 and I trust that your approval of the creation of the additional post will not be withheld.

Item 5: Assistant Engineers. £5,013.

119. Owing to the fact that one of these posts has been taken out of abeyance the number of officers on the existing establishment has been increased by one. In view, however, of the facts that the post of Surveyor has now disappeared from the Estimates and that the officer serving as such has now been transferred to the item at present under consideration,

the...

the alteration has not in fact resulted in any increase in expenditure, but is merely a simplification of accounting, and I trust that you will accord your approval to the proposal.

Item 6: Hydraulic Engineer and Hydrographic Surveyor. £880.

120. In connection with the change in title of this officer and the extension of his scale of pay from £840 to £920 reference is invited to page 47 of the Memorandum. I am satisfied that the duties of this officer warrant the changes incorporated in the Estimates, and trust that you will approve of them.

Item 9: Quantity Surveyor. £750.

121. I am advised that in view of the duties carried out by this officer it is equitable that his salary scale should be advanced from a maximum of £720 to a maximum of £840. I trust that you will accord your approval to the proposal.

Item 10: Chief Accountant and Stores Superintendent. £920.

122. The change in nomenclature of the Chief Accountant is in accordance with the duties which he now carries out in consequence of the reorganisation of the Stores Branch. The change in title reflects no increase.

51  
increase in financial provision.

Item 12: Senior Accountant and Storekeeper.  
£785.

123. The circumstances regarding the change in title of the Chief Storekeeper are similar to those set out in connection with the preceding item, and I trust that your approval of this change will not be withheld.

Item 13: Assistant Accountants. £2,830.

124. The increase of £549 shown under this item is consequent on the promotion of one of the European Clerks previously provided for under Item 14. There is therefore no actual increase in establishment and I trust that you will approve of the change.

Item 33: Supervisors (African). £216.

125. The explanation of this new item has been afforded at page 49 of the Memorandum and I trust that you will approve the proposals contained therein.

Item 35: Leave Pay for Retrenched Officers.  
£820.

126. The introduction of this item has been rendered necessary owing to the fact that in the case of certain officers retrenched in consequence of Sir Alan Pin's recommendations it has not been possible to determine their service during 1937.

Item 49...

Item 19: Meter Readers (Clerical Staff). £432.

127. I am satisfied that this additional post is necessary in view of expansion of services, and seek your approval accordingly.

Item 77: Contribution to Water Supplies Renewals Fund. £14,000.

128. In this connection reference is invited to the very full explanation afforded on page 19 of the Memorandum and in paragraphs 220 to 223 of the Standing Finance Committee Report.

HEAD XXVIII : PUBLIC WORKS RECURRENT.

129. In view of the information supplied in the Memorandum and the Standing Finance Committee Report I have no comments to offer on the increase of £4,384 under this Head, other than to say that I am satisfied that the additional provision is unavoidable.

HEAD XXXI : SECRETARIAT & LEGISLATIVE COUNCIL.

130. In this connection reference is invited to paragraph 232 of the Report of the Standing Finance Committee. The organisation of the Secretariat remains identical with that obtaining in 1936 and the net increase of £2,548 is accountable to increased provision

in...

in respect of allowances, etc., to unofficial members of the Executive and Legislative Councils, as explained in paragraph 233 of the Standing Finance Committee Report, and to leave movements. I shall address you further at a later date on the subject of the reorganisation of the Secretariat which has been recommended by Sir Alan Pim in paragraphs 142 to 153 of his Report. As stated in the Report of the Standing Finance Committee it is proposed to make effective those, or parallel, suggestions, at as early a date as possible. At the same time, it is in present circumstances neither practicable nor desirable that such comparatively drastic changes, which will have little, if any, immediate effect on expenditure, should be hurried or should be introduced without the full consideration which they clearly demand.

#### HEAD XXIII : TREASURY

131. Provision under this Head remains identical with that obtaining in the past, with the exception of certain minor increases. In this connection I would refer you to my comments on the Secretariat in the preceding paragraph.

Item 26: Clerks (European) 33,610.

132. Owing to the fact that the collection of Education Fees has been transferred from the Education Department to the Central...

Central Revenue Office it is considered necessary to engage an additional European Clerk on Local Civil Service terms. I trust that your approval of this increase will not be withheld.

Item 28: Office Boys and Messengers. \$69.

133. I am satisfied that the increase of the establishment under this item by one is necessary.

HEAD XXXIV : PUBLIC WORKS EXTRAORDINARY

There is again a substantial increase of \$5,770 in expenditure under this Head. In this connection I would refer you to paragraph 61 of Sir Joseph Borne's despatch No. 1 of the 2nd January, 1936, in which, in commenting on similar provision for 1936, he suggested that, as the finances of the Colony improved, it would be necessary considerably to expand work carried out through this Head.

HEAD XXXV : COLONIAL DEVELOPMENT FUND.

135. Detailed comments with regard to the expenditure on new items appearing under this Head will be found on page 55 of the Memorandum, and in connection therewith reference is invited to the correspondence noted...

noted below:-

Item 1: Nairobi Research Station.

(7) on 38048/35

Mr. J.H. Thomas' despatch No. 115 of the 29th February, 1936.

M<sup>r</sup>. T. J. ...  
(Adm. ...)

Item 2: Trunk Telephone Development.

17-12-36

(8) on 38176/36

Mr. J.H. Thomas' despatch No. 219 of the 2nd April, 1936.

Item 5: Roads in Mining Areas.

(4) on 38150/36

R: 309

1-1-37

Sir Joseph Byrne's despatch No. 666 of the 17th December, 1936.

Item 6: Roads in Tea Areas - Lumbwa-Kericho Road.

(5) on 38150/36

Sir Joseph Byrne's despatch No. 103 of the 25th February, 1936.

Item 8: Kenya Coffee Mealy Bug Research.

(10) on 38049/36

...  
...

Mr. J.H. Thomas' despatch No. 265 of the 23rd April, 1936.

136. As I explained in an earlier paragraph of this despatch I have not felt that any useful purpose would be served by commenting on many of the items against which are shown increases or decreases in the Estimates, owing to the fact that local circumstances necessitated a very full examination both in the Memorandum on the Draft Estimates and in the Report of the Standing Finance Committee, to which reference is invited. I trust, however, that in view



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of the comments offered in this despatch it will be appreciated that every endeavour has been made to make effective as many as possible of the recommendations contained in Sir Alan Pim's Report at an early date, and that in fact all the economies which were capable of immediate introduction have been applied.

I have the honour to be,

Sir,

Your most obedient humble servant,

*Admiral*

ACTING GOVERNOR.

SCHEDULE OF NEW POSTS.

(Items marked \* refer to posts previously in abeyance)

HEAD II : ADMINISTRATION.

Item 5: 2 District Revenue Officers.

Vide paragraph 7 of the Report of the Standing Finance Committee Part I and paragraph 12 (iv) of this despatch.

\* Item 22: 1 Principal Labour Officer.

Vide paragraph 14 of this despatch.

Item 43: 5 Asian Clerks.

Vide page 8 of the Memorandum and paragraph 15 of this despatch.

Item 44: 13 Clerks (African).

Vide page 8 of the Memorandum and paragraph 15 of this despatch.

Item 96: 1 Clerk (African).

Vide paragraph 17 of this despatch.

Item 179: 1 Rev. Counter (African).

Vide page 10 of the Memorandum and paragraph 18 of this despatch.

HEAD III : AGRICULTURAL DEPARTMENT.

Item 30: 1 Assistant Agricultural Officer (in substitution for one Agricultural Officer on overseas terms at item 31).

Vide page 13 of the Memorandum and paragraph 25 of this despatch.

(Item 53)...

Item 53: 1 Assistant Agricultural Officer.

Vide paragraph 36 of the Standing Finance Committee Report, Part I and paragraph 26 of this despatch.

Item 55: 1 Junior Laboratory Assistant.

Vide paragraph 36 of the Standing Finance Committee Report, Part I and paragraph 26 of this despatch.

Item 123: 3 Temporary Assistant Agricultural Officers.

Vide page 14 of the Memorandum and paragraph 30 of this despatch.

Item 124: 1 Temporary Assistant Agricultural Officer.

Vide page 14 of the Memorandum and paragraph 31 of this despatch.

Item 125: 1 Irrigation Officer.

Vide page 14 of the Memorandum and paragraph 31 of this despatch.

Item 127: 3 Clerks (African).

Vide page 14 of the Memorandum and paragraph 32 of this despatch.

HEAD VII : CUSTOMS DEPARTMENT.

\* Item 15: 5 Clerks (Asian).

Vide page 16 of the Memorandum, Paragraph 57 of the Standing Finance Committee Report, Part I and paragraph 35 of this despatch.

Item 16...

Item 16: 4 Clerks (African).

Vide page 16 of the Memorandum and paragraph 36 of this despatch.

HEAD VIII : EDUCATION DEPARTMENT.

Item 38: 1 Matron.

Vide paragraph 70 of the Standing Finance Committee Report, Part I, and paragraph 40 of this despatch.

Item 51: 3 Education Officers.

Vide page 19 of the Memorandum and paragraph 41 of this despatch.

HEAD IX : FOREST DEPARTMENT.

Item 8: 1 Assistant Forester (African).

Vide paragraph 48 of this despatch.

HEAD X : GAME DEPARTMENT.

Item 23: 1 Senior Assistant Game Warden.

Vide paragraph 97 of the Standing Finance Committee Report, Part I and paragraph 50 of this despatch.

HEAD XI : GOVERNMENT ANALYST'S LABORATORY

Item 3: 1 African Laboratory Attendant.

Vide page 22 of the Memorandum and paragraph 52 of this despatch.

Head XIII.

HEAD XV: LOCAL GOVERNMENT, LANDS & SETTLEMENT

Item 17: 1 Chief Surveyor. (In substitution for the post of Surveyor General on the retirement of the present holder in 1937).

Vide paragraph 106 of the Standing Finance Committee Report, Part I, and paragraph 56 of this despatch.

HEAD XVII: MEDICAL DEPARTMENT

Item 14: 1 Medical Officer.

Vide paragraph 123 of the Standing Finance Committee Report, Part I, and paragraph 62 of this despatch.

Item 20: 1 Nursing Sister.

Vide paragraph 127 of the Standing Finance Committee Report, Part I, and paragraph 63 of this despatch.

\* Item 38: 1 Deputy Director of Laboratory Services.

Vide paragraph 129 of the Standing Finance Committee Report, Part I, and paragraph 64 of this despatch.

Item 45: 1 Laboratory Assistant (Learner Grade).

Vide page 26 of the Memorandum and paragraph 66 of this despatch.

Item 80: 2 Medical Officers.

Vide paragraph 144 of the Standing Finance Committee Report, Part I, and paragraphs 67 and 68 of this despatch.

Item 88...

Item 88: 1 Nursing Sister (Medical).

Vide page 27 of the Memorandum and paragraph 70 of this despatch.

Item 96: 2 Nursing Sisters (Asian).

Vide page 27 of the Memorandum, Paragraph 118 of the Standing Finance Committee Report, Part I and paragraph 71 of this despatch.

HEAD XVIII : MILITARY.

Item 12: 1 Brigade Major.

Vide page 28 of the Memorandum and paragraph 72 of this despatch.

Item 20: 1 Clerk (Asian).

Vide paragraph 152 of the Standing Finance Committee Report, Part I, and paragraph 75 of this despatch.

Item 19: 1 Clerk (African).

Vide page 28 of the Memorandum and paragraph 76 of this despatch.

Item 55: 6 Privates.

Vide page 29 of the Memorandum and paragraph 77 of this despatch.

Item 112: 1 Clerk (European).

Vide page 29 of the Memorandum and paragraph 79 of this despatch.

Item 150...

- Item 150: 1 Captain - Staff Officer.  
 Item 151: 1 Regimental Sergeant-Major.  
 Item 152: 1 Clerk (European).  
 Item 153: 1 Clerk (Store) (Asian).  
 Item 154: 1 Armourer (Asian).  
 Item 155: 1 Porters (African).  
 Item 156: 2 Company Sergeant-Major.

Vide pages 30 and 31 of the Memorandum, paragraph 151 of the Standing Finance Committee Report, Part I and paragraph 81 of this despatch.

HEAD XIX : MINING & GEOLOGICAL DEPARTMENT.

- Item 8: 1 Junior Draughtsman (European).

Vide page 32 of the Memorandum and paragraph 83 of this despatch.

HEAD XXII : POLICE DEPARTMENT.

- Item 9: 1 Assistant Inspector.

Vide page 35 of the Memorandum and paragraph 90 of this despatch.

- Item 21: 1 Corporal (African).  
 Item 25: 1 Constable (African).  
 Item 27: 4 Constables (African).

Vide paragraph 196 of the Standing Finance Committee Report, Part I, and paragraph 91 of this despatch.

- Item 34: 3 Clerks (Asian).

Vide page 36 of the Memorandum and paragraph 92 of this despatch.

- Item 95: (Constables (African)) 1st Grade.  
Item 94: 73 (Constables (African)) 2nd Grade.  
Item 95: (Constables (African)) 3rd Grade.  
Item 112: (Constables (African)) 1st Grade.  
Item 113: 7 (Constables (African)) 2nd Grade.  
Item 111: (Constables (African)) 3rd Grade.

Vide page 37 of the Memorandum and paragraph 94 of this despatch.

#### HEAD XXIII : POSTS & TELEGRAPHS.

- Item 3: 1 Senior Assistant Postmaster General.

Vide page 39 of the Memorandum and paragraph 95 of this despatch.

- \* Item 11: 2 Postal Clerks & Telegraphists (Female).

Vide page 39 of the Memorandum and paragraph 96 of this despatch.

- \* Item 17: 2 Sub-Engineers & Inspectors.

Vide page 39 of the Memorandum and paragraph 97 of this despatch.

- \* Item 28: 6 Clerks (Asian).

Vide page 39 of the Memorandum and paragraph 99 of this despatch.

- Item 68: 1 Assistant Engineer.

Vide page 40 of the Memorandum and paragraph 101 of this despatch.

- Item 77: 1 Clerk (Asian).

Vide page 41 of the Memorandum and paragraph 102 of this despatch.

#### HEAD XXIV : PRINTING & STATIONERY.

- Item 4: 2 Clerks (European).

Vide paragraph 302 of the Standing Finance Committee Report, Part I, and paragraph 105 of this despatch.



Item 13: 1 Apprentice (European).

Vide page 43 of the Memorandum and paragraph 106 of this despatch.

Item 26: 2 Apprentices and Assistants (African).

Vide page 43 of the Memorandum and paragraph 107 of this despatch.

HEAD XXV. PRISONS.

Item 6: 2 Chief Officers.

Vide page 44 of the Memorandum and paragraph 110 of this despatch.

Item 10: 1 Temporary Technical Instructor (for 8 months).

Vide page 44 of the Memorandum and paragraph 111 of this despatch.

Item 11: 1 Temporary Clerk (European) (for 3 months).

Vide page 44 of the Memorandum and paragraph 111 of this despatch.

Item 22: 10 District Corporal Warders.

Item 23: 23 District Lance-Corporal Warders.

Item 24: 58 District Warders.

Vide page 45 of the Memorandum and paragraph 109 of this despatch.

Item 53: 2 Junior Instructors.

Vide page 45 of the Memorandum and paragraph 112 of this despatch.

Item 55: 3 Night Guards.

Vide page 45 of the Memorandum and paragraph 113 of this despatch.

HEAD XXVII : PUBLIC WORKS DEPARTMENT.

Item 2: 1 Senior Executive Engineer.

Vide page 47 of the Memorandum and paragraph 211 of the Standing Finance Committee Report, Part I, and paragraph 117 of this despatch.

Item 4: 1 Senior Assistant Engineer.

Vide page 47 of the Memorandum and paragraph 118 of this despatch.

Item 5: 1 Assistant Engineer.

Vide page 47 of the Memorandum and paragraph 119 of this despatch.

Item 17: 1 Assistant Accountant.

Vide page 47 of the Memorandum and paragraph 124 of this despatch.

Item 23: 12 Supervisors (African).

Vide page 49 of the Memorandum and paragraph 125 of this despatch.

Item 19: 1 Meter Reader (Clerical Staff).

Vide page 49 of the Memorandum and paragraph 127 of this despatch.

HEAD XXXIII : TREASURY.

Item 26: 1 Clerk (European).

Vide page 52 of the Memorandum and paragraph 132 of this despatch.

Item 28: 1 Office Boy.

Vide page 52 of the Memorandum and paragraph 133 of this despatch.

II. SCHEDULE OF ALTERATIONS IN TITLES  
&  
PERSONAL EMOLUMENTS.

37

The alterations in Personal Emoluments consequent on acceptance of the Local Civil Service terms have not been included in this Schedule.

HEAD IV : AUDIT.

Item 1: 1 Auditor.

Salary consolidated at £1,350 per annum.

Vide paragraph 48 of the Standing Finance Committee Report, Part I, and paragraph 34 of this despatch.

HEAD X : GAME DEPARTMENT.

Item 1: Game Warden.  
Item 2: Senior Assistant Game Warden.  
Item 3: Assistant Game Wardens.

Vide paragraph 51 of this despatch.

HEAD XIII : JUDICIAL DEPARTMENT.

Item 1: Chief Justice.

Salary restored to £2,400 per annum.

Vide paragraph 101 of the Standing Finance Committee Report, Part I, and paragraph 53 of this despatch.

HEAD XVII : MEDICAL DEPARTMENT.

Item 13: Specialist.

Formerly designated "Surgical Specialist". Salary increased by £100 to £1,100.

Vide page 25 of the Memorandum and paragraph 61 of this despatch.

Item 39: Senior Pathologist.  
Item 40: Pathologists.

Formerly designated "Senior Bacteriologist" and "Bacteriologists" respectively.

Vide page 26 of the Memorandum and paragraph 65 of this despatch.

Item 86...

Item 86: Medical Storekeeper.

Salary increased from present maximum of £600 to £600 by £30 to £720 personal to present holder.

Vide page 27 of the Memorandum and paragraph 69 of this despatch.

HEAD XVIII : MILITARY.

Item 70: Dressers.

Salary reduced to 75/- per mensem.

Vide page 29 of the Memorandum and paragraph 78 of this despatch.

Item 110: Bandmaster.

Salary increased from present maximum of £420 to £450 by £10 triennially to £470.

Vide page 50 of the Memorandum and paragraph 80 of this despatch.

HEAD XXII : POLICE.

Item 5: Assistant Superintendents.

Salary scale increased from present maximum of £600 to £600 by £30 to £720 by £30 to £840.

Vide paragraph 180 of the Standing Finance Committee Report and paragraph 89 of this despatch.

HEAD XXIII : POSTS & TELEGRAMS.

Item 23: Junior Inspectors.

Formerly designated "Junior Telegraph Inspectors".

Item 24: Senior Wireless Engineer Operator.

Formerly designated "Senior Wireless Telegraph Engineer Operator".

Vide page 39 of the Memorandum and paragraph 98 of this despatch.

-3-

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HEAD XXVII : PUBLIC WORKS DEPARTMENT.

Item 6: Hydraulic Engineer & Hydrographic Surveyor.

Formerly designated "Hydrographic Surveyor" and salary scale raised from previous maximum of £840, by £40 to £920.

Vide page 47 of the Memorandum and paragraph 120 of this despatch.

Item 8: Quantity Surveyor.

Salary scale increased from present maximum of £720, by £30 to £750.

Vide page 47 of the Memorandum and paragraph 121 of this despatch.

Item 10: Chief Accountant and Stores Superintendent.

Formerly designated "Chief Accountant".

Vide page 48 of the Memorandum and paragraph 122 of this despatch.

Item 12: Senior Accountant and Storekeeper.

Formerly designated "Chief Storekeeper".

Vide page 48 of the Memorandum and paragraph 123 of this despatch.

9

THE SECRETARIAT,  
NAIROBI,  
KENYA.

RECEIVED  
25 JAN 1937  
G. O. REG

WHEN REPLYING  
PLEASE QUOTE  
No. D/leg. Co. 26/3/7/60  
AND DATE

31 December, 1936

*Handwritten notes and scribbles on the left margin, including the word 'Letter' written vertically.*

The Colonial Secretary of the Colony and Protectorate of Kenya presents his compliments to the Under Secretary of State for the Colonies, and has the honour to transmit twelve copies each of the undermentioned publications:

- Report of the Standing Finance Committee on the Draft Estimates of Revenue and Expenditure for the year 1937, Part II
- Report of Select Committee on the Licensing Bill



COLONY AND PROTECTORATE OF KENYA

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**Report of the Standing Finance Committee on the  
Draft Estimates of Revenue and Expenditure  
for the Year 1937**

**Part II—REVENUE**

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MAISON  
PRINTED BY THE GOVERNMENT PRINTER  
1936

Report of the Standing Finance Committee  
on the Draft Estimates of Revenue and  
Expenditure for the Year 1937

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Part II—REVENUE

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## Report of the Standing Finance Committee on the Draft Estimates of Revenue and Expenditure for the Year 1937

### PART II—REVENUE

As a preliminary to the detailed examination of the printed Draft Revenue Estimates for 1937 the Committee considered the main recommendations dealing with Revenue contained in the Report of Sir Alan Pim, namely:—

- (a) Reductions in Native Taxation (paragraphs 75 and 76)
- (b) The introduction of an Income Tax including a basic minimum tax, and the consequential abolition of the Graduated Non-Native Poll Tax, the Non-Native Poll Tax and the Education Taxes (paragraphs 881 to 886)
- (c) The modification of the Traders and Professional Licences (paragraph 884)

2. After discussion the conclusion was reached that no final decision should be made on the principle of these recommendations, nor should consideration be given to the probable financial effect on the Revenue Estimates of their acceptance, or partial acceptance, until such time as a review of the remaining items of Revenue unaffected by these proposals, plus on the Expenditure side of the Estimates, should have enabled the Committee to form an opinion as to what modifications would be possible or desirable.

3. As a consequence of the recommendations contained in Part I of this Report, which had already been approved by the Legislative Council and the recommended additions to the remaining Revenue items referred to in paragraph 3 the Committee at a later stage in their deliberations formed the opinion that the Budget as revised would result in a surplus of estimated Revenue over estimated Expenditure of £90,518.

4. In these circumstances the Committee recommended the following reductions:—

Item 11. Hut and Poll Tax (Native)	25,000
Item 12. Non-Native Poll Tax	10,000
Item 13. Income Tax	40,000
Item 16. Traders and Professional Licences	5,500
Item 17. Petrol Tax	15,000
	£91,500

In this connection the European Elected Members stated that in their opinion the revised Estimates of Revenue had removed any real necessity for the introduction of an Income Tax at the present time, and asked that it should be recorded that their acceptance of the principle of a light income tax on the lines of that enforced in the Rhodesias was actuated by the desire that finally should at last be reached on the subject of taxation, disagreements in regard to which had over a period of years exercised so damaging an influence on the economic conditions of the country, and by the feeling that the best interests of all communities would be served by an equitable compromise. Their willingness to accept such a compromise had been strengthened by the recent announcement of the Secretary of State that the Governor-designate would be instructed to inquire into the reconstitution of the Executive Council. They accepted the modifications recorded in the first paragraph of this Report on the definite understanding that their introduction would not result in any increase of direct taxation on the non-native communities but might be described rather as a redistribution of the existing yield from other forms of direct taxation.

5. Mr. Pandya asked that it should be recorded that, in his opinion, imposition of income tax or acceptance of that form of taxation by the European elected members bore no relation to, nor had it anything to do with, the reconstitution of the Executive Council. The imposition of income tax was due to budgetary necessity. When the Governor-designate came to inquire into the question of the reconstitution of the Executive Council, Mr. Pandya did not think that the acceptance or otherwise of income tax by the European elected members should receive any special consideration.

6. The Elected Members asked that they should be given an assurance that it was not Government's policy progressively to increase native services in such a way as to necessitate the imposition of increased direct taxation on the non-native communities. The official members recognized the equity of this attitude and the Colonial Secretary undertook to recommend its acceptance to Government. At the same time he pointed out that though under the proposals in this Report the expenditure allocated to native services in 1937 would considerably exceed that available under the Moyns formula, at the same time these proposals had not resulted in any net increase in taxation on the non-native communities, but in fact a net decrease of approximately £87,000, not including postal reductions.

#### HEAD I—CUSTOMS AND EXCISE

7. The Committee discussed with the Commissioner of Customs, the Director of Agriculture and the Agricultural Economist the Estimates of Revenue under Head I, Customs and Excise, and sought, as a preliminary to a detailed examination of these figures, an explanation of the formula, if any, on which the Revenue Estimates in any given year were related to estimated export values with particular reference to those for Agricultural Exports.

8. The Commissioner of Customs stated that the connection between these values had engaged his attention, and he had satisfied himself that over a period of years there was a close relationship between actual Agricultural Export values and actual Customs receipts. This expression of opinion he substantiated by means of a graph limited on the data provided on pages 155 and 166 of Sir Aida Pim's Report.

9. The Commissioner pointed out, however, that in the preparation of Estimates (any formula based on figures of Agricultural exports must be accepted with the greatest reserve). The realization of agricultural export values was dependent in any given year on such problematic factors as climatic conditions, market movements and social changes.

10. In a more or less fully developed country there were obvious reasons why Customs receipts should not improve in proportion to increased prosperity since the imposition of duties tended automatically to increase the internal production of dutiable articles; and in the case of Kenya he expressed the view that two other influences were at work which would militate against any startling improvement in Customs Revenue in 1937.

11. In the first place, until the country had fully recovered from the effects of the depression, a large portion of the increased income of the individual would be utilized in meeting accrued liabilities and the purchasing power of the community would be correspondingly decreased.

12. In the second place it must not be forgotten what a large part the Railway played in the economic life of Kenya. Railway receipts during the latter half of 1936 had made it clear that further substantial reductions would shortly be possible in rates. This assumption had been confirmed by the General Manager in the recent debate on the Railway Estimates in the Legislative Council, and later still by the announcement of the revised tariffs which would come into operation as from January 1st, 1937. In anticipation of these reductions importers had naturally been averse from moving imports during the last three months of the year and, except where transfer was

unavoidable, there had been a tendency to clear goods and house them in Mombasa in private warehouses until advantage could be taken of the more favourable rates.

13. In view of the Customs arrangement between the territories of Kenya, Uganda and Tanganyika Territory whereby moneys collected in respect of Customs duties on entry are credited to Kenya Funds and only reallocated when definite proof of transfer is available, he explained that the Kenya receipts would be artificially swollen over the period of restricted movement during the latter part of 1936, and would suffer correspondingly with increased traffic transfers in 1937.

14. In reply to a question the Commissioner of Customs anticipated that the postponement of transfers from Kenya to Uganda and Tanganyika Territory in 1936 might cause an inflation of Kenya revenue of from £80,000 to £140,000. In estimating the 1937 receipts therefore the figures for 1936 could not be taken as a safe guide.

15. The Commissioner of Customs stated that in arriving at his figure of £740,000 shown in the printed Draft Estimates he had taken all the then known factors into consideration. He had, also, made use of the Agricultural Export value estimate of £9,140,000 originally supplied to him by the Agricultural Department.

16. The Director of Agriculture then explained that, in consequence of actual figures for Agricultural Exports for the first nine months of 1936 having now been made available, he felt himself justified in increasing his estimated figures for 1937 from £9,140,000 to £9,807,000. The Committee considered in detail the items of which this total was composed, bearing in mind the following considerations:

- (i) That the full effects of a good coffee crop in 1937 would not be felt from an economic point of view until 1938.
- (ii) That increased maize planting for the 1936-1937 period would have little effect on maize exports in 1937.
- (iii) That a reasonable margin of error should be allowed for market fluctuations.
- (iv) That allowance should be made for the spending of advances acquired in respect of standing crops, although this would, in all probability, be offset by restricted spending on account of the immediate desire of farmers to meet liabilities deferred on account of the depression.

17. In the light of evidence adduced, the Committee with the concurrence of the Director of Agriculture recommended that the figure of £9,807,000 might with safety be increased to approximately £13,600,000 and recorded major increases in export values of the following items:—

Maize, tea, sisal, butter, ghee, skins, wool, cotton, yattle-bark and yattle-extract.

Allowance for non-agricultural export values, estimated at approximately £500,000, would bring the total value of Kenya exports to a figure in excess of £14,000,000 for 1937.

18. In these circumstances the Commissioner of Customs stated that he would be prepared to increase his original estimate of £740,000 to £810,000 and the Committee recommended accordingly.

19. While agreeing that it was not unreasonable to anticipate that this figure would be reached the Treasurer at this stage invited the attention of the Committee to the dangers of estimating Revenue too liberally. He pointed out that in the past few years expenditure had been restricted and the fulfilment of many justifiable demands had been postponed on the grounds that funds were not available. In due course these demands would have to be met, and he

was apprehensive that the estimating of Revenue "to the hilt" would leave no margin during 1937 for meeting unanticipated expenditure. Provision of this nature during 1936 under Special Warrants had amounted to approximately £150,000.

20. The Committee appreciated the fact that the Treasurer by virtue of his office, was bound to adopt this attitude but was of opinion that in arriving at an estimate of revenue they should not be influenced by the question of unforeseen expenditure. At the same time they expressed the view that the potential danger outlined by the Treasurer should as far as possible be obviated by a rigid scrutiny of Special Warrants during 1937.

21. The revised details of Customs Revenue forming the total of £810,000, have been incorporated in the Schedule appended to this Report.

#### HEAD II—LICENCES, DUTIES, TAXES, ETC.

##### Item 2—Game Licences.

22. It was explained that the decreased yield on the 1936 estimate shown under this item was consequent on a marked drop in 1936 receipts. This decrease the Game Warden assigned in part to the high cost of licences, and in part to the increased interest in photographing, as opposed to shooting game. In view of information recently received that the local safari agencies were fully booked up with visitors for 1937, however, he considered it safe to restore the estimate to the 1936 figure of £8,500.

23. The Committee recommended accordingly.

##### Item 6—Coffee Licences.

24. The Director of Agriculture explained that a case had been put up by the Coffee Board for the transfer from General Revenue to the Board of all receipts in respect of Coffee Licences.

25. The Committee heard evidence on the subject but in view of the increase of £1,000 already recommended on the Expenditure side of the Estimates in respect of improved Coffee Research Services they were unable to agree to immediate acceptance of the proposal.

##### Item 8—Licences under Traffic Ordinance.

26. In view of the revised estimate of £57,000 for 1936, the Committee recommended that this item should be increased by £5,000 to £60,000.

##### Item 9—Stamp Duties, Various Revenue Purposes.

27. The evidence of the Acting Principal Registrar of Titles and others made it appear that revenue under this item was buoyant, and that the estimated figure for 1936 would be exceeded.

28. The Committee recommended an increase of £5,000 to £60,000.

##### Item 10—Cattle Traders Licences.

29. It was explained that the increase in receipts in 1936 in respect of these licences was largely assignable to the boom in stock trade in consequence of the Italo-Ethiopian situation. This influence would not be felt in 1937.

30. The Committee accepted the view that the proposed inauguration of the meat and by-products factory of Messrs. Liebig's (Kenya), Ltd., must have a stimulating effect on the stock industry and recommended an increase by £100 to £1,400.

##### Item 11—Hut and Poll Tax (Natives).

31. The Committee considered the proposals for remissions in native taxation contained in paragraphs 75 and 76 of Sir Alan Pim's Report.

32. The Chief Native Commissioner stated that he had taken steps to investigate the loss to revenue which would result from the acceptance of either or both of Sir Alan's recommendations. Sir Alan himself had estimated that the loss on raising the age for tax liability from sixteen to eighteen would amount to £20,000, and that on remitting half the liability on multiple huts to £25,000. A detailed calculation based on 1935 actual collections, however, raised these figures to £25,000 and £35,000 respectively.

33. In reply to a question the Chief Native Commissioner stated that the sum of £540,000 which appeared in the printed Draft Estimates represented the amount which, in his opinion, would be collected in 1937 on the present basis of assessment. The Revised Estimate for 1936 amounted to £520,000 only but it was his view that a tightening up of collections in areas where there had been a reluctance rather than an inability to pay, and the spread of the Kodi-stamp system should result in the 1937 Estimates being realized.

34. The Treasurer explained that the figure of £15,000 appearing in the Revised Revenue Estimates for 1936 on account of the sale of stamps was in respect of stamps purchased but not yet exchanged for tax tickets. This sum could not therefore yet be allocated to Hut Tax Receipts. He explained that under the Stamp system this loss was unavoidable. After the first year the floating balance should remain approximately constant and it would not therefore be necessary to take it into account in estimating receipts from this source in future years.

35. At this stage of their deliberations, as explained in the third paragraph of this Report, the Committee had made recommendations increasing the 1937 Revenue estimated on the basis of the items incorporated in the printed Draft Estimates by £30,518.

36. The Committee was informed that the opinion had been expressed over a period of years and by numerous individuals both within and outside the Colony that it was inequitable that while in the case of other races the age of liability for tax was higher, in the case of the native it should be fixed at sixteen years. This view had already been accepted in the adjoining territories of Uganda and Tanganyika but the Government of Kenya had not in the past supported it since it was felt that the native who matured earlier than the European or Asiatic and consequently earned a man's wage at an earlier date, should also pay a man's tax earlier. Sir Alan Pim had now added his support to those who considered that the age for liability should be raised and in the circumstances it did not appear practicable to defer taking this step any longer.

37. The Committee, however, considered that the proposal to remit a half of the tax assessment for multiple huts required further investigation during 1937.

38. The Committee discussed the question at length and in reaching their conclusion bore in mind the following considerations:—

- (i) That expenditure on native services was on the increase and on the existing basis of taxation had already, in the Expenditure Estimates for 1937, exceeded the Moyne formula by a considerable sum, and that although it was undesirable that this expansion should be unduly retarded, it was necessary that the native should contribute a fair share towards the expenditure on his own betterment.
- (ii) That even accepting the principle that all the recommendations in Sir Alan Pim's Report should be made effective at as early a date as possible, it was clear that a number of the economies proposed could only be put into operation after considerable delay, and it was desirable that reductions in revenue should, as far as possible, march with these economies.
- (iii) That while direct native contributions to Revenue had decreased over a period of years it appeared probable that their indirect contributions had substantially increased.
- (iv) That the acceptance of Sir Alan Pim's proposals in full would mean relief in native taxation of approximately £30,000, the effect of which would be that a considerable portion of the expenditure on native services would be a direct charge against non-native taxation.

##### Item 12—Non-Native Poll Tax.

39. The Committee recommended that the yield estimated under this item should be reduced by £12,000, from £52,000 to £40,000.

Item 12—Income Tax.

40. The Committee recommended that the yield estimated under this item should be reduced from £83,500 by £40,000 to £43,500.

Item 16—Traders and Professional Licences.

41. The Committee considered the recommendation contained in paragraph 384 of Sir Alan Pinn's Report and recommended that the licence fees imposed under the 1934 Licensing Ordinance should revert to the scale formerly obtaining, with a consequential reduction of £2,500 on the amount included in the printed draft Estimates and a reduction of £12,500 on the approved Estimates for 1936.

Item 17—Petrol Tax.

42. The Committee considered this item in the first place on the basis of its computation in the Printed Draft Estimates and was informed, in evidence, that in the view of local commercial undertakings the trading prospects for 1937 were favourable. It was understood that the 1936 sales had shown an increase of 6.56 per cent over those for 1935 and that a 7 per cent increase on 1936 was anticipated in 1937.

43. The Committee recommended that in view of the above information and in view of the buoyant revenue for 1936 this estimate should be increased by £10,500 to £68,500. In this computation account was taken of the increased use of heavy oils in Diesel engines and it was further recommended that in order to preserve the equilibrium between petrol and heavy oils the possibility of increasing taxation on vehicles employing this form of power should be examined.

44. At a later stage of their deliberations, the Committee was able to review the recommendations in the preceding paragraph in the light of the conclusions reached at paragraph 3 of this Report. They were of opinion that a remission of taxation in petrol consumption tax would be distributed over all communities and, in consequence, recommended that the revised estimate of yield under this item should be reduced by a sum of £12,000 to £53,500.

Item 18—Cotton Tax.

45. The Deputy Director of Agriculture (Plant Industry) explained that the crop estimate on which this figure of receipts was based was 15,000 bales. The revised estimate amounted to 23,500 bales, or a 56 per cent increase. Certain areas however did not yet pay tax. These areas were Kitui, Southern Machakos and Taveta where the yield should amount to 3,000, 500, and 600 bales respectively. The taxable yield therefore would be approximately 18,500 bales. On a tax of Sh. 8 per bale total receipts would amount to £7,400.

46. The Committee recommended that this item should be increased by £1,500 to £7,500.

HEAD III—FEES AND PAYMENTS FOR SPECIFIC SERVICES.

Item 3—Registration of Companies and Business Names.

47. In view of the revised figures of revenue during 1936 under this item and in consequence of advice from the Registrar General that receipts were increasingly buoyant the Committee recommended that this item should be increased by £200 to £1,700.

Item 4—Registration of Patents and Designs and Trade Marks and Bills of Sale Fees.

48. In view of actual receipts for 1936 the Committee recommended that this item should be increased by £50 to £550.

Item 5—Survey Fees.

49. The Committee recommended that this item should be increased by £200 to £1,500.

Item 8—Veterinary Inoculation Fees, etc.

50. The Acting Chief Veterinary Officer explained that revenue receipts under this item were largely of a fortuitous nature but he agreed that the average of receipts over a period of years would warrant some increase in the estimate for 1937. He expressed the opinion that if the expenditure provision under items 117, 118 and 119 of Head III could be increased by a total of £500 to the figure sanctioned in the estimates for 1936, the yield under this item might safely be increased to £10,000.

51. The Committee recommended accordingly.

Item 9—Hospital Fees.

52. The Committee, on the advice of the Director of Medical Services, recommended an increase of £200.

Item 10—Bills of Health.

53. The Committee noted that Government had decided to give effect to Article 43 of the International Sanitary Convention of 1926 and amend Regulation 50 of the Public Health (Port Health) Rules, page 1154, Volume Sub-Legislation and provide for the issue of Bills of Health free, with the consequent abolition of this item and the deletion of the yield estimated thereunder.

Item 11—Miscellaneous Fees.

54. The Committee recommended that this item should be increased by £100 to £3,000.

Item 14—Passport Fees.

55. In view of the revised actual figures for 1936 and the probability of increased travelling from within the territory during 1937 in consequence of the Operation the Committee recommended that this item should be increased by £200 to £3,500.

Item 25—Agricultural Produce, Grading, Conditioning and Cold Storage Fees, etc.

56. The Director of Agriculture stated that the estimate of receipts at this item was of a very provisional nature. He had been in consultation with the Kenya Farmers Association and, in view of their estimate of maize exports, he expressed the opinion that the figure of £1,700 might safely be increased to £5,400. The consequential increase of Expenditure Head III, Item 78, would be £200.

57. In reply to a question he explained that this service was not run to show a profit and, in fact, receipts did not cover working expenses.

58. The Committee recommended an increase of £700.

Item 31—Water Board Fees.

59. The Committee noted that there had been a reduction in these charges but in view of the buoyancy of 1936 receipts recommended that the estimated yield should be increased by £100 to £200.

HEAD IV—POSTS AND TELEGRAPHS.

Item 1—Sale of Stamps.

60. The Postmaster General explained that since the submission of the figure of £95,000 appearing in the Draft Estimates, a revised estimate had shown that this figure might be increased to £100,000. Against this, however, had to be set the loss in revenue consequent on the approval of his proposal to introduce lower internal postal rates on letters and postcards, estimated to amount to somewhat more than £6,000. He asked, therefore, that the printed figure should be reduced by £1,000 to £94,000.

61. The Committee recommended accordingly.

HEAD V—EARNINGS OF GOVERNMENT DEPARTMENTS.

Item 2—Prison Industries.

63. In answer to a question the Commissioner of Prisons stated that Prison Industries showed a very substantial profit. Expenditure in 1935 had amounted to £5,897 and receipts to £9,598. In view of the buoyant nature of this Revenue in 1936 he expressed the view that estimated receipts at this item might be increased by £500.

63. The Committee recommended accordingly.

Item 3—Serum, Vaccine and Laboratory Products.

64. In the light of the latest 1936 revenue returns the Committee recommended an increase of £500 to £3,800.

Item 4—Mombasa Water Supply.

65. After discussion the Director of Public Works agreed that in view of the fact that the probable yield under this item during 1936 would amount to £45,000 it would be safe in 1937 to anticipate a further increase of £3,000, of a total of £48,000.

66. The Committee examined the suggestion that any net profits on this undertaking after making full allowance for renewals in case of losses should be applied to relief of local consumers and should not go on to any other item. Whilst acknowledging the force of this argument, the Committee felt unable to link relief to any full extent to the proposal and accordingly recommended reduction of the estimate as amended from £49,000 to the figure of £48,500, the balance of £500 being allotted for relief of the inhabitants of the Mombasa district by the form of a grant which should have been left for discussion with the appropriate local authorities.

Item 5—Tsimba Water Supply.

67. In view of the actual yield in 1936, the Committee recommended that this item should be increased by £600 to £5,000.

Item 6—Trench Water Supply.

68. The Committee recommended that this item should be increased by £100, and that the increase should be applied to the expenditure on the Trench Water Supply.

Item 7—Trench Water Supply.

69. The Committee recommended that this item should be increased by £100, and that the increase should be applied to the expenditure on the Trench Water Supply.

Item 8—Hire of Government Vehicles.

70. The Committee recommended that this item should be increased by £100.

Item 9—African Agricultural Journal.

71. In view of the recommendation regarding Item 25 of Expenditure Head III, the Committee recommended that the figure for receipts under this item should be deleted.

HEAD VI—REVENUE FROM GOVERNMENT PROPERTY AND ROYALTIES.

Item 1—Mining Revenue.

- (a) Royalties, £18,750.
(b) Fees, £7,000.

72. In answer to a question the Commissioner of Mines explained that an increase in receipts from royalties tended to be offset by a decrease in fees, since production and prospecting did not march together, but normally succeeded one another. In consequence, while anticipating an increase of £4,750 in the former item, he had estimated for a £4,500 decrease in the latter.

73. Despite the serious shortfall in actual on estimated revenue for 1936, the Committee accepted the view that the marked increase in production for October, 1936, might be accepted as an indication of reasonable possibilities in 1937, and accepted the estimate.

Item 2—Quarry Royalties, £350.

74. The Committee invited the attention of the Acting Commissioner for Local Government, Lands and Settlement to the fact that, although revenue at this item had increased yearly from 1933 to a figure of £760 in 1935, and although a sum of over £400 had been collected by the close of August, 1936, a sum of only £350 had been estimated for 1937, or £160 below the 1936 estimate.

75. The Acting Commissioner for Local Government, Lands and Settlement explained that the estimate was based on detailed figures supplied from the various quarrying centres, but expressed the opinion that the estimate might be increased by £130 to £500.

76. The Committee recommended acceptance of this proposal.

HEAD VII—FOREST DEPARTMENT REVENUE.

Item 1—Timber and Plant Sales.

77. The Committee was informed that the revenue from this source had shown a decline in 1936. This decline the Conservator of Forests ascribed to unfavourable climatic factors and in part to the entry into the market of a certain number of private cedars. He asked that the printed estimate should be reduced by £50.

78. The Committee recommended accordingly.

Item 2—Timber Sales and Royalties.

79. The Committee stated that there had been a marked improvement in the timber trade in Kenya, and recommended that the estimate under this item should be increased by £500 to £14,000.

Item 3—Fuel Sales and Royalties.

80. The Conservator of Forests informed the Committee that, on the basis of receipts for the first nine months of 1936, the estimate under this item might safely be augmented by £1,000.

81. In answer to a question by Mr. Conway Harvey, he explained that there was, in 1936, a decrease in receipts from the Railway. The estimated figure of sales to this latter Administration was unassailable, since it was based on forward contracts. He ascribed the 1936 improvement in receipts under this item entirely to the demand for charcoal by pyrethrum growers and others, a factor to which reference had been made at page 21 of the Memorandum on the Draft Estimates.

82. The Committee recommended accordingly, and noted that a slight consequential increase would be necessary at Expenditure Head IX, Item 20.

Item 4—Miscellaneous Forest Receipts.

83. The Committee recommended the increase of estimated yield under this item by £100 to £1,800 in the light of improved 1936 returns.

Item 5—Sale of Posts.

84. The Committee noted that the yield under this item should be reduced to £250 with a consequential reduction of the cross-entry at Expenditure Head IX, Item 20.

Item 6—Reimbursements.

85. The Committee was informed that this was a declining figure, and, in view of the receipts already brought to account in 1936, recommended that a reduction of £200 should be made.

## HEAD XI—REIMBURSEMENTS.

### Item 1—Customs.

86. In consequence of the recommended increase estimate of Kenya revenue at Head I, the Committee noted the reduction of the reimbursements from Uganda shown at this item by £1,030 to £31,320.

### Item 10—K.A.R. Northern Brigade.

87. The Committee understood that in view of the alterations recommended in respect of Items 15 and 20 of Head XVIII of Expenditure and also in respect of the new items included in Head XVIII, the joint cost to Kenya and Uganda of the Northern Brigade had risen from £124,987 to £129,399, of which 88.7 per cent—the Uganda contribution—amounted to £115,077. It was accordingly recommended that receipts under this item should be increased by £1,707.

### Item 11—Posts and Telegraphs.

88. In view of the revised estimate at Appendix L, the Committee recommended an increase of £124 to £63,026.

### Item 17—Prison: Personal Emoluments.

89. The Committee noted an increase of £230 consequentially on the recommended increased services shown at Expenditure Head XXV, under Items 19, 20 and 25.

### Item 24—Audit.

90. The Committee understood that this item should be reduced by £400 to £3,725, this latter sum being inclusive of the increase of £200 envisaged under Item 1 of Expenditure Head IV.

## HEAD XII—LAND SALES.

### Item 2—Stand Premia for Town Plots.

91. The Commissioner for Local Government, Lands and Settlement explained that, in view of information made available since the preparation of the Draft Estimates, he was of opinion that the revenue estimate of £2,000 should be increased by £2,500 to £4,500.

92. The Committee recommended acceptance of this proposal.

93. In answer to a question, it was stated that the hotel site, Mombasa, had been put up for auction on several occasions, but that no bid had been made. The Committee were of opinion that the present terms of lease, embracing as they did a £60,000 construction clause, were of too onerous a description, and recommended that the Commissioner for Local Government, Lands and Settlement should be instructed to review the terms of sale with a view to their modification on a sound but more reasonable and attractive basis.

## HEAD XIII—COLONIAL DEVELOPMENT FUND.

### Item 4—Colonial Agricultural Scholarship Scheme.

94. The Committee noted that the printed provision should be reduced to £226 in consequence of the reduced expenditure recommended under Head III at Item 27.

95. The recommendations of the Committee recorded above, and set out in the succeeding Schedule, as also the recommendations contained in Part I of this Report would, if approved, show a surplus of Revenue over Expenditure in 1987 amounting to £5,013, as follows:—

Estimated Revenue	£9,443,311
Estimated Expenditure	£3,437,298
Surplus	£5,013

96. We wish to place on record our appreciation of the work done by the Clerk, Mr. Baker-Beall, who has prepared the drafts with a minimum of delay and thus enabled us to submit the Reports before the end of the year; we realise that this has entailed very considerable overtime work for him and his office staff.

A. DE V. WADE (Chairman).

G. WALSH.

H. R. MONTGOMERY.

FRANCIS SCOTT.

CONWAY HARVEY.

H. E. SCHWARTZ.

J. B. PANDYA.

C. J. WILSON.

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## SCHEDULE

Comparative Table Showing the Effect on the Draft Estimates of Revenue for 1937 of the Amendments thereto Recommended by the Standing Finance Committee

Item No.	HEAD OF REVENUE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£	£	£
<b>I.—CUSTOMS AND EXCISE—</b>							
	Grain and Flour	17,000	..	18,500	..	1,500	
	Spirits	128,000	..	133,500	..	5,500	
	Wines, Ale, and Beer	23,000	..	25,500	..	2,500	
	Other Food and Drink	31,000	..	36,000	..	5,000	
	Tobacco	80,000	..	85,000	..	5,000	
	Raw Materials and Articles Mainly Unmanufactured	2,500	..	3,000	..	500	
	Cotton Yarn and Manufactures	130,000	..	151,000	..	21,000	
	Other Textile Manufactures	23,000	..	25,500	..	2,500	
	Oils, Fats, and Resin Manufactures	85,500	..	83,000	..	2,500	
	Vehicles	32,000	..	35,500	..	3,500	
	Metals	6,000	..	8,000	..	1,500	
	Miscellaneous Goods	133,000	..	140,000	..	7,000	
	Parcel Post	30,000	..	42,000	..	3,000	
	Summers	2,000	..	3,000	..	1,000	
	Beer	6,000	..	6,600	..	500	
	Sugar	14,000	..	15,000	..	1,000	
	Tea	4,500	..	5,000	..	500	
	Tobacco	8,000	..	4,000	..	1,000	
	<b>TOTAL HEAD I</b>		<b>740,000</b>		<b>810,000</b>		
<b>II.—LICENCES, DUTIES, TAXES, ETC.—</b>							
	Game Licences	8,000	..	8,500	..	500	
	Licences under Traffic Ordinance	55,000	..	60,000	..	5,000	
	Stamp Duties, various Revenue Purposes	55,000	..	60,000	..	5,000	
	Cattle Traders' Licences	1,300	..	1,400	..	100	
	Hut and Poll Tax (Native)	540,000	..	515,000	..	25,000	
	Non-Native Poll Tax	62,000	..	40,000	..	12,000	
	Income Tax	83,500	..	43,500	..	40,000	
	Traders' and Professional Licences	25,000	..	22,500	..	2,500	
	Petrol Tax	58,000	..	63,500	..	4,800	
	Cotton Tax	0,000	..	7,500	..	1,500	
	<b>TOTAL HEAD II</b>		<b>944,050</b>		<b>872,150</b>		
<b>III.—FEES AND PAYMENTS FOR SPECIFIC SERVICES</b>							
	Registration of Companies and Business Names	1,500	..	1,700	..	200	
	Registration of Patents and Designs, etc.	500	..	550	..	50	
	Survey Fees	1,200	..	1,500	..	300	
	Veterinary Inoculation Fees, etc.	8,250	..	10,000	..	1,750	
	Hospital Fees	8,000	..	8,200	..	200	
	Bills of Health	800	..	Nil	..	800	
	Miscellaneous Fees	3,000	..	3,100	..	100	
	Passport Fees	2,400	..	2,600	..	200	
	Agricultural Produce, Grading, Conditioning and Cold Storage Fees, etc.	4,700	..	6,400	..	700	
	Water Board Fees	100	..	200	..	100	
	<b>TOTAL HEAD III</b>		<b>112,840</b>		<b>118,440</b>		
<b>IV.—POSTS AND TELEGRAPHS—</b>							
	Sale of Stamps	95,000	..	94,000	..	1,000	
	<b>TOTAL HEAD IV</b>		<b>191,845</b>		<b>190,845</b>		

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COMPARATIVE TABLE SHOWING THE EFFECT ON THE DRAFT ESTIMATES OF REVENUE FOR 1937 OF THE AMENDMENTS THERETO RECOMMENDED BY THE STANDING FINANCE COMMITTEE (Contd.)

Item No.	HEAD OF REVENUE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£	£	£
<b>V.—EARNINGS OF GOVERNMENT DEPTS.—</b>							
	Prison Industries	10,000	..	10,800	..	800	
	Sera, Vaccine and Laboratory Products	3,000	..	3,500	..	500	
	Mombasa Water Supply	43,000	..	43,500	..	500	
	Kisumu Water Supply	4,500	..	5,000	..	500	
	Kenya Water Supply	275	..	280	..	14	
	Kisumu Water Supply	200	..	340	..	50	
	Hire of Government Vehicles	50	..	75	..	25	
	East African Agricultural Journal	650	..	Nil	..		650
	<b>TOTAL HEAD V</b>		<b>82,245</b>		<b>83,784</b>		
<b>VI.—REVENUE FROM GOVERNMENT PROPERTIES AND ROYALTIES—</b>							
	Quarry Royalties	350	..	600	..	150	
	<b>TOTAL HEAD VI</b>		<b>85,947</b>		<b>89,097</b>		
<b>VII.—SALE OF GOVERNMENT PROPERTY</b>							
			<b>14,450</b>		<b>14,450</b>		
<b>VIII.—MISCELLANEOUS RECEIPTS</b>							
			<b>12,965</b>		<b>12,965</b>		
<b>IX.—FOREST DEPARTMENT REVENUE—</b>							
	Seed and Plant Sales	1,850	..	1,800	..	500	50
	Timber Sales and Royalties	13,600	..	14,000	..	1,000	
	Fuel Sales and Royalties	11,500	..	1,800	..	100	
	Miscellaneous Forest Receipts	1,700	..	250	..	600	
	Sale of Fish	300	..	1,450	..	200	
	Reimbursements	1,850	..	..	..		
	<b>TOTAL HEAD IX</b>		<b>30,300</b>		<b>31,800</b>		
<b>X.—INTEREST</b>							
			<b>38,887</b>		<b>38,887</b>		
<b>XI.—REIMBURSEMENTS—</b>							
	Customs Department	22,250	..	21,220	..	1,707	1,039
	K.A.R., Northern Brigade	48,370	..	50,077	..	124	
	Posts and Telegraphs	62,002	..	63,026	..	230	
	Prisons—Personal Emoluments	1,740	..	1,070	..		400
	Audit	4,125	..	3,725	..		
	<b>TOTAL HEAD XI</b>		<b>1,074,928</b>		<b>1,075,548</b>		
<b>XII.—LAND SALES—</b>							
	Stand Premises for Town Plots	2,000	..	4,500	..	2,600	
	<b>TOTAL HEAD XII</b>		<b>10,760</b>		<b>13,250</b>		
<b>XIII.—COLONIAL DEVELOPMENT FUND—</b>							
	Colonial Agricultural Scholarship Scheme	248	..	220	..		28
	<b>TOTAL HEAD XIII</b>		<b>71,762</b>		<b>71,730</b>		
<b>XIV.—PARLIAMENTARY GRANT</b>							
			<b>28,005</b>		<b>20,005</b>		
	<b>GRAND TOTAL</b>		<b>3,438,322</b>		<b>3,442,311</b>	<b>94,100</b>	<b>88,111</b>

NET INCREASE OF STANDING FINANCE COMMITTEE RECOMMENDATIONS OVER DRAFT ESTIMATES—£5,989

**SCHEDULE**

**Comparative Table Showing the Effect on the Draft Estimates of Revenue for 1937 of the Amendments thereto Recommended by the Standing Finance Committee**

Item No.	HEAD OF REVENUE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE'S RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£	£	£
<b>I - Customs and Excise</b>							
1	Grain and Flour	37,000		38,500		1,500	
2	Spirit	126,000		122,500		(3,500)	
3	Wine, Brandy and Beer	23,000		22,500		(500)	
4	Coffee, Tea and Drink	31,000		28,000		(3,000)	
5	Tobacco	10,000		8,000		(2,000)	
6	Raw Materials and Articles	11,000		11,000			
7	Emancipated	11,000		11,000			
8	Cotton Yarn and Manufactures	23,000		23,000			
9	Other Textile Manufactures	48,500		47,000		(1,500)	
10	Oil, Fat and Other Manufactures	35,000		35,000			
11	Waxes	6,500		6,000		(500)	
12	Miscellaneous Goods	153,000		140,000		(13,000)	
13	Parcel Post	30,000		30,000			
14	Stamps	2,000		3,000		1,000	
15	Books	2,000		6,500		4,500	
16	Beer	14,000		15,000		1,000	
17	Sugar	4,800		6,000		1,200	
18	Coffee	3,000		4,000		1,000	
<b>TOTAL HEAD I</b>			<b>740,000</b>		<b>670,000</b>		<b>70,000</b>
<b>II - LICENCES, DUTIES, TAXES, ETC.</b>							
1	Game Licences	8,000		8,500		500	
2	Licences under Traffic Ordinances	85,000		80,000		(5,000)	
3	Stamp Duties, various Revenue Purposes	56,000		60,000		4,000	
4	Cattle Traders' Licences	1,500		1,400		(100)	
5	Hut and Poll Tax (Native)	640,000		615,000		(25,000)	
6	Non-Native Poll Tax	52,000		40,000		(12,000)	
7	Voting Tax	83,500		43,500		(40,000)	
8	Traders' and Professional Licences	26,000		22,500		(3,500)	
9	Botrol Tax	58,000		53,500		(4,500)	
10	Cotton Tax	0,000		7,500		7,500	
<b>TOTAL HEAD II</b>			<b>1,414,500</b>		<b>1,372,100</b>		<b>42,400</b>
<b>III - FEES AND PAYMENTS FOR SPECIFIC SERVICES</b>							
1	Registration of Companies and Business Names	1,500		1,700		200	
2	Registration of Patents and Designs, etc.	500		550		50	
3	Survey Fees	1,200		1,500		300	
4	Veterinary Licensation Fees, etc.	8,250		10,000		1,750	
5	Hospital Fees	5,000		6,200		1,200	
6	Bills of Health	800		5,100		4,300	
7	Miscellaneous Fees	3,000		2,600		(400)	
8	Passport Fees	2,000					
9	Agricultural Produce, Grading, Controlling and Cold Storage Fees, etc.	4,700		5,400		700	
10	Water Board Fees	100		200		100	
<b>TOTAL HEAD III</b>			<b>112,640</b>		<b>118,440</b>		<b>5,800</b>
<b>IV - POSTS AND TELEGRAPHS</b>							
1	Sale of Blanks	95,000		94,000		(1,000)	
<b>TOTAL HEAD IV</b>			<b>101,845</b>		<b>100,845</b>		<b>1,000</b>

**COMPARATIVE TABLE SHOWING THE EFFECT ON THE DRAFT ESTIMATES OF REVENUE FOR 1937 OF THE AMENDMENTS THEREIN RECOMMENDED BY THE STANDING FINANCE COMMITTEE (Contd.)**

Item No.	HEAD OF REVENUE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£	£	£
<b>V - EARNINGS OF GOVERNMENT DEPTS.</b>							
1	Prison Industries	10,000		10,500		500	
2	Sera, Vaccine and Laboratory Products	3,000		3,000			
3	Mombasa Water Supply	43,000		43,500		500	
4	Kisumu Water Supply	4,500		5,000		500	
5	Machakos Water Supply	275		285		10	
6	Kitui Water Supply	290		340		50	
7	Hire of Government Vehicles	80		75		(5)	
8	East African Agricultural Journal	550		Nil		(550)	
<b>TOTAL HEAD V</b>			<b>62,245</b>		<b>62,784</b>		<b>539</b>
<b>VI - REVENUE FROM GOVERNMENT ENTERPRISES AND ROYALTIES</b>							
1	Quarry Royalties	300		500		200	
<b>TOTAL HEAD VI</b>			<b>300</b>		<b>500</b>		<b>200</b>
<b>VII - SALE BY GOVERNMENT DEPARTMENTS</b>							
1			14,450		14,400	(50)	
<b>VIII - MISCELLANEOUS RECEIPTS</b>							
1			12,000		12,000		
<b>IX - FOREST DEPARTMENT REVENUE</b>							
1	Food and Plant (Sera)		1,000		1,000		
2	Timber Sales and Royalties	14,800		13,000		(1,800)	
3	Fuel Sales and Royalties	1,600		1,500		(100)	
4	Miscellaneous Forest Receipts	1,000		700		(300)	
5	Sale of Poshu	600		350		(250)	
6	Rehaburments	1,000		1,150		150	
<b>TOTAL HEAD IX</b>			<b>30,300</b>		<b>31,000</b>		<b>700</b>
<b>X - INTEREST</b>							
1			38,087		39,287	1,200	
<b>XI - REIMBURSEMENTS</b>							
1	Customs Department	(2,250)		(2,520)		(270)	
2	K.A.R., Northern Brigade	48,370		50,072		1,702	
3	Posts and Telegraphs	62,000		63,029		1,029	
4	Prisons - Personal Emoluments	1,710		1,970		260	
5	Audit	4,120		3,720		(400)	
<b>TOTAL HEAD XI</b>			<b>1,074,920</b>		<b>1,074,541</b>		<b>379</b>
<b>XII - LAND SALES</b>							
1	Stand Premiums for Town Plots	2,000		4,500		2,500	
<b>TOTAL HEAD XII</b>			<b>2,000</b>		<b>4,500</b>		<b>2,500</b>
<b>XIII - COLONIAL DEVELOPMENT FUND</b>							
1	Colonial Agricultural Scholarship Scheme	245		220		(25)	
<b>TOTAL HEAD XIII</b>			<b>245</b>		<b>220</b>		<b>(25)</b>
<b>XIV - PARLIAMENTARY GRANT</b>							
1			20,005		20,005		
<b>(GRAND TOTAL)</b>			<b>3,436,323</b>		<b>3,442,311</b>		<b>5,988</b>

**NET INCREASE OF STANDING FINANCE COMMITTEE RECOMMENDATIONS OVER DRAFT ESTIMATES - £5,988**





COLONY AND PROTECTORATE OF KENYA

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**Report of the Standing Finance Committee on the  
Draft Estimates of Revenue and Expenditure  
for the Year 1937**

NAIROBI  
PRINTED BY THE GOVERNMENT PRINTER  
1936

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Report of the Standing Finance Committee  
on the Draft Estimates of Revenue  
and Expenditure for the Year 1937

Printed and Published by the Government Printer, Singapore.  
1936.

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## Report of the Standing Finance Committee on the Draft Estimates of Revenue and Expenditure for the Year 1937

By motion of the Legislative Council of Kenya, on the 17th November, 1936, the Draft Estimates of Revenue and Expenditure for the Year 1937 were referred to the Standing Finance Committee for consideration and Report.

2. The Committee recommended that, in view of the fact that it appeared that the consideration of the Revenue Estimates might not be completed before the end of the year, an advance Report on Expenditure for 1937 should be presented to the Legislative Council.

### PART I Expenditure Estimates HEAD II—ADMINISTRATION.

Item 4—H.B.M.'s Consul for Southern Abyssinia.

Item 19—Honor Allowance to H.B.M.'s Consul for Southern Abyssinia.

Item 20—Travelling Allowance at £40 per annum to H.B.M.'s Consul for Southern Abyssinia.

Item 21—Expenses and Transport for H.B.M.'s Consul for Southern Abyssinia.

3. The Committee was informed that, in view of the new situation in Abyssinia, it had been decided to close down the Southern Abyssinian Consulate. The Consul, Mr. Reece, had been re-absorbed into the Kenya Administration at Item 6, and with the exception of a sum of £250 at Item 21, the provision at Items 4, 19, 20 and 21 could now be deleted from the Estimates to show a net decrease of £1,340. It was necessary to retain the sum of £250 at Item 21 in order to make provision for gratuities, leave pay, etc., for the Consular staff.

4. The Committee recommended accordingly:

Head II—District Officers.

5. The Committee was informed that, despite the re-absorption of Mr. Reece into the Administrative establishment, owing to casualties of various kinds and the decision taken by Government to fill no vacancies until a decision had been reached on Sir Alan Pim's proposals for District Re-organization, appointments of Taxation Officers and consequent reductions of Administrative staff, a decrease of £1,344 was now made possible at this vote. The establishment as at the 1st January would be as shown in the printed Draft Estimates, namely 107 District Officers, but the financial provision would amount to £65,155 as against £66,499 in the Estimates. Two officers whose resignations had been accepted in 1936 would effectively retire early in 1937. On the basis of normal casualties, of from 4 to 6 per annum, it was anticipated that the Administrative strength by the close of 1937 would have been reduced from the present sanctioned establishment of 107 to about 100.

6. The Committee considered a proposal of the Chief Native Commissioner that provision should be inserted in the 1937 Estimates for the appointment for the last six months of the year of two District Revenue Officers to Nyanza Province, on the Local Civil Service Clerical Grade I Terms at £440 per annum, rising to Special Grade rank at a salary of £600. The total cost in 1937 would amount to £440.

7. The Committee recommended that two such officers should be added to the establishment under Item 6 of Head II, but considered that the amount provided under that head should suffice.

**Item 7—Living Messengers.**

18. The consideration of the Committee was directed to this item when reviewing the Estimates under Expenditure Head XV. Their recommendations thereon will be found in paragraph 110 of this Report.

**Item 25—Principal Labour Officer.**

19. In reply to a question the Colonial Secretary informed the Committee that the promotion of Mr. P. de V. Allen to the post of Principal Labour Officer had been approved by the Secretary of State before the Government of Kenya was aware of Sir Alan Pim's proposals in connection with it.

**Item 26—Clerks (African).**

10. The Committee recommended that this item should be increased by £613 £168 to meet an unanticipated increment.

**Item 82—Interpreters.**

11. The Committee recommended that this item should be increased by £613 £567 to meet an unanticipated increment.

**Item 82—Conseroancy.**

12. The Committee was informed that approval was sought to the increase of this item by £64 in order to meet water charges in respect of supplies to the Government medical staff at Kericho and Kisii, and that this increased expenditure would be balanced by additions of £14 and £50 respectively at Revenue Head V, Items 13 and 14.

13. The Committee recommended accordingly.

**Item 87—Petty Works.**

14. Lord Francis Scott asked whether since a sum of £1,200 was now being distributed to the Provincial and Extra-Provincial Administrations, as explained at page 9 of the Memorandum on the Draft Estimates, there should not be a corresponding decrease at Item 14, Expenditure Head XXXIV, and was informed that although this should be so theoretically, in fact a decrease was inadvisable. Over a period of years the Public Works Extraordinary Minor Works Vote had been starved and the Committee responsible for its administration had been compelled to refuse to recommend many necessary works. In consequence the assets of the Colony were wasting. The present provision was quite insufficient.

15. The Committee approved the new provision inserted at Items 97, 125, 150, 176, 200, 224, 244.

**Item 127—Clerks (African).**

16. The Committee recommended that this item should be increased by £6 to £637 to meet an unanticipated increment.

**Item 178— upkeep of Boats and Launches.**

17. In view of the increase in the revised Estimate of the 50 per cent share payable by this Government towards the running expenses of s.s. *Ratina*, the Committee recommended that a sum of £11 should be added to the provision under this item.

**Item 181—Tribal Police.**

**Item 198—Expenses of Tribal Police.**

18. The Committee was informed that over a period of years, owing to shortage of funds, the Tribal Police in the Northern Frontier area had been inadequately paid.

19. The Committee recommended that Item 181 should be increased by £131 to £800; and that Item 198 should be increased by £23 to £130.

**HEAD II—ADMINISTRATION EXTRAORDINARY.**

**Removal of Laibons.**

20. The Chief Native Commissioner informed the Committee that it was anticipated that the removal of Laibons from Kericho District to Guasi should be completed during 1937. The cost of this would be £740.

21. The Committee recommended accordingly.

**New Item—Reconditioning of Machakos Native Reserve.**

22. In reply to a question the Director of Agriculture agreed that the provision of a second specialized officer to assist in the work of reconditioning the Machakos Native Reserve was desirable. Reports to this effect had been made by the District Commissioner, the Provincial Agricultural Officer and Mr. Edwards, the Grasslands Specialist, and were included in the proposals made by the Standing Committee on reconditioning in this area.

23. The Chief Native Commissioner explained that the Machakos Local Native Council contributed a considerable sum annually on account of the reconditioning work at present in progress, and he was of the opinion that, if Government did not show their interest in the scheme by supplementing this provision, the natives themselves might lose interest.

24. The Committee recommended that a sum of £400 should be inserted in the Estimates on account of "Reconditioning of Machakos Native Reserve."

**Item 4—Purchase of Lorries.**

25. In view of the statement that one of the lorries for which provision had been inserted at this item had already been purchased by means of Special Warrant the Committee recommended that a sum of £280 should be deleted.

**HEAD III—AGRICULTURAL DEPARTMENT.**

26. As in the case of other Departments in respect of which Sir Alan Pim in his Report had envisaged a scheme of reorganization, the Standing Finance Committee recorded the view that, although they considered it desirable to recommend provision for the present organization of the Agricultural Department on the lines of the Draft Estimates, they regarded this as of a temporary nature only to cover the period occupied in reaching a decision on Sir Alan's or parallel suggestions.

**Item 16—Grant to Royal Agricultural and Horticultural Society of Kenya.**

**Item 26—Grant to Milk Recording Scheme.**

27. The Committee was informed that, in an interview, representatives of the Royal Agricultural and Horticultural Society had stated that they were of opinion that provision in the nature of a block grant by Government to the Society would be preferable to the allocation of the sum provided under these two specific items. It was proposed therefore to delete the new Item 26 and transfer the provision thereunder to Item 16, thus increasing the latter item to £600.

28. The Committee recommended approval of the proposal.

**Item 18—Contribution to Amani Institute.**

29. The Committee noted an increase of £115 in the contribution to the Amani Institute.

**Item 25—Contribution to "East African Agricultural Journal."**

30. The Committee was informed that a communication had been received from the Secretary to the Governors' Conference to the effect that, taking into account the possibility of a working loss of £210 being incurred on the publication of the Journal in 1937, the credit balances at the close of 1936 would be sufficient to enable the publication to be continued in 1937 without further aid. In these circumstances he proposed that provision for contributions in 1937 should be deleted from the Estimates of the four territories concerned, and that towards the close of that year, with two years' experience of the Journal's working available, the position should be reviewed and more orthodox arrangements should be formulated for 1938 and subsequent years.

31. The Committee recommended the deletion of the provision of £613 at Item 25 and noted that a consequential reduction of £550 at Revenue Head V, Item 20 would be made.

Item 27—Colonial Agricultural Scholarship Scheme.

32. In reply to a question the Director of Agriculture explained that this item was a new one only in so far as Departmental Estimates were concerned. As explained at paragraph 1 (ii) of page 12 of the Memorandum on the Draft Estimates, in accordance with the instructions of the Secretary of State that in the case of all items in respect of which there was only partial reimbursement from the Colonial Development Fund the full provision should be shown as a charge against the appropriate Departmental Head; this provision had been transferred from Head XXXV of Expenditure, against which it had in previous years been shown. He stated that revised figures of the sum required had lately been received and, accordingly, he asked that the provision of £744 should now be reduced to £678, and that the cross-entry of £248 shown against Revenue Head XIII, Item 4, in the printed Draft Estimates should be consequentially reduced to £226.

33. The Committee recommended accordingly.

Item 34—Personal Consolidation Allowances.

Item 48—Personal Consolidation Allowances.

34. The Committee recommended the transfer of £50 from Item 34 to Item 48.

35. In connection with the new sub-head "Coffee Team Services" the Deputy Director (Plant Industry) explained that a scheme had been drawn up for the establishment of two Coffee Sub-stations in the Nandi and Kikuyu coffee-growing areas at an all-in cost of £1,000. In reply to questions he stated that there was a real need for these services. The local coffee growers would welcome the sub-stations and were prepared to house the officers who would be Agricultural Officers on Local Civil Service terms. There would be no need to appoint a clerical staff. Apart from the Agricultural Officer the work would be carried out by a small number of menials. The object in view would be to discover by experiment the varieties of coffee most suited to the locality, and eradicate prevalent disease. The work, he said, could not be carried out from the Scott Laboratories. The scheme was in no way connected with the Departmental reorganization under the Pim proposal and would not be affected by it.

36. The Committee recommended that these proposals should be accepted with the following resultant alterations and additions:—

Item 35—Local Transport and Travelling	£500
Item 37—Travelling Allowance	£80
Item 39—Co-operative Experiments, Seeds, Manures, etc.	£680
Item 47—Labour	£150
New Item—Assistant Agricultural Officer	£360
New Item—Junior Laboratory Assistant	£240

Item 73—Grading and Conditioning—Upkeep and Labour.

37. The Director of Agriculture stated that in view of the revised estimates of produce to be dealt with by the conditioning and cool stores services it would be necessary to increase the provision under the former item by £200. The expenditure would be more than offset by the increase of £700 in Revenue at Head III, Item 25.

38. The Committee recommended accordingly.

Veterinary Assistant.

39. In reply to a question the Director of Agriculture stated that the placing in italics in the Draft Estimates of the item "Veterinary Assistant" immediately succeeding Item 81, did, in fact, mean a reduction of the Veterinary Staff at Mombasa.

40. Replying to further questions the Acting Chief Veterinary Officer stated that the Veterinary Inspector was fully occupied in show and hide inspections, etc. The Assistant had been retrenched as a consequence of

the demand for economies. He supported the proposal to reappoint such an officer but did not agree that the posting of an additional agricultural officer to the Digo area to carry out part time duties as a Veterinary Officer would meet the case. The Deputy Director of Agriculture (Plant Industry) stated that the services of such an officer were not required to combat the outbreak of "Gotton-wilt" which was already being dealt with satisfactorily otherwise.

41. The Committee recommended the reappointment of a Veterinary Assistant.

Item 98—Assistant Chief Veterinary Research Officer.

42. The Committee considered the proposal to appoint an Assistant Chief Veterinary Research Officer, the additional expenditure entailed to be offset by a reduction of two units at Item 102, Laboratory Assistants. The proposal also envisaged the appointment of an additional officer at Item 99, "Veterinary Research Officers".

43. The Committee expressed the view that no action on these lines should be taken until the Pim reorganization scheme had taken final shape.

Item 117—Apparatus, Machinery and Maintenance.

Item 118—Upkeep of Kabete Laboratory.

Item 119—Production of Sera and Vaccines.

44. The Acting Chief Veterinary Officer asked that in view of the Revised Estimate of Revenue at Head V, Item 3, provision at these items should be restored to that obtaining in 1935 by increases of £150, £150, and £200 respectively.

45. The Committee recommended accordingly.

HEAD III—AGRICULTURAL DEPARTMENT EXTRAORDINARY.

New Item—New Lorries for Rinderpest Services.

46. The Acting Chief Veterinary Officer asked that provision might be inserted for the purchase of two new lorries for Rinderpest Services. He explained that the lorries at present in use had been purchased in 1927-28 and were in an unserviceable condition. Their running costs were uneconomic and they required to be boarded immediately.

47. The Committee recommended that a sum of £500 should be inserted for the purchase of two lorries.

HEAD IV—AUDIT DEPARTMENT.

Item 1—Auditor.

48. In view of the instructions issued by the Secretary of State that the salary of the Auditor should be consolidated at £1,350 per annum, thereby including in the pensionable emoluments of the post that portion of his salary which had, in the past, been paid as a non-pensionable allowance by the Railway Administration, this item was increased by £200.

49. It was noted that the recurrent annual increase would be reimbursed under Item 24, Revenue Head XI, Reimbursements by the Kenya and Uganda Railways and Harbour on account of Audit.

Item 7—Acting Allowance.

50. It was explained to the Committee that this item should have read £103 in the printed Draft Estimates and, in consequence of the recommendation in respect of Item 1, should be further increased by £50 to a total of £153.

51. The Committee recommended accordingly.

HEAD V—COAST AGENCY.

52. The attention of the Commissioner of Customs was invited to the view expressed by his predecessor in paragraph 46 of the Report of the Standing Finance Committee for 1936 that "there might be some duplication of work between the Agency and other Departments, such as the Public Works Department, operating in the Coast Province".

59. The Commissioner of Customs informed the Committee that, in accordance with the promise made by his predecessor, he had investigated possibilities of any reduction in detail. He was of the opinion that the Agency was economically run in proportion to the volume of work dealt with and he could suggest no measure of economy. He had not found that there was any overlapping of work with other Departments.

63. In these circumstances the Committee recommended acceptance of the Estimates of Expenditure under this Head as submitted in the Draft Estimates.

#### HEAD V—COAST AGENCY EXTRAORDINARY

55. In reply to a question the Commissioner of Customs stated that he had examined the proposal to purchase a new lorry in the light of Sir Alan Lumsden's comment in paragraph 267 of his Report. The position had, however, undergone considerable change since Sir Alan's visit, owing to the takeover by the Agency of Transport Services in the Education Department and he expressed the opinion that the proposed expenditure was justifiable. He referred members to the relevant paragraph on page 10 of the Memorandum on the Draft Estimates.

56. The Committee recommended that the expenditure shown in the Draft Estimates should stand.

#### HEAD VII—CUSTOMS DEPARTMENT

##### Item 16—Clerks (Asian)

##### Item 34—Uniforms for Clerks and Watchmen, etc.

57. The Commissioner of Customs stated that complaints had been made by commercial houses and other interested parties that considerable delay had on occasions occurred in the passing of documents at the Customs House. This complaint he considered was justified, but owing to the reduction of his staff during the depression period and the increase in work in consequence of the recent trade improvement, it had not been possible for him to remedy the position. He asked that this Item might be increased by three units at £43 per annum, or a total of £134 and Item 34 correspondingly by £8.

58. The Committee recommended acceptance of these proposals.

59. In reply to a question the Commissioner stated that action had already been taken to make effective the "overhauling and reorganization of the Prevention Branch" suggested by Sir Alan Pim in paragraph 276 of his Report. The reductions consequent thereon would begin to operate from 1st January 1937, and in a full year should result in savings amounting to £380. In view of the fact that the printed Estimates did not reflect these estimated savings the Committee was of the opinion that should the Commissioner find that further additions to his staff became necessary provision should be found for them out of Departmental savings.

#### HEAD VIII—EDUCATION DEPARTMENT

##### Item 18—Education Officers

##### Item 80—Education Officers

60. In view of intra-departmental transfers the Director of Education asked that a sum of £170 might be deducted from the former and credited to the latter item.

61. The Committee recommended accordingly.

62. In this connection, in answer to a question the Director of Education stated that he himself was personally satisfied that he was obtaining the requisite type of officer for service in this country on the terms offered in respect of local appointments.

##### Clerical Allowances

63. The Director of Education explained that he had satisfied himself that some provision at this item was desirable. He asked therefore that the item might be restored with provision amounting to £150.

64. The Committee recommended accordingly.

##### Item 80—School Equipment and Stores

##### Item 82—Running Expenses of Lorry

##### Item 83—Running Expenses of Lorry

65. The Director of Education explained that it was very desirable to attach a lorry to the Nakuru School in order that in cases of emergency in bad weather, etc., it might be possible to convey pupils from the School to their living quarters which were nearly a mile distant from the School buildings.

66. In reply to a question he stated that it was not possible at short notice to hire a lorry locally. The number of pupils who would require to be transferred would amount to approximately twenty or thirty. If provision for the lorry were recommended by the Committee it would be necessary to increase each of the items by a sum of £30.

67. The Committee recommended accordingly.

##### Item 84—Construction of Schools (Contributions to Schools)

68. The Director of Education explained that in view of the inauguration of the Nakuru School Scheme which would embrace the educational work previously carried out at Rumuruti and Nanyuki, Item 83 could be reduced by £185 to £220. It would be necessary to increase Item 80 from £925 to £1,010. The alteration would show a net saving of £100.

69. The Committee recommended accordingly.

##### Item 87—Matron Staff

70. The Director of Education stated that it would be desirable to station another learner Matron at Nairobi Girls' Secondary School. The necessary provision for eight months of 1937 would amount to £30.

71. The Committee recommended that this provision should be inserted.

##### Item 88—Boarding Equipment and Stores

##### Item 89—Grants-in-Aid to Private Hostels

72. In view of the reorganization at Nakuru School the Director of Education asked that Item 89 might be reduced to £585 and that the difference of £480 might be transferred to Item 88, the total of which would then amount to £6,955.

73. The Committee recommended approval of this readjustment.

##### Item 89—Reliefs

74. In answer to a question by Mr. Pandya the Director of Education expressed himself satisfied with the provision under this item which had been based on actuarial calculations.

##### Duty (Boarding) Allowance

75. In answer to a question the Director explained that provision under this item had disappeared from the Estimates in view of the fact that the officer in charge of the Hostel was now provided with a fee board.

##### Item 67—Grants-in-Aid to Indian Schools (Indian Education)

76. In answer to a question by Mr. Pandya the Director of Education explained that in accordance with the Grant-in-Aid Rules allocations from this item varied from £1 to £2/10 and £3 per pupil according to the class of school. The item showed a reduction of £300 but he was satisfied that the provision was adequate. The sum estimated for 1936 would not be fully utilized.

*Item 68—Grants-in-Aid to Goan Schools (Goan Education).—*

77. The Committee understood that the proposed increase of £600 at this Item was consequent on the increase of the Poll Tax payable by Goans from Sh. 30 to Sh. 40 under the new Non-Native Poll Tax Bill published for introduction into the Legislative Council.

78. In reply to a question the Director of Education stated that there were approximately 230 Goan children over the age of six years who under the Grant-in-Aid Rules would be entitled to a *per caput* allowance. If the maximum scale of grant to Indian pupils were made in respect of these children the total required would amount to £690.

79. The Committee understood that since Goans had been specifically exempted from payment of Education Tax this particular Grant-in-Aid had originally been made *ex gratia* and had subsequently been increased on similar grounds. In these circumstances it appeared unreasonable that provision should be made for grants which, if assessed on a *per caput* basis, would be in excess of those made in the past to Indians who had always been liable for Education Tax.

80. The Committee therefore recommended that provision should be reduced by £510 to £180 and that the Director of Education should investigate possibilities of Government taking over one of the Goan Schools.

*Item 69—Grants-in-Aid to Special Schools.*

81. The Director of Education explained that the increase of £254 at this Item was on account of increased assistance to the school in the vicinity of the Post Office at Nampoi and the Convent School at Monassa. In the past assistance had been inadequate and it was proposed to increase the rate which would work out at approximately 22 <sup>1</sup>/<sub>2</sub> per head.

82. The Committee recommended that the provision should remain as proposed.

*Item 70—Overseas Scholarship Scheme.*

83. In answer to a question the Director stated that of the scholarships fully awarded the holder of one was training at the Inns of Court, and the other was taking a course of science in London in order to qualify as a photographic chemist.

*Item 106—Grants-in-Aid to African Schools (Missions).*

84. In answer to a question by Lord Francis Burt, Secretary of Mr. Bomister the Director of Education explained that the Holy Ghost Mission had originally agreed to take over the Waa School provided that a Government block grant of £500 was made. Subsequently a claim had been submitted for grants under the Grant-in-Aid Rules. Apart from the fact that it appeared undesirable to alter the terms of an agreement already made and accepted by both parties it would have been invidious to single out this particular school for payment of a grant on a *per caput* basis. He stated that a large number of schools had an equally good claim for *per caput* grants, which would amount to £2/10 per pupil, the salary of a European Master and assistance towards the salaries of African teachers. Government could not contemplate this expenditure.

85. The Committee expressed the view that it was unnecessary to make any alteration in this provision allotted to this School.

**HEAD VIII—EDUCATION DEPARTMENT—EXTRAORDINARY.**

*Purchase of Lorry.*

86. In view of the recommendation made by the Committee in respect of Items 43 and 48 it was recommended that provision of £250 should be made under Extraordinary Expenditure for the purchase of a lorry to be attached to Nakuru School.

*Purchase of Scientific Equipment for Primary Schools.*

87. The Director of Education stated that the Advisory Council had approved the principle of introducing a modern side into the curricula of the Primary Schools and had also approved of the abolition of the Cambridge Preliminary Examination. There had been strong objections on the part of Local School Committees to the removal of pupils of under 14 years of age to the Prince of Wales School, consequently, if the recommendations of the Advisory Council were to be carried into effect, it would be necessary to enlarge the primary course and include a course of science in it.

88. In answer to a question the Director of Education explained that the modern course was intended to benefit boys who had shown themselves somewhat backward in a purely literary education and to provide them with a vocational training. It was proposed that they should follow the ordinary curricula for English, Mathematics, Geography, etc., but that they should cease to be taught Latin. A little elementary science should be introduced, the intention being to equip these pupils with knowledge which would be useful to them in agricultural or commercial careers, or would enable them to obtain from their Headmaster a leaving certificate which would be recognized as qualifying for entrance into the Local Civil Service. At the present time there was no provision for scientific education in the Primary Schools at all. In order to meet the initial cost of equipping the four primary schools with the necessary scientific apparatus the Director of Education asked that a sum of £400 be provided.

89. The Committee recommended that this sum should be inserted in the Estimates.

**HEAD IX—FOREST DEPARTMENT.**

*Item 15—Contingencies.*

90. The Committee recommended that this Item should be increased by £20 to £100.

*Item 20—Exploitation.*

91. In view of the revenue-producing nature of this Item the Committee recommended that it should be increased by £50 to £750 (*vide* Revenue Head IX, Item 3).

*Item 26—Purchase of Food for Labourers.*

92. The Committee recommended that this item should be decreased by £50 to £250 with a corresponding reduction at Revenue Head IX, Item 5.

*Item 27—Contribution to Colonial Forest Resources Development Committee.*

93. The Committee was informed that representations had been made by this body to the effect that, in view of the fact that their central expenditure would be increased from £600 per annum to £1,000 per annum during 1937, a small percentage increase in the contributions already made by interested territories would be appreciated.

94. The Committee recommended that the sum of £65 appearing in the printed Draft Estimates should be increased by £35 to £100.

**HEAD X—GAME DEPARTMENT.**

95. The Game Warden explained that his secondment to Mahaya, which had been approved since the drafting of his Estimates, would entail alterations in two Items. The financial provision for a Game Warden at Item 1 would disappear, and the post would go into abeyance for the year and show a decrease of £840 in 1936, and a fresh Item "Acting Allowance" £120, would require to be inserted after Item 3, in order to make provision for the officer carrying out his duties in his absence.

96. The Committee recommended approval of these proposals.

97. The Committee considered a proposal made by the Game Warden that the post of Senior Assistant Game Warden which was placed in abeyance in 1933, and subsequently disappeared from the Expenditure Estimates,

should be revived on a salary scale of £790 per annum. The net effect of this appointment on the 1937 Estimates would be an increase of £410 since provision would be required for a new Assistant Game Warden at an initial salary of £350 per annum to fill the vacancy created by the promotion of one of the present Assistants to the new post, together with Acting Allowance of £60 for this latter officer acting in the post of Game Warden. The sum of £120 Acting Allowance already approved for insertion would merge into the enhanced emoluments of the new appointment.

98. In support of his proposal the Game Warden explained that the three serving Assistant Game Wardens would shortly be retiring; and that it was of importance that one learner should be appointed early in 1937 in order that the Department might train up at least one officer to replace them. The revival of the post of Senior Assistant would attract a man with the necessary qualifications to act for the Game Warden in his absence, or to replace him in the event of his transfer or retirement. He considered that it should be possible to obtain an officer with a knowledge of trout as well as game, who would partly compensate for the abolition of the Fish Warden. In this latter connection, in reply to a question, the Game Warden stated that it was proposed to administer the sum of £240, provided in respect of Conservation of Fish at Item 13 of the Estimates, through Administrative Officers, Honorary Game Wardens and, to an increased extent, through the various Angling Associations? The importance of fishing to the Colony was fully appreciated and a comprehensive scheme of conservation was in course of preparation but it would not be possible of completion under a period of at least twelve months.

99. The Committee recommended that the proposals put forward by the Game Warden should be adopted.

#### HEAD XII—INTEREST AND UNFUNDED DEBT.

Item 4—Interest and Redemption of Arrears of Contributions to Provident Funds.

100. In reply to a question the Treasurer explained that the total accumulated arrears of contributions amounted to approximately £30,000. In view of the fact that Government was paying interest on these arrears an early liquidation was desirable. The title of this Item should read "Redemption of Arrears of Contributions to Provident Funds."

#### HEAD XIII—JUDICIAL DEPARTMENT.

Item 1—Chief Justice.

Item 8—Acting Allowances.

101. In view of the reasons advanced by the Secretary of State in favour of the restoration of the salary of the Chief Justice to its former figure of £2,400 per annum an addition of £100 was made to this Item; and a consequential increase of £30 at Item 8.

#### HEAD XV—LOCAL GOVERNMENT, LANDS AND SETTLEMENT.

102. The Committee accepted the view that at this stage it was not feasible to consider the Estimates of this Department in the light of the Pim proposals; and, in consequence, agreed that it would be necessary to make provision for the existing organization, though only as a temporary measure. They strongly recommended, however, that, so soon as circumstances permitted, the post of Commissioner for Local Government, Lands and Settlement should be abolished, the Departments of Lands and Mines should be combined under one Commissioner, and the Local Government section should be transferred to the Secretariat, in accordance with the recommendations contained in paragraph 314 of Sir Alan Pim's Report.

Item 2—Local Government Inspector, £420.

103. The Committee invited the views of the Acting Commissioner for Local Government, Lands and Settlement on the comments and proposals contained in the second sub-paragraph of paragraph 314 of the Pim Report.

104. The Committee was informed that the officer carrying out the duties of Local Government Inspector had been fully occupied during the current year, since he had assisted the Commissioner in the preparation of his Road Classification Report. In normal times he would be able to carry out, in addition to his Local Government inspections, inspections on behalf of the Treasury which, though most desirable, had not been carried out for a considerable period owing to staff shortage. It was stated that, in view of the considerable statutory powers with which the Local Government Inspector was invested, including that to surcharge Local Authorities whose finances were found to be in an unsatisfactory state, the proposal to abolish the post did not appear sound, the more so since the reimbursement of £430 at Revenue Head XI, Item 42 more than covered the Local Government provision in respect of his salary.

105. The Committee recommended that the draft provision should be temporarily retained pending the general Departmental reorganization.

Item 16—Surveyor General.

Item 23—District Surveyors.

Item 24—Staff Surveyors.

106. The Committee recommended acceptance of Sir Alan Pim's proposal in paragraph 315 of his Report, that, on the retirement of the present holder of the post of Surveyor General in 1937, the post should be abolished and in substitution thereof a post of Chief Surveyor at a salary of £920 per annum should be created. The provision of £1,000 at Item 16 should therefore be reduced to £417 and a new Item "Chief Surveyor" inserted immediately succeeding with provision of £537 for the latter part of the year.

107. The attention of the Committee was invited to the fact that of the six posts at Items 23 and 24, two were in abeyance. It was not proposed to fill these posts, and there had, therefore, been a reduction of one serving officer since Sir Alan reported. It was suggested that, in view of the rising prosperity of the country, increased demands on the Survey staff were likely to be made. The Lands Secretary explained that the engagement of private surveyors locally had been found to be uneconomic, and in consequence in drafting his Estimates had considered that the strength of two posts at each of these Items should be maintained by the transfer to the post of District Surveyor, which would be vacated by the promotion of one of these officers to the post of Chief Surveyor, of a Surveyor now carrying out Carter Land Commission work.

108. The Committee was in agreement with this proposal as a temporary measure.

Item 25—Chief Computer, £750.

109. This post was created in accordance with a recommendation by the Select Committee on Economy in paragraph 89 of their Report. The Committee noted that it had been included, in error, in the Provisional Draft Estimates for 1936, as non-pensionable and that the error had been perpetuated in the Draft Estimates for 1937.

110. In reviewing the Estimates of this Department as a whole the Committee recorded the opinion that the existing system, whereby a considerable part of land duties in up-country areas was carried out by Administrative Officers with no specialized knowledge, was unsatisfactory, and considered that this was a matter for consideration in connection with the Pim reorganization scheme. They recommended that, so soon as possible, a memorandum on the subject should be submitted containing proposals for an improved Land Administration.



## HEAD XVI—LOCAL GOVERNMENT, CONTRIBUTIONS TO LOCAL AUTHORITIES.

### Item 2—Contributions in Respect of Main Roads (Nairobi Municipality).

111. The Committee considered the financial reflection on the estimates of proposals made by the Nairobi Municipal Council to convert to macadam the murrum section of the Ngong Road between Gordon Road and Dugoreth Corner at an estimated cost of £2,950, of which, if the proposal were accepted, Government would contribute £1,475; and to construct a new road to the Aerodrome from the General Post Office at an estimated capital cost of £6,000 and annual Maintenance Charges of £1,000, of which Government would be liable for one half.

112. It was understood that the Central Roads and Traffic Board had recommended on the 27th November that the main trunk status of the former road should be further examined with a view to reclassification, and that the proposals in connection with the latter road were still under consideration by the Municipal Council.

113. The Committee discussed the matter in principle only therefore and made no recommendations.

114. The Committee considered the provision under this Head in respect of statutory contributions to Local Authorities, and, although making no detailed recommendations in respect of specific items, recorded the view that disbursements should more properly be made through the medium of consolidated rather than pro rata grants. They understood that the revision of these grants, envisaged in the Feetham proposals, was now overdue, and accordingly recommended the early appointment of a committee to investigate and report on any desirable alterations with a view to their introduction by amending legislation. Such alterations could be made the subject of quinquennial review.

### Item 14—Contribution in Lieu of Rates.

115. Owing to a revised estimate for 1937 the Committee recommended an increase of £190.

### Item 21—Basic Road Grants.

116. The Acting Commissioner for Local Government, Lands and Settlement informed the Committee that the projected Report on the classification of roads controlled by Local Authorities had now been completed, and he anticipated that it would shortly be considered by the Central Roads and Traffic Board. If the recommendations contained in this Report were to be carried into effect there would be a redistribution of the provision at this item. The Commissioner was not sanguine that the Report would be accepted by Local Authorities willingly and expressed the opinion that an early examination of the basis of the Road Grants should be initiated with a view to revision by legislation of the statutory Government contribution.

117. The Committee concurred with this view.

118. The Committee was informed that the proposals to institute a District Council in South Nyeri and Laikipia; and to transfer the maintenance of roads in the Machakos District to the Nairobi District Council from the Public Works Department were still under consideration and that no early agreement could be anticipated.

119. The Committee noted, therefore, that this vote should be reduced by a sum of £5,937, and that Item 1 of Head XVIII should be increased by the sum of £4,996, estimated by the Director of Public Works to be saved had the work been transferred to District Councils.

## HEAD XVII—MEDICAL DEPARTMENT.

### New Item—Acting Allowance.

120. The Committee recommended the insertion of a sum of £40 in respect of an acting allowance to the officer carrying out the duties of Accountant during the period of the latter's absence on long leave.

### Item 12—Specialists (Surgical).

121. The Committee noted that the promotion of the Surgical Specialist to the salary scale of a Senior Medical Officer had now been counterbalanced by the reduction of one Senior Medical Officer at Item 79.

122. In reply to a question, the Director of Medical Services stated that there was no intention to increase the establishment of Senior Medical Officers over the authorized number of five.

### Item 13—Medical Officers.

123. The Director of Medical Services stated that in view of the expansion of the Maternal and Child Health provision might be included at this item for the new post of Resident Physician on the salary scale of £200 by £80 to £340 by £40 to £420. He stated that it would be possible to recruit an officer of the requisite experience at the £210 step in the scale. The financial provision required for 1937 would amount to £680. This increase would be partly set off by a decrease at Item 14, consequent on the retirement of Dr. H. L. Gordon from the post of Mental Adviser to Government.

124. In reply to a question the Director of Medical Services stated that the local branch of the British Medical Association favoured the appointment of a full-time officer.

125. The Committee recommended accordingly.

### Item 14—District Surgeons.

126. In view of the fact that the only charge in 1937 against this vote would be £100 retaining fees each for two District Surgeons (see Item 79) the Committee recommended that this item should be placed in italics, and that a new item—Retaining Fees to Private Practitioners—£200—should be established.

### Item 19—Nursing Sisters.

#### Item 20—Uniform Allowance.

127. The Committee recommended the inclusion of additional provision of £180 in respect of the stipends for a period of nine months of a European Nursing Sister on a salary of £340 per annum, and noted that her duties would primarily be in connection with examinations on Asian women in the Nairobi Hospital.

128. The Committee was informed that a sum of £20 consequential on the above appointment would be required at Item 21 and recommended accordingly.

### Item 37—Deputy Director of Laboratory Services.

#### Item 38—Senior Pathologist.

#### Item 39—Pathologist.

129. The Committee considered a proposal to fill the post of Deputy Director of Laboratory Services, which had been in abeyance over a period of years at a cost of £200 in 1937, and in a full year, of £1,200.

130. In reply to questions, the Director of Medical Services explained that the success and efficiency of a laboratory was largely dependent on a capable administrator at its head. The proposal under consideration envisaged the ultimate co-ordination of medical research work in the East African Territories in a central laboratory. It would be necessary to recruit a well-qualified officer overseas. The acceptance of the proposal would involve no increase in the establishment of the scientific staff of the Laboratory, since the post of Senior Pathologist at Item 38, temporarily vacant, would be filled by promotion from the officers at the succeeding item, and the vacancy thus caused would not be filled.

131. The Committee noted that the provision required in 1937 at these items would be £100, £1,000 and £1,225 respectively, and recommended accordingly.

*Item 54—Outfit Allowances.*

192. The Committee recommended the addition of a sum of £30 to this item in respect of the new appointment at Item 19.

*Item 55—Passages.*

193. The Committee recommended that this item should be increased by £580 in order to provide for passages for newly appointed officers at Items 13, 19, 37, 79, and 95; and in respect of two casualties whose reliefs would arrive in 1937.

*Item 63—Medical and Surgical Stores, Equipment, etc.*

194. The Committee considered a proposal to increase the provision at this item to meet the cost of dressing stations erected in connection with the loan road programme, but found themselves unable to recommend any alteration.

*Item 74—Grants to Private Hospitals.*

195. The Committee considered correspondence between the Mombasa Nursing Home and Government, in which financial assistance towards the running expenses of the Home was sought. They expressed the opinion that a direct grant of this nature to a private nursing home did not appear to be warranted by the circumstances.

*Item 76—Post-mortem and Medical Examination Fees—Expenses in connection with.*

196. The Director of Medical Services asked that provision at this item might be increased by a sum of £475. He explained that in the interests of economy it had been necessary since 1933 to disallow the fee of 48 previously paid to Medical Officers performing post-mortem examinations on the order of a Court of Justice. It was proposed to renew the payment of this fee to all officers appointed to the service before the 1st January, 1934, only, such officers appointed subsequently were not entitled to it.

197. In reply to a question the Director of Medical Services explained that the payment of this fee was included in the terms of service applied to officers recruited before the date above mentioned, but had subsequently been deleted. The estimate given had been based on the 1933 Estimates, the last year in which such payments had been made. The post-mortem fee was payable solely in respect of Court cases.

198. In view of the fact that no closer estimate of the sum likely to be required was obtainable either from the Medical or Police Departments, the Committee recommended that provision at this item should be increased to £605. They further recommended that this item should appear in italics in the Medical Department Estimates for 1937, and should be transferred to Head XXII, as being more appropriately administered by the Police.

199. The four Elected Members, whilst admitting that circumstances appeared to justify the expenditure, deplored an arrangement whereby an officer in receipt of a substantial salary should be entitled to additional emoluments for work carried out in the ordinary course of his duties.

*Fees and Expenses of Medical Officers attending Courses of Instruction in England.*

200. The Committee was informed that owing to the unforeseen retirement of two Medical Officers on grounds of ill-health, it would be necessary to recruit two new Medical Officers in replacement. Approval was therefore sought in the inclusion of provision of £900 against this item, which would require to be taken out of abeyance.

201. The Committee recommended accordingly.

202. The four Elected Members dissented, and expressed the view that, on principle, officers appointed from overseas to posts carrying such high emoluments as those in the Colonial Medical Service, should be required personally to meet expenses in connection with a post-graduate course of training intended to fit them for their duties.

*Item 70—Senior Medical Officers, Medical Officers.*

203. The Committee noted that, as a consequence of one casualty amongst the staff of Senior Medical Officers and the promotion of the Surgical Specialist to occupy that vacancy, one post of Senior Medical Officer would be shown as abolished, with a consequent reduction of £1,100.

204. The Committee was informed that, in consequence of the transfer of one Medical Officer on a salary of £630 per annum from this item to Item 80, and the reduction of the establishment of Senior Medical Officers by one, as explained above, at a saving of £1,100, it would be necessary to recruit two Senior Medical Officers on the salary scale of £600 by £30 to £840; £840 by £40 to £920. The net reflection of this re-arrangement would be a saving of £1,120 since the services of the new officers would only be available for the last six months of the year on a commencing salary of £600. Against this, however, the Committee recommended provision of £900 in respect of the salaries of two officers on the scale £600 by £30 to £840; £840 by £40 to £920. In substitution for the District Surgeons whose allowances had been met in past years under Item 74, and £200 in respect of the leave salary of the retired Senior Medical Officer. The total proposed decrease on this vote in 1937 therefore would amount to £20. There would be an increase in 1938 and subsequent years.

205. The four Elected Members asked that their dissent from the recommendation should be recorded on the grounds that the special work for which these new officers would be appointed could be adequately carried out by District Surgeons at a lower rate.

206. With reference to the above item, the Committee viewed with some apprehension the continued rise of direct expenditure on Native Services in excess of the Moyde Mottilla. Although the excess in 1937 would not be as great as in the previous years, it was anticipated that this excess would become an annual recurrent one. The Committee did not doubt the desirability of insisting on efficient native medical practice, but recommended that early steps should be taken to investigate means of increasing direct native contributions, either by means of individual voluntary fees or lump-sum grants-in-aid from native funds.

*Item 95—Nursing Sisters (Asian).**New Item—Uniform Allowances for Nursing Sisters (Asian).*

207. The Committee was informed that it had not been found possible to recruit Asian Nursing Sisters locally at the salary offered, and that it was considered desirable to recruit nurses temporarily from India, at a higher rate of salary.

208. The Committee recommended that provision should be made at this item for two Nursing Sisters at £175 per annum each for a period of nine months in 1937, or a sum of £263 in all, being an increase of £23 on the provision originally inserted. They further recommended the provision of £30 consequentially in respect of two uniform allowances of £15 under a new item, "Uniform Allowances."

*Item 105—Rations, Northern Frontier District.*

209. The Committee recommended that this item should be placed in italics, and that the provision for 1937 should be transferred to a new item, "Frontier Allowances," under Personal Emoluments.

**HEAD XVII.—MEDICAL DEPARTMENT EXTRAORDINARY.***New Item—Trans Nzoia Cottage Hospital.*

210. The Committee recommended that this item should be taken out of abeyance and renumbered, and that the unspent provision of £1,500 shown in the 1936 Estimates should be re-voted in 1937.

151. The Committee noted the proposal of the Director of Medical Services to institute, in collaboration with the Agricultural Department, a campaign against measles in stock and tapeworm in human beings, but recorded the view that the cost of such a campaign did not appear to be justified as a charge against public revenues at the present time.

#### HEAD XVIII—MILITARY.

*Item 15—Staff "Q" Clerk (Learner).*

*Item 20—Clerks (Asian).*

152. The Committee was informed by the Acting Officer Commanding the Northern Brigade that considerable economies had been effected in the Estimates for 1937 in consequence of a reorganization of the Supply and Transport staff. One of these economies had been the substitution of a European Learner Grade Clerk on Local Civil Service terms and a commencing salary of £84 per annum, for the previous highly paid officer whose emoluments in 1936 amounted to £419. Since it had not proved possible to recruit a satisfactory officer on this scale, it was proposed to place the post in abeyance with a saving of £84, and to increase the establishment at Item 20 by one at a cost of £150 per annum. The clerk whom it was proposed to re-engage was one marked down for retrenchment under the reorganization scheme. His reappointment would result in a saving on the Pensions Vote.

153. The Committee recommended acceptance of the proposal.

*Item 165—Company Sergeant Majors.*

154. In reply to a question, the Acting Officer Commanding Northern Brigade explained that it was proposed to fill the two posts under this item at the earliest possible date. From information recently received, he was satisfied that there was a reasonable prospect that the recruiting of two Rifle Companies would proceed satisfactorily in 1937, and it was desirable, even if the up-country company remained considerably below strength, to have a Company Sergeant Major on the up-country staff.

155. Replying to a further question, he stated that he would favour an amendment to the draft Bill making it possible for up-country recruits to set off an increased period in the annual camp against the statutory number of drill attendances.

156. The Committee recommended that the provision for two companies appearing in the Draft Estimates should stand.

*Item 183—House Allowances.*

157. The Committee was informed that payment of House Allowances should properly constitute a charge against Public Works Recurrent, Item 3, and therefore recommended deletion of the estimated provision of £112.

*Item 189—Outfit Allowances.*

158. The Committee was of the opinion that the provision of an outfit to members of the Auxiliary Force was desirable.

#### HEAD XVIII—MILITARY EXTRAORDINARY.

*Cost of Official History of East African Campaign.*

159. In view of the statement in the Standing Finance Committee Report for 1936 that it was anticipated that the Official History would be completed in 1936, the Committee was of the opinion that information should be sought from the authorities regarding the progress of the work.

*New Item—500 Rifles and Accessories, £3,846.*

*New Item—Mortars, £500.*

160. The Committee recommended that provision of £500 on account of mortars, and £3,846 on account of rifles and accessories should be included under this Head.

#### HEAD XIX—MINING AND GEOLOGICAL DEPARTMENT.

161. The Committee accepted the necessity to make provision for this Department on its present basis of organization as a temporary measure, until such time as the reorganization of the Local Government, Lands and Settlement and this Department should have been effected.

*Item 11—Special and Acting Allowances.*

162. The Committee recommended that this item should be increased by £30 in order to make provision for this payment to the Police Officer acting as Claims Inspector at Kisumu of an allowance in respect of his additional duties.

*Item 17—Local Transport and Travelling.*

163. The Committee was informed that the provision of £1,600 was possible of reduction by £50, and recommended accordingly.

#### HEAD XX—MISCELLANEOUS SERVICES.

*Item 1—Aerodrome Superintendents.*

164. In answer to a question, it was explained that the appointment of an Aerodrome Superintendent had been made at Nairobi, but that none had as yet been made at Kisumu. It was proposed to appoint such an officer to Kisumu approximately two months before the new Imperial Airways service was due to start.

*Item 4 (a)—Construction and Maintenance of Landing Grounds, etc.*

*Item 4 (b)—Subsidy to Imperial Airways (Africa), Ltd.*

*Item 4 (c)—Grant to Aero Club for Civil Aviation.*

165. The Committee was informed that out of the sum of £1,750 provided at 4 (a) the sum of £100 was at present allotted to the Aero Club as a grant in respect of the training of new pilots and the maintenance of existing licences, in the ratio of £25 to £75 respectively. An application had been received for the increase of this grant by £200 to £300. The proposal had the support of Government.

166. The Committee recommended that Item 4 (a) should be reduced by £100 to £1,650, and that a new sub-item (c), "Grant to Aero Club for Civil Aviation," should be inserted with provision for £300.

167. The Committee added the rider that it should be made clear when offering the grant to the Aero Club that out of this sum 25 per cent should be employed in assisting members to obtain new "A" licences and that the balance of 75 per cent should be used in assisting holders of "A" licences which had lapsed to fly a sufficient number of hours to obtain a renewal.

168. In answer to a question, the Assistant Secretary, Section B, explained that the original proposal had been that the subsidy of £15,000 at Item 4 (b) should be reduced to £9,000 on the inauguration of the new Empire Air Mail Scheme. The agreement under which this subsidy of £15,000 was paid had now been extended from the 23rd January to the 31st March. It was not possible, however, to estimate what the total cost during 1937 would be, since in addition to the £9,000 subsidy there would be expenditure in respect of carriage of mails and additional recurrent expenditure in respect of increased services, such as personal emoluments connected with aerodrome maintenance, aerodrome lighting, and direction-finding services. The matter was still under consideration, and further proposals for the operation of this scheme during the introductory period, 1-1-37 to 1-1-38, were expected to be received shortly from the Secretary of State. In these circumstances, he expressed the opinion that it would be undesirable to reduce the provision at this item.

169. The Committee recommended that the provision should stand.

*Item 13—Grants to East Africa and Uganda Natural History Society.*

170. It was recommended that, in accordance with a request from the Natural History Society, an inquiry should be held at an early date into the relationship between the Coryndon Memorial Trustees and the Natural History Society, and into the conditions under which the Coryndon Memorial was maintained.

*Item 15—Guarantees in respect of Railway Branch Lines.*

171. The Committee recommended that a case should be put up by the Kenya Government to the Uganda Government for the abolition of payments in respect of these guarantees. The view was expressed that although the statutory obligation was not contended, circumstances had changed so materially that the distinction between main and branch lines might now disappear.

*Item 38—Expenses of Native Depots.*

172. The Committee recommended that this item should be increased by £50 to £150.

*Item 39—Meteorological Services.*

173. The Committee noted the readjustment approved by the Governors' Conference whereby Item 39(a) would be increased from £3,216 to £3,244 and Item 39 (b) would be decreased from £89 to £40.

*Grants to Trustees, Coryndon Memorial Museum, for Upkeep of Buildings.*

174. The Committee understood that when approval was accorded to the insertion of a sum of £50 in the Estimates in respect of the upkeep of buildings for the Coryndon Memorial, it was the intention of Government that this contribution should be a recurrent annual one. It was therefore recommended that this item should be transferred from Head XXA to Head XX.

**HEAD XXA—MISCELLANEOUS SERVICES  
EXTRAORDINARY.**

*Item 6—Grant to Trustees of Coryndon Memorial for Upkeep of Buildings.*

175. *Vide* Head XX, paragraph 174.

**HEAD XXI—PENSIONS AND GRATUITIES.**

*Item 1—Pensions and Gratuities.*

176. The Hon. Shamsud-Deen stated that it had been brought to his notice that certain retired Asian officers of the Government had found that, owing to the fluctuations of the rupee, their pensions had suffered severely in terms of sterling. Amongst others he quoted the instance of one officer who had retired in 1908 whose pension had appeared in Appendix D of the Estimates in 1922 as amounting to £82 8s. and in 1930 as £46 15s. He considered that this reduction was inequitable, and that pensions should be assessed in sterling as they appeared in the Estimates.

177. The Treasurer explained that the pensioners to whom Mr. Shamsud-Deen referred earned their pensions in terms of rupees, and that the sterling figures appearing in Appendix D were inserted as an estimation of the sterling cost of payment. In accordance with the terms of the Secretary of State's instructions issued in 1923 and applied throughout Kenya, Uganda and Tanganyika Territory, these pensions were paid in rupees if the pensioner was resident in a rupee-using country, or at the rate of Sh. 2 to the rupee if the pensioner was resident in Kenya, Uganda or Tanganyika Territory. As regards the latter class, a lump sum figure of £150 was inserted at the end of Appendix D to cover possible changes of residence.

178. Mr. Pandya dissented. In his opinion, the simplest test was whether a private individual who owed a sum of money expressed in rupees, and converted into sterling at 15 rupees to the pound prior to the date of fixation of the currency in the Colony, i.e. 21st of July, 1920, could offer

payment in rupees to his creditor who happened to reside in India or other rupee-currency country in payment of the debt incurred by him in this Colony prior to the fixation of currency. It should be borne in mind that the rupee rose to Sh. 2/6 prior to the fixation of the currency in this Colony. Therefore a man who owed, say, Rs. 150 or £10 (at 15 rupees to the pound) had to find Sh. 375 (or £18/15) to liquidate his liability. This condition prevailed for a considerable time after the fixation of the currency. To-day the 150 rupees could be found for Sh. 325, or £11/5.

The whole object of fixing the currency in the Colony was to become free from the fluctuating value of the rupee which then prevailed. The salaries of the Indian pensioners were actually converted into florins for rupees and then into sterling at 10 florins to the pound, and appeared as such in the Estimates of 1923 and even up to 1927, and, he presumed, must have been paid accordingly. The despatch dated the 12th November, 1923, from the Secretary of State for the Colonies ordering a reversion to rupees for the purpose of payments to Indian pensioners could not have had the force of law behind it to change the contractual obligations of either the private debtors or the Government. Even after this date, as late as 1927 and probably later, the amounts due to Indian pensioners residing in India continued to be shown in the Estimates at Sh. 2 for every rupee due. Huge sums of money owed by private individuals prior to the fixation of the currency had been liquidated at Sh. 2 to the rupee; the Government themselves had adjusted their taxes and all dues on this basis. It was difficult to see how an exception could be made when the Government had to discharge its own liabilities, and he did not think it was fair for Government to take advantage of the subsequent drop in the value of the rupee. If this practice were continued we might have to face an unlimited increased liability to the pensioners in India if the value of the rupee appreciated by any chance once again. The liabilities incurred in the Colony must be paid in accordance with the law of the land applicable to all, including the Government; the residence of the creditor should not enter into the consideration at all.

179. The Committee recommended that, in view of Mr. Pandya's note of dissent, the views of the Secretary of State on the subject should be sought.

**HEAD XXII—POLICE DEPARTMENT.**

*Item 4—Superintendents.*

*Item 5—Assistant Superintendents.*

180. The Committee considered a memorandum drafted by the Commissioner of Police on the subject of the application to Assistant Superintendents of the long grade salary scale, already applicable to Police Superintendents, at a cost of £132 in 1937. The Commissioner of Police explained that this scale, which would be shown as £360 per annum for two years, £425 by £25 to £600, £600 by £30 to £720 by £40 to £840, would provide for an efficiency bar at £600, the present maximum of the scale for Assistant Superintendents.

181. In answer to a question the Commissioner of Police stated that he was strongly in favour of the proposal. At present there were only 6 posts of Superintendent to which 18 Assistant Superintendents could be promoted. In consequence, there was already a block. One officer had served for three years on his maximum. This position would grow worse rather than better, since he anticipated no casualties in the Superintendent staff in the near future. Long deferred promotion must have a depressing effect on the outlook of an ambitious officer, and ultimately result in a destruction of efficiency.

182. In these special circumstances the Committee recommended acceptance of the proposal, which had been approved by the Secretary of State so long ago as 1930, and noted that its acceptance would involve no increase in the establishment under either of the items, nor create a precedent to be followed in other Departments.

*Item 8—Assistant Inspectors.**Item 9—Assistant Inspectors.*

183. The Committee considered a memorandum submitted by the Commissioner of Police calling attention to the lack of promotion prospects afforded to European Subordinate Police Officers in Kenya, and the consequent desirability of improving the terms of service to a standard equal to that obtaining in neighbouring territories.

184. In reply to a question, the Commissioner stated that he had experienced no difficulty in recruiting men of satisfactory quality, but that he viewed with some apprehension the constant transfer of many of the best men to neighbouring territories.

185. The Committee were unable to recommend any alteration in existing terms of service, since the proposal bore heavily on the foundations of the Local Civil Service.

*Item 21—Constables (African).**Item 22—Constables (African).**Item 23—Constables (African).**Item 24—Constables (African).**Item 45—Local Transport and Travelling.**Item 46—Carriage of Goods.**Item 47—Railway Warrants (Passengers).**Item 53—Uniforms.**Item 58—Arms and Equipment.**Item 60—Miscellaneous Stores.**Item 68—Animal Transport.*

186. For an explanation of the above items, vide Head XXIIA.

*Item 62—Personal Consolidation Allowances.**Item 43—Personal Consolidation Allowances.*

187. The Committee recommended the transfer of £30 from the latter to the former item.

*Item 44—Frontier Allowance.*

188. The Committee recommended that this item should be increased by £146.

*New Item—Post-mortem and Medical Examination Fees, Expenses in connection with.*

189. Vide Head XVII, item 76.

*Item 50—Deputy Inspector of Weights and Measures.*

190. The Committee considered a protest made by the Association of Chambers of Commerce of Eastern Africa in August, 1936, against the present method of administration of the Weights and Measures Ordinance, on the grounds that this Ordinance should be enforced throughout the territory.

191. It appeared that the only manner in which this could be accomplished would be either by the engagement of additional staff or by imposing on inexperienced police officers technical duties such as those of examining, comparing, verifying, stamping, and adjusting weights.

192. The Committee recorded the view that the latter alternative would be undesirable, and as regards the first alternative were not satisfied that sufficiently concrete cases of abuse had been cited as to warrant the expenditure of public moneys to enlarge the scope of weights and measures services.

## HEAD XXIIA—POLICE EXTRAORDINARY.

193. The Commissioner of Police put before the Committee a proposal for the re-arming of the Force. He asked that provision should be inserted in the Estimates for 1937 for the purchase of 400 rifles and 400,000 rounds of ammunition, at a cost of £6,040.

194. In view of the comprehensive scheme approved for the re-arming of the King's African Rifles, the Committee found themselves unable to recommend the proposal; and were of opinion that the needs of the Kenya Police might be met by a reallocation to them of surplus K.A.R. rifles passed as serviceable.

*Police Constables in Samburu District.*

195. The Committee was informed by the Chief Native Commissioner that the question of the maintenance of the Levy Force in the Samburu District had been under review. Since a new age grade had succeeded to that to which recent disorders could be attributed, and since there had been no recurrence of lawlessness, the continued imposition of the levy could not be justified on equitable grounds. At the same time, for obvious reasons, it would be undesirable to make any sweeping reductions in the numbers of a Police stationed there. It was proposed therefore to maintain during 1937 a force of 80 African ranks or 10 African ranks in excess of the number which could be provided by the Commissioner of Police from his existing establishment.

196. The provision required to cover these proposals would be £511 as against no charge.

*Item 21—Constables (African).**Item 22—Constables (African).**Item 23—Constables (African).**Item 24—Constables (African).**Item 44—Frontier Allowance.**Item 45—Local Transport and Travelling.**Item 46—Carriage of Goods.**Item 47—Railway Warrants.**Item 53—Uniforms.**Item 58—Arms and Equipment.**Item 60—Miscellaneous Stores.**Item 68—Animal Transport.*

197. The Committee recommended that the above increases should be added to the appropriate items:

## HEAD XXIII—POSTS AND TELEGRAPHS DEPARTMENT.

198. In reply to questions, the Postmaster General informed the Committee that the difficulty of separating the expenditure chargeable to Kenya from the total of expenditure appearing under the sub-head "General Staff" was appreciated. In the preparation of the Estimates for 1938, the introduction of a new appendix was contemplated which would show in detailed form the liabilities of this Government.

199. The Committee was informed that considerable difficulty was experienced in filling technical posts, such as those of the Engineers at (Items 14, 15 and 16, from the staff recruited and trained locally, and that the salary scale and opportunity of promotion was not such as to attract qualified candidates from overseas. The Postmaster General stated that he hoped shortly to formulate a scheme, similar to that obtaining in Nigeria, whereby cadetships would be granted to university graduates for a period amounting to approximately eighteen months, during which they would carry out a course of post-graduate instruction in the English Post Office and with

commercial firms, drawing an allowance of £20 per month. At present, leave casualties were liable to deprive the Post Office of the only officers capable of performing the more highly skilled duties connected with telegraph and telephone work.

200. In reply to a question, the Postmaster General stated that he would take into consideration the possibility of seconding promising junior officers on the local staff to a course of technical training in England on a scholarship system.

## APPENDIX L.

## Item 14—Clerks (Asian).

201. The Committee noted that the establishment for 1937 should be increased at this item by one officer, with increased financial provision amounting to £159. The total contribution payable by Tanganyika Territory to Kenya should be proportionately increased by £124 to £63,026, with a corresponding increase in Reimbursements at Revenue Head XI, Item 11.

## HEAD XXIV—PRINTING AND STATIONERY

## Item 2—Assistant Government Printer.

## Item 4—Clerks (European).

## Item 15—Readers.

## Item 17—Copy-holders.

202. The Government Printer explained that, since he fully appreciated the necessity on grounds of economy of keeping the post of Assistant Government Printer in abeyance, he had endeavoured to formulate a plan whereby the relief of some of the routine administration duties which he had in existing circumstances to carry out might be transferred from Item 15 to carry out on the same salary the duties of an office assistant, and that the post of Reader should disappear in consequence. The work would be carried out by the remaining Reader, and the post at present shown at Item 17 would be transferred to the clerical grade and appear at Item 4 as "Clerk (Female, Grade D)" at a commencing salary of £160 per annum. It would be necessary to replace this latter officer by a newly engaged learner commencing at £54 per annum. The financial effect would be a net increase of £118 in 1937.

203. The Committee recommended acceptance of the proposal.

## HEAD XXV—PRISONS DEPARTMENT

## Item 10—Lance-Corporal Warders.

## Item 20—Warders.

## Item 25—Good Conduct Pay.

204. The Commissioner of Prisons informed the Committee that the Kenya and Uganda Railways and Harbours Administration had asked to be supplied with an increased number of prisoners during 1937. The increase would demand increased supervision, with consequential increased expenditure as follows:

Item 10—Lance-Corporal Warder	2
Item 20—Warders	103
Item 25—Good Conduct Pay	10
Total ...	£230

205. The increased expenditure, it was explained, would be reimbursed in full at Revenue Head XI, Item 17.

206. The Committee recommended accordingly.

207. The Committee was informed by the Commissioner that he had in view the adoption of a scheme obtaining in nearly all prisons in Great Britain and the United States of America, under which the Governor of a prison was entitled to credit prisoners selected for supervising and other responsibilities with a daily wage. The sum accumulated until the date of the prisoner's release when it would either be paid to him as a lump sum or in periodic grants. The proposed daily credit would be 10 cents, and it was estimated that a sum of £92 would be required to meet the demands of all prisons in 1937.

208. The Committee recommended acceptance of the proposal, and expressed the view that the item should be entitled "Prisoners' Earnings".

## Item 28—Detention Camp Overseers.

209. In reply to a question, the Commissioner of Prisons explained, in connection with statements made in the Legislative Council and elsewhere, that the Detention Camp system was working very satisfactorily. It was not possible to assess the total value of detainees' work, but it was largely reflected in the great decrease in Administrative expenditure under the item "Station Hands" during recent years. An improved system of organizing and supervising their work was being introduced. The original intention of the scheme, namely, the segregation of the more harmless offenders from confirmed malefactors, had been successful.

## Item 60—Approved Schools; Food.

210. The Commissioner of Prisons stated that the work of the Approved Schools was being carried out excellently and fulfilling its object. No labour was hired out privately, but, with experience, offenders detained at the schools were now well on their way to growing all their own necessary foodstuffs.

## HEAD XXVII—PUBLIC WORKS DEPARTMENT.

## Item 3—Senior Executive Engineer.

211. In answer to a question by Lord Francis Scott, the Colonial Secretary explained that the appointment of a Senior Executive Engineer at Item 2 had been off-set by the reduction of a second Executive Engineer at Item 3. The increase in expenditure in a full year amounted to £80 only. Considerable responsibilities devolved on the officer carrying out the duties of the Director of Public Works during his absences from Nairobi, and it was considered desirable that his position should be made commensurate with these responsibilities.

## Item 3—Executive Engineers.

## Surveyors.

## Temporary Works Staff.

212. In answer to a question, the Director of Public Works stated that savings would be made in this Department closely approximating to the total of £6,010 recommended by Sir Alan Pim. In this connection, he invited attention to page 46 of the Memorandum on the Draft Estimates. The full effect of the economies incorporated in the Estimates for 1937 could not be shown as yet, since it was necessary to provide for leave pay for retrenched staff and other incidentals to a reorganization. A large part of Sir Alan Pim's total was in respect of hidden emoluments, which could never, of course, be shown departmentally.

## Item 9—Draughtsman.

213. In view of the death of the officer lately holding this appointment, the Director of Public Works asked for a reduction of £163 in the provision for 1937.

214. The Committee recommended accordingly.

94  
*Item 14—Officers (European).*

215. The Director of Public Works stated that since the drafting of the Estimates it had been found possible to make a further reduction in establishment of one officer under this item. The saving of £800 would in part be offset by an increase of £940 at Item 35. Leave Pay for Retrenched Officers.

216. The Committee recommended accordingly.

*Item 23—Sub-Foremen.*

217. The Director of Public Works asked for an increase of £93 of this item. A vacancy had been filled by the transfer of one officer from another item serving on a salary slightly higher than the initial scale of the grade.

218. The Committee recommended accordingly.

*Item 35—Leave Pay for Retrenched Officers.*

219. In consequence of the recommendation made in respect of Item 14, the Committee recommended that the provision of £580 should be increased by £240 to £820.

*Item 50—Contributions to Renewals Fund (Mombasa Water Supply).*

220. Lord Francis Scott asked on what basis the sum of £10,000 appearing at this item had been computed. It was explained that, in accordance with the instructions of the Secretary of State, a Renewals Fund should have been maintained by annual contributions. During the depression it had not been possible to maintain these contributions, but it was considered that a sum of £10,000 was the minimum desirable contribution for 1937.

221. The Director of Public Works explained that Renewals Funds were desirable in respect of large capital undertakings to meet future liabilities on account of obsolescence, replacements, improvements and expansion. The annual contribution in respect of waterworks in Kenya had been computed on an actuarial basis. As explained on page 49 of the Memorandum on the Draft Estimates the total amount required in 1937 was £22,897. This took into account the proportionate annual share of accrued liabilities in respect of the years in which the financial stringency had rendered any contribution out of the question. The total amount inserted in the printed Draft Estimates was only £14,000. The only alternative to a Renewals Fund was replacement by means of periodic loans, obviously an unsound method. He suggested that since the annual contributions had been computed as a total sum in respect of all waterworks the sums allocated to the various undertakings on account of waterworks Renewals Funds might be grouped under one Item of £14,000.

222. Lord Francis Scott stated that he did not wish to dispute the prudence of this provision for 1937 but asked that a memorandum might be drawn up explaining the basis of computation. This the Director of Public Works undertook to provide.

223. The Committee recommended that the provision shown in the printed Draft Estimates at Items 50, 66, 70, 73, 74, 76, 78, 80, 82 and 84 should be approved but that in the Estimates in their final form the total of £14,000 should be shown under one Item.

HEAD XXVIII—PUBLIC WORKS RECURRENT.

*Item 1—Maintenance and Improvement of Roads and Bridges.*

224. The Director of Public Works explained that in view of the Committee's recommendation in regard to Item 21 of Head XVI, this provision had been increased by £4,000 from £95,284 to £100,284. Details of the expenditure proposed under provision at this Item and at Item 12 were contained in the revised Appendix H which had been accorded the approval of the Central Roads and Traffic Board.

225. The Committee recommended approval to the increase and to the detailed schedule shown under Appendix H.

226. In this connection the Director of Public Works stated that he was engaged in the preparation of a schedule based on taxation incurred by road users and showing their contribution to road maintenance per running mile. He expressed the view that in consequence of the greatly increased traffic on the main roads the Colony must face the need, in the near future, of increased road improvement and maintenance costs. He hoped that when finances permitted it would be possible to correlate road services more closely than in the past to contributions of roads users.

*Item 2—Maintenance and Minor Improvement of Public Buildings.*

227. The Director of Public Works asked that the provision under this Item might be increased by £1,400 to meet the cost of installing water-borne sanitation in the Asian quarters in Hobley Road, Mombasa. The provision was very desirable and the lack of such amenities had caused some discontent amongst the occupants and adverse comment by the Medical authorities.

228. The Committee recommended an increase of £1,000, the balance required to cover the cost of the installation to be met from savings under other schemes under this item.

*Item 5—Tools and Plant.*

229. The Committee recommended that the possibilities of instituting a Fund for the renewal of major Tools and Plant, on lines similar to the Waterworks Renewals Fund, should be investigated.

*Item 9—Upkeep and Maintenance of Coast Ferries.*

230. The Director of Public Works explained that this decrease in expenditure of £3,550 ran concurrently with the decrease of £2,500 in Revenue at Head V, Item 19, and was consequent on the decision to put out to tender the Likoni and Mtongwa Ferries.

*Item 10—Administration Charges on Maintenance of Trunk Roads by District Councils.*

231. The Committee noted that this item could be reduced by £37 and recommended accordingly.

HEAD XXXI—SECRETARIAT AND LEGISLATIVE COUNCIL.

232. The Colonial Secretary explained that it was the intention of Government to make effective Sir Alan Pim's recommendation with regard to the reorganization of the Secretariat at as early a date as possible. In accordance therefore with the procedure already followed in respect of other Departments subject to reorganization, the Standing Finance Committee recorded the view that, although they considered it desirable to recommend acceptance of the provision made in the printed Draft Estimates, this provision should be regarded as of a temporary nature only to cover the period occupied in putting into effect Sir Alan Pim's, or parallel suggestions.

*Item 34—Allowances, etc., to Unofficial Members of Executive and Legislative Councils.*

233. The Colonial Secretary explained that in view of the decision reached that the reductions made voluntarily by members of the Executive and Legislative Councils in their allowances as a contribution to the country during the period of the depression should now be restored, it would be necessary to increase this item by £1,400 to £4,000.

234. The Committee recommended accordingly.

*Item 35—Rent of Memorial Hall.*

235. It appeared that some misapprehension had arisen in consequence of the explanation of this item appearing on page 51 of the Memorandum on the Draft Estimates. It was explained that there was no intention that the additional accommodation to be leased at the Memorial Hall should be available for the use of the official members only of the Legislative Council. The accommodation would of course be available to all members of the

Legislative Council. The explanation given in the Memorandum was intended to convey one of the reasons for incurring this expenditure, namely that Heads of Departments and others should be in a position to carry out their official duties during the course of debates in which they were not taking an active part.

#### HEAD XXXII—TRADE AND INFORMATION OFFICE.

236. The Committee recommended that the provision at this Head should stand as a temporary measure, but noted that the matter was still under investigation.

#### HEAD XXXIV—PUBLIC WORKS EXTRAORDINARY.

##### Item 1—Buildings at Lodwar.

237. In answer to a question the Director of Public Works explained that the original estimate of £4,000 was in respect of one house for the District Commissioner and one house for the District Officers. In view of the fact that it had been found possible to burn good bricks at Lodwar construction had been made cheaper and it had been decided to expand the programme. It was unlikely that the revised estimate of £4,700 would be greatly exceeded and for this sum three European houses and two Asian houses would be built and the office would be extended. The bricks were burnt and the construction carried out under the supervision of the District Commissioner and the Indian mistry, while a foreman had a visit of inspection once a month.

238. The Director of Public Works was unable to state whether the buildings detailed above represented the total programme since a decision on this matter had been deferred until Sir Alan Bim's recommendations in respect of Turkana had been fully considered.

##### Item 2—New Post Office, Kisumu.

239. The Committee expressed the view that this expenditure was very necessary in view of the expansion of Kisumu and the unsatisfactory condition of the present buildings.

##### Item 3—Housing, Kisumu.

240. Whilst the Committee were of the opinion that the replacement of present housing accommodation at Kisumu was very necessary they sought the advice of the Director of Public Works as to whether he anticipated that it would be possible to utilize the full provision of £7,400 in 1937. After consideration, with the concurrence of the Director, it was recommended that, although the total original estimate of £7,400 could not be reduced, the sum shown under the amount required for 1937 should be decreased by £2,400 to £5,000.

241. In this connection the view was expressed that it would be desirable that the Director of Public Works should investigate the criticisms which had recently been directed against the designs of houses at present constructed for Government officials.

##### Item 6—Thika Water Supply.

242. In answer to a question the Director of Public Works explained that he had satisfied himself that it would not be possible during 1937 to spend more than £1,000 out of the total estimate of £2,800 owing to the delays involved in obtaining the necessary materials from England.

##### Kitui Water Supply.

243. The Director of Public Works asked that in view of the fact that it had not been possible to complete these works during 1936 a sum of £1,830 should be re-inserted in the Estimates to be spent during 1937.

244. The Committee recommended accordingly.

#### Mombasa Water Supply—Replacement of Lining Plant, Aeration and Reaction Chamber.

245. For similar reasons the Director of Public Works asked that a sum of £200 might be re-inserted in the Estimates.

246. The Committee recommended accordingly.

#### Item 13—New pontoons, Kilifi and Shimo la Temu Ferry Services.

247. In view of the fact that it had been impossible to utilize the total provision made for 1936, the approval of the Standing Finance Committee was sought in the increase of this item by a re-vote of £225.

248. The Committee recommended accordingly.

#### Item 14—Minor Works.

249. The Director of Public Works explained that expenditure under this item was confined to works to be constructed at a cost of £500 and under the charge of Buildings erected, to be erected, were the Slaughter House at Kismayu, the building for the Marine Centre at the sea wall, etc. The demands on this vote were always great in excess of the provision, and he stated that in 1936 against the 1937 supplies he already had requests for expenditure up to the amount of £11,000. Numerous other requests were anticipated.

250. In answer to a question by Mr. Pandya he stated that it was anticipated that it would be possible to carry out the necessary minor additional to the Indian School, Elphinstone during 1937 from this vote.

251. The Committee recommended that this provision should remain unaltered.

#### Furniture for New Buildings (Girls' Secondary School, Nairobi).

252. The Committee recommended provision of £1,000 in respect of this item.

253. The recommendations of the Committee recorded above and set out in the succeeding schedule will, if adopted, show a net increase in gross expenditure of £11,763.

ALICE V. WALKER (Chairman)  
G. WALSH  
H. R. MONTGOMERY  
FRANCIS SCOTT  
CONWAY HARVEY  
H. E. SCHWARTZ  
J. B. PANDYA  
O. J. WILSON.



### SCHEDULE

## Comparative Table Showing the Effect on the Draft Estimates for 1937 of the Amendments thereto Recommended by the Standing Finance Committee

Year No.	HEAD OF EXPENDITURE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£		
	I.—H.E. THE GOVERNOR		16,987		16,987		
	II.—H.E. THE GOVERNOR EXTRAORDINARY		700		700		
	II.—ADMINISTRATION— H.B.M.'s Council for Southern Abyssinia						
	Salaries		1,000	Nil		1,000	
	House Allowance 16 H.B.M.'s Council for Southern Abyssinia		65,499	65,164		334	
	Travelling Allowance at £40 per Annum to H.B.M.'s Council for Southern Abyssinia		390	Nil		390	
	Expenses and Transport for H.B.M.'s Council for Southern Abyssinia		48	Nil		48	
	Clerks (African)		1,000	850		150	
	Interpreters (African)		187	183		4	
	Conservancy		661	667		(6)	
	Clerks (African)		1,087	1,151		(64)	
	Upkeep of Halls and Laundries		683	837		(154)	
	Trench Police		456	451		5	
	Expenses of Civil Police		969	808		161	
	TOTAL HEAD II		226,318	223,805		2,513	
	III.—ADMINISTRATION EXTRAORDINARY						
	Repayment of Loans		Nil	740		(740)	
	Conditioning of Masakos Native Reserve		Nil	400		(400)	
	Purchase of Lorries		2,600	250		2,350	
	TOTAL HEAD IIIA		1,380	1,390		(10)	
	III.—AGRICULTURE						
	Grant to Royal Agricultural and Horticultural Society of Kenya		250	660		(410)	
	Contribution to Aman Institute		2,028	2,143		(115)	
	Contribution to E.A. Agricultural Journal		612	Nil		612	
	Grant to Milk-recording Scheme		230	Nil		230	
	Colonial Agricultural Scholarship Scheme		744	578		166	
	Personal Consolidation Allowances		160	104		56	
	Local Transport and Travelling		1,700	2,200		(500)	
	Travelling Allowances		125	155		(30)	
	Co-operative Experiments—Seeds, Manure, etc.		860	1,930		(1,070)	
	Labour		606	550		56	
	Personal Consolidation Allowances		100	150		(50)	
	Assistant Agricultural Officer		Nil	300		(300)	
	Junior Laboratory Assistant		Nil	240		(240)	
	Grading and Conditioning—Upkeep of Labur		3,160	1,820		1,340	
	Veterinary Assistant		636	1,424		(788)	
	Apparatus, Machinery and Maintenance		1,260	1,430		(170)	
	Upkeep of Knives Laboratory		1,850	1,700		150	
	Production of Sera and Vaccines		3,600	3,700		(100)	
	TOTAL HEAD III		129,224	130,555		(1,331)	
	IIIA.—AGRICULTURAL EXTRAORDINARY— Purchase of Lorries for Rinderpest Services						
	TOTAL HEAD IIIB		1,168	1,689		(521)	

## COMPARATIVE TABLE SHOWING THE EFFECT ON THE DRAFT ESTIMATES FOR 1937 OF THE AMENDMENTS THERE TO RECOMMENDED BY THE STANDING FINANCE COMMITTEE—(Contd.)

Item No.	HEAD OF EXPENDITURE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£		
	IV.—AUDIT— Auditor's Allowance	1,160		1,350		(190)	
	TOTAL HEAD IV	78		211		(133)	
	TOTAL HEAD IV		31,044		10,977		
	V.—CHIEF AGENT EXTRAORDINARY		230		230		
	VI.—CONFERENCE OF E.A. GOVERNORS			655		(655)	
	VII.—CUSTOMS						
	Clothes Allowance		23,482		23,656	(174)	
	Uniforms for Clerks and Watchmen, etc.		400		408	(8)	
	TOTAL HEAD VII		47,898		48,048	(150)	
	VIIA.—CUSTOMS EXTRAORDINARY			300		(300)	
	VIII.—EDUCATION						
	Education Officers		27,958		28,756	(798)	
	Clinical Allowances		Nil		Nil		
	School Equipment and Stores		925		1,010	(85)	
	Running Expenses of Lorry		3,700		3,400	300	
	Grants-in-Aid to Schools		609		2,400	(1,791)	
	Matron Staff		2,317		2,300	17	
	Boarding Equipment and Stores		5,475		5,355	120	
	Running Expenses of Lorry		80		80		
	Grants-in-Aid to Private Hostels		27,900		26,800	1,100	
	Grants-in-Aid to Private Schools		1,200		1,200		
	Blindfold Officers		1,110		1,180	(70)	
	TOTAL HEAD VIII		38,512		38,662	(150)	
	VIIIA.—EDUCATION EXTRAORDINARY						
	Purchase of Lorry		Nil		360	(360)	
	Purchase of Scientific Equipment for Primary Schools		Nil		400	(400)	
	TOTAL HEAD VIIIA				760	(760)	
	IX.—FOREST						
	Contingencies		80		100	(20)	
	Exploitation		700		750	(50)	
	Purchase of Food for Labourers		300		260	40	
	Contribution to Colonial Forest Resources Development Committee		65		100	(35)	
	TOTAL HEAD IX		30,877		30,922	(45)	
	X.—GAME						
	Game Warden		640		Nil	640	
	Senior Assistant Game Warden		Nil		720	(720)	
	Assistant Game Wardens		1,800		1,850	(50)	
	Acting Allowances		Nil		60	(60)	
	TOTAL HEAD X				7,670	(7,670)	
	XI.—GOVERNMENT ANALYST				5,423	(5,423)	
	XII.—INTEREST AND UNFUNDED DEBT				6,170	(6,170)	
	XIII.—JUDICIAL— Chief Justice		2,300		2,400	(100)	
	Acting Allowances		176		208	(32)	
	TOTAL HEAD XIII		30,630		31,060	(430)	

COMPARATIVE TABLE SHOWING THE EFFECT ON THE DRAFT ESTIMATES FOR 1937 OF THE AMENDMENTS THERETO RECOMMENDED BY THE STANDING FINANCE COMMITTEE—(Contd.)

Item No.	HEAD OF EXPENDITURE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£	£	£
	XIV—LEGAL		8,804		8,804		
	XV—LOCAL GOVERNMENT, LANDS AND SURVEY						
10 New	Surveyor General	1,000		417			
	Chief Surveyor	Nil		537		537	883
	TOTAL HEAD XV		31,538		31,400		
	XVI—LOCAL GOVERNMENT—CONTRIBUTIONS TO LOCAL AUTHORITIES						
14	Contribution in lieu of Rates	350		480		130	
21	Basic Road Grants	38,411		30,474		7,937	
	TOTAL HEAD XVI		89,597		83,700		
	XVII—MEDICAL						
Now	Acting Allowances	Nil		40		40	
13	Medical Officer	8,000		8,680		680	
14	District Surgeons	1,700		Nil		1,700	
Now	Retaining Fees to Private Practitioners	Nil		200		200	
19	Nursing Sisters	0,000		6,270		6,270	
27	Uniform Allowances	448		458		10	
30	Deputy Director of Laboratory Services	Nil		900		900	
34	Pathologists	2,592		1,525		1,067	
50	Outfit Allowances	180		210		30	
55	Passages	6,120		6,700		580	
70	Post Mortem and Medical Examination Fees, Expenses in Connection With	70		Nil		70	
Now	Fees and Expenses of Medical Officers Attending Courses of Instruction in England	Nil		300		300	
79	Medical Officers	28,000		25,980		20	
85	Nursing Sisters (Asian)	240		203		37	
Now	Uniform Allowances	Nil		20		20	
Now	Frontier Allowances	Nil		135		135	
105	Rations, Northern Frontier Province	135		Nil		135	
	TOTAL HEAD XVII		207,246		207,383		
Now	XVIIA—MEDICAL EXTRAORDINARY—Trans Nzoia Cottage Hospital	Nil		1,500		1,500	
	TOTAL HEAD XVIIA		1,500		3,085		
	XVIII—MILITARY						
16	Staff "C" Clerk (Learner)	84		Nil		84	
80	Clerks (Asian)	2,030		2,180		150	
123	House Allowance	112		Nil		112	
	TOTAL HEAD XVIII		137,809		137,823		
Now	XVIII A—MILITARY EXTRAORDINARY—Purchase of 500 Rifles and Accessories	Nil		3,846		3,846	
Now	Purchase of Mortars	Nil		500		500	
	TOTAL HEAD XVIII A		3,319		7,005		
	XIX—MINING AND GEOLOGICAL						
11	Special and Acting Allowances	50		50			
17	Local Transport and Travelling	1,000		1,550		550	
	TOTAL HEAD XIX		10,005		10,885		

COMPARATIVE TABLE SHOWING THE EFFECT ON THE DRAFT ESTIMATES FOR 1937 OF THE AMENDMENTS THERETO RECOMMENDED BY THE STANDING FINANCE COMMITTEE—(Contd.)

Item No.	HEAD OF EXPENDITURE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
		£	£	£	£	£	£
	XX—MISCELLANEOUS SERVICES—Construction and Maintenance of Landing Grounds	1,760		1,650		110	100
4(o) New	Grant for Aero Club for Civil Aviation	Nil		300		300	
88	Expenses of Native Dependents	100		160		60	
39	Meteorological Services	8,305		8,284		21	
Now	Grant to Trustees of Coryndon Memorial for Upkeep of Building	Nil		50		50	
	TOTAL HEAD XX		72,015		72,807		
	XXA—MISCELLANEOUS SERVICES EXTRAORDINARY—Grant to Trustees of Coryndon Memorial for Upkeep of Building	50		Nil		50	
	TOTAL HEAD XXA		3,170		3,130		
	XXI—PENSIONS AND GRATUITIES		222,900		222,900		
	XXII—POLICE						
4	Superintendents	14,577		14,700		123	
6	Assistant Superintendents	2,263		2,201		62	28
24	Corporals (African)	0,570		9,024		8,454	48
25	Constables (African)	11,423		11,468		45	
26	Constables (African)	7,387		7,495		108	
27	Personal Consolidation Allowances	75		105		30	
32	Frontier Allowance	121		91		30	30
43	Local Transport and Travelling	110		292		182	
45	Carriage of Goods	5,150		5,270		120	
46	Railway Warrants	700		704		4	
47	Uniforms	2,600		2,512		88	12
53	Arms and Equipment	2,943		2,959		16	
58	Miscellaneous Stores	990		994		4	
68	Animal Transport	1,409		1,435		26	30
Now	Post Mortem and Medical Examination Fees, Expenses in Connection With	500		500			60
	TOTAL HEAD XXII		137,014		186,308		
	XXIIA—POLICE EXTRAORDINARY		1,031		1,031		
	XXIII—POST AND TELEGRAPHS		238,811		238,811		
	XXIIIA—POST AND TELEGRAPHS EXTRAORDINARY		9,430		9,430		
	XXIV—PRINTING AND STATIONERY						
19/20	Clerks (European)	600		1,230		630	
35	Roaders (European)	907		517		390	450
17	Copyholders	118		84		34	
	TOTAL HEAD XXIV		20,320		29,438		
Now	XXV—PRISONS—Staff (African)	6,519		6,750		230	
Now	Good Conduct Pay	594		504		90	10
	Prisoners' Earnings	Nil		92		92	82
	TOTAL HEAD XXV		50,323		50,645		
	XXVI—PUBLIC DEBT FUNDED		1,054,602		1,054,602		

COMPARATIVE TABLE SHOWING THE EFFECT ON THE DRAFT ESTIMATES FOR 1937 OF THE AMENDMENTS THERETO RECOMMENDED BY THE STANDING FINANCE COMMITTEE—(Contd.)

Item No.	HEAD OF EXPENDITURE AND DETAILS	DRAFT ESTIMATES		STANDING FINANCE COMMITTEE RECOMMENDATIONS		Increase	Decrease
		Item	Head	Item	Head		
	<b>XXVII.—PUBLIC WORKS DEPARTMENT</b>						
9	Draughtsman	030		528			162
14	Clerks (European)	3,470		3,080			300
25	Sub-Foreman	1,385		1,416			32
35	Leave Pay for Retrenched Officers	680		820			240
	<b>TOTAL HEAD XXVII</b>		91,099		90,870		
	<b>XXVIII.—PUBLIC WORKS RECURRENT</b>						
1	Maintenance and Improvement of Roads and Bridges	35,284		40,280		4,996	
2	Maintenance and Minor Improvement of Public Buildings	17,600		18,500		1,000	
10	Administration Charges on Maintenance of Trunk Roads by District Councils	1,991		1,954			37
	<b>TOTAL HEAD XXVIII</b>		109,325		118,284		
	<b>XXIX.—REGISTRAR GENERAL</b>		5,148		5,148		
	<b>XXX.—RENT AND INTEREST TO H.H. THE SULTAN OF ZANZIBAR</b>		16,000		16,000		
	<b>XXXI.—SECRETARIAT AND LEGISLATIVE COUNCIL</b>						
84	Allowances, etc. to Unofficial Members of Executive and Legislative Councils	2,000		4,000		1,700	
	<b>TOTAL HEAD XXXI</b>		24,833		26,233		
	<b>XXXII.—TRADE AND INFORMATION OFFICE</b>		4,545		4,545		
	<b>XXXIII.—TREASURY</b>		30,840		30,840		
	<b>XXXIV.—PUBLIC WORKS EXTRAORDINARY</b>						
3	Housing, Kisumu	7,400		5,000			2,400
New	Kitul Water Supply	Nil		11,650		1,830	
New	Mombasa Water Supply—Replacement of Lining Plant, Aeration and Reaction Chambers	Nil		300		300	
13	New Pontoons—Kilifi and Shimo La Twa Ferry Services	625		1,150		525	
New	Furniture for New Buildings	Nil		1,000		1,000	
	<b>TOTAL HEAD XXXIV</b>		25,475		26,730		
	<b>XXXV.—COLONIAL DEVELOPMENT FUND</b>		69,624		69,624		
	<b>XXXVI.—PARLIAMENTARY GRANT</b>		20,005		20,005		
	<b>GRAND TOTAL</b>		3,425,545		3,437,209	32,228	20,475

NET INCREASE OF STANDING FINANCE COMMITTEE RECOMMENDATIONS OVER DRAFT ESTIMATES—£11,753