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KENYA

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X. 1843
18 FEB 1926

DATE

10 Cont 20

24th January 1926.

LOAN PROPOSALS.

Forwards ten copies of the report of the Select Committee of the Legis. Council together with a copy of the verbatim report of the debate and submits his comments on the various items.

Have copies to [unclear]

MINUTES

We discussed minutes [unclear] with [unclear]

*I have added a [unclear] 26/1/26
further minute written*

See also on [unclear] X. 2210/26.

*[unclear]
2.3.26.*

See Hoff 1915 (Burrill)

I do not wish to add unduly to the minute and notes which Mr. Allen has put up. The services (including even the Government House proposals) are such as we should welcome in a more assured financial position, and the further proposals which are foreshadowed, especially for new Government offices, have been urgent for 16 years at least.

We had nothing to show that such far reaching proposals were in contemplation when we arranged with the Treasury to fix the non-transport borrowing powers to be exercised prior to 1934 at £800,000, but as you will see from Mr. Allen's notes ^{£1,700,000} the net effect on the Colony's finances is very small and, with any reasonable expansion of Kenya's development, it should be an easy matter to bear the charges on the ~~£17,000~~ at all events, but we cannot be sure that there will be no set-back, and I think that when a reply is sent we must emphasise the need for tackling this programme gradually and for taking it up in such a way that in cases of necessity work can be wound up with a minimum dislocation and unfinished services.

It appears from notices in the press that there has been much criticism on these proposals apparently in the fear that they would lead to new taxation, and that the Governor has minimised their effect as regards this point. The new telegram now in (2210) shows that opposition has been overcome but it also shows that in some respects the programme is a mere introduction to educational and medical development which will involve additional taxation

in some form. One cannot criticise the Governor in present circumstances, but I think that Sir E. Grigg

should have done well to emphasise from the start the pressing necessity for a wider basis of taxation.

Write to the Treasury in the first instance in the terms suggested in Mr. Allen's note "A".

When we send a despatch on this loan question we must raise once more the question of hospital accommodation for the troops at Meru. ^(4.10.26) The conditions there have distressed Inspector Generals of the K.A.R. over a long period of years and, unless the amalgamation of the two battalions has reduced the importance of Meru it is essential that we should take care that this matter is not overlooked. *but should not depend on £2000 on 6/12 representation in return.*

*Point C
Merrill
with
are with
now*

W.C. Bottomley

2.8.26

I agree -

I have kept this a long time, but it involved a lot of reading. I think that with the precautionary remarks suggested, we should approve, subject to reference to Treasury -

C.S. 31.3.26

W.C. Bottomley

I have talked this over with Sir Bottomley. Proceed as suggested, writing to Treasury in first instance asking for a reply by 26th inst.

*J.H. G.
attence*

MA

12.4.26

Minute

The additional works proposed, estimated at £1,148,000, may in general be regarded as necessary and desirable and suitable objects for expenditure from a long term loan, though they include some small items which one might normally expect to be met out of revenue in a Colony with an annual budget exceeding £2,000,000.

As regards the criticised item of £80,000 for Government house which is included in the provision for Housing, it will be seen from page 14 of the despatch that the Governor considers the amount too considerable for this single purpose, and it is now proposed that it should be made to cover also:-

- (1) new offices for Governor and his staff.
- (2) offices for the Secretary of the Governors Conference.
- (3) new accommodation for the Legislative Council.

The Governor does not at present ask for authority in respect of:-

- (a) the further proposals, see pages 6 and 7 of the Committee's report, for loan expenditure on Central Offices, Supreme Court, Roads etc. estimated at £1,028,075, excluding the cost of educational buildings not yet estimated, or,
- (b) the short term loan expenditure (page 8 of the report) to the extent of £27,000 with an additional amount for irrigation not yet estimated.

Of the attached notes:-

Note A. deals with the primary consideration which is the position vis a vis the Treasury, and shows that if approval is given to these loan proposals it will be necessary first to consult the Treasury.

Note B. analyses the debt charges and shows, I think, that the nett increase of expenditure is not so large

Chair of
Hampden
12/1/26

in some form. One cannot criticise the Governor in present circumstances, but I think that Sir E. Crigg would have done well to emphasise from the start the approaching necessity for a wider basis of taxation.

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£2000 on p. 17 represents this amount.

W. Bottomley

2. 8. 26.

I agree -

I have kept this a long time, but it would need a lot of reading. I think that with the precautionary remarks suggested, we should approve, subject to reference to Treasury -

C.S. 31. 3. 26

W. S. 26

I have talked this over with Sir Bottomley. Proceed as suggested, contenting to Treasury in first instance asking for a reply by 25th inst.

J.H.G.
abance

12. 2. 26

NOTE A.Treasury Approval.

So far as borrowing before 1934 is concerned the proposal, see 45158, was that Treasury concurrence should be sought before any borrowings in excess of £4,500,000 for transport purposes and say £800,000 for other purposes; and expenditure in Kenya and Uganda out of the £10,000,000 loan to be additional to these sums. At that time the proposals for the Colonial loan did not exceed an expenditure of £562,000 and there was then no reason to anticipate the much larger proposals now put forward - we are now dealing with a total which is over £900,000 in excess of the figure of £800,000 referred to above, and it seems clear that it will be necessary to seek Treasury concurrence of approval of the Governor's proposals: and in doing so it will have to be made clear that ^{there are further} [these are for the] proposals for loan expenditure to come. (See pages 6 - 8 of Select Committee's report).

Governor's Loan Proposals.

Remarks.

£.

Amount already approved by the Secretary of State	562,500
Additional amount now proposed	<u>1,149,900</u>
	<u>£1,712,400</u>
Estimated total debt charges 1929	151,750
of which includes £5,000,000 loan charges	59,591
Requiring additional charges for the new loan	<u>£92,159</u>
of which for interest and sinking fund on £1,712,910 represents only	5.38% (a)

(a) At 6% for interest and sinking fund the charge on £1,712,910 would be £102,794, or a total of £162,385.

1929 the revenue, excluding reimbursement ...	2,250,000
Reimbursement for 1926	<u>383,456</u>
leaving a total of	£2,633,456
compared with estimated expenditure 1926	<u>2,388,753</u>
leaving a margin for increased expenditure	244,703
After deducting additional debt charges £92,159 less £40,000 provided in 1926	<u>52,159</u>
	£192,544 (b)

(b) But on the basis of £162,385 in remark (a) above these two figures would be £62,794 and £161,929 respectively.

which is less than half the increase of expenditure on the 1926 estimates as compared with the actual expenditure of 1924.

in considering the increase of the debt charges it is necessary to take into account certain offsets in respect of works which the Governor claims to be recuperative in some form or another. These are:--

Government Houses	£886,430	(c)	(c) Saving put at £27,387 but deduction of about 10% for maintenance would reduce this to a round figure of about £25,000.
- saving of rents and house allowances.			
African quarters	£40,000	(d)	(d) 6% on £40,000 equals £2,400; no estimate of amount of saving but it will presumably be small at any rate at first.
- saving of house allowances.			
) Town Planning at Mombasa	£179,000	(e)	(e) The proceeds of higher rates can hardly be taken into account.
- higher rate yield.			
Water Supplies	£168,500	(f)	(f) 6% on £168,500 = say £10,000. As regards the main item Mombasa Water Supply it is not proposed that the debt charges should be borne on the revenue of the water works until a nett revenue of £10,000 a year has been obtained.
- could pay for themselves.			
Advances to Nairobi Corporation	£96,000	(g)	(g) Presumably the £96,000 should be increased by £9,000 for water supply Item 6 (1V) on page 10 of the print and 6% of £105,000 = £6,000.
- Corporation will bear charges.			

Adding (d) and (e) above, and proceeding on the assumption that the figures under Items (c), (f) and (g) will ultimately be realised we arrive at an offset of £24,500 plus £10,000 plus £6,000 = £40,500.

On this basis the following position is arrived at :-

Debt charges at 6% £102,774

Acting:
Provision in 1926 Estimate £40,000

Savings, reimbursements
as above £41,000 81,000

Increased charge on
Revenue for 1926 provision £21,774

The above figures afford no reason on financial

/grounds

unds for objecting to these loan proposals

vided:-

- (a) the Colonial Government exercises reasonable financial care in the future.
- (b) the expenditure on loan works is kept within the Estimates.
- (c) the local expenditure does not expand excessively or too rapidly.
- (d) that surpluses accruing from year to year are used for rectifying the balance sheet and building up reserves rather than as excuses for further extravagances. This matter is referred to in the draft despatch on the estimates, and it will be noticed on page 33 of the debate that the Treasurer said "we should endeavour to make our Budgets not only balance but show very considerable surpluses in order that we may build up what I would term a Reserve Fund". It seems to me that to proceed on small surpluses as we are inclined to do is too much of a hand to mouth financial policy and I think the country will be well advised in the future to endeavour to build up a reserve fund in the neighbourhood of three or four hundred thousand pounds."

desire, as I have always understood it, of the residents of Mombasa that a causeway should be made joining on to the mainland. For that reason I take it it has been put in by Government. This is the first occasion in this Hon'ble House that I have heard any real opposition, except from the Hon'ble Member for Plateau North, (laughter) on the ground that the necessity did not exist for it, but I think there has not been taken into consideration the fact that now we have an opportunity of building the causeway at considerably lesser cost than the amount it would otherwise cost because it is now necessary for the Railway to rebuild that particular bridge at Makupa. What they can do now is to make a general causeway, which will take both the Railway and the road, thereby reducing the cost enormously. There is also no doubt whatever that at some future time this causeway will have to be built if it is not built now. (Rest of speech inaudible owing to bad acoustics).

MR. W. L. SIM: The storm centre seems to have been round Makupa Bridge. I was not aware, however, that there was much to be said for and against it. I am very pleased indeed to see the interest taken in the Coast by the Hon'ble Member for Plateau North, but I certainly was not aware that the Hon'ble Member had had actual experience of that part of the country. He says the Makupa Causeway will be practically of no use. I contend that it will do good. It will give road access to a very considerable area. There is no objection about it that the land in Mombasa for residential purposes is absurdly high, and I feel that if we have access to the mainland it will relieve the congestion to a certain extent in certain areas of Mombasa. At the same time I should like to say that there is a good deal to be said for the Hon'ble

[The text in this column is extremely faint and largely illegible. It appears to be a mirrored or bleed-through of text from the reverse side of the page. Some words like "Mombasa", "mainland", "Government", and "causeway" are faintly visible but cannot be read with confidence.]

" As regards your despatch No. 701 of the 28th July relative to the provisions of the Trades Facilities Act, the Director of Public Works reports that on an average expenditure incurred in England on the services already approved would be:-

Buildings	10%	of the total cost.
Water Works	50%	" " " "
Bridges & Culverts ...	15%	" " " "
Plant	75%	" " " "
Sewerage	10%	" " " "

which would represent approximately a total expenditure of £135,000.

I propose to defer further application in this matter until the complete schedules of Colonial Loan expenditure are approved locally."

That despatch did not cover all the proposals now put forward but the position would not seem to be materially affected by the further items now included in the loan.

Taking the Governor's figure of £135,000 the saving to the Colonial Government would be about £5,000 a year for five years. It is doubtful whether this would commensurate with the ^{implications} ~~expense~~ involved. But apart from this it seems it would be a little difficult at this date to come along with the suggestion that these proposals fulfil the provisions ^{of} Section II (b) of 1924 Act. ^{that} the ~~substantiated~~ ^{substantiated} ~~involved~~ ^{involved} in the scheme is an ~~enormous~~ ^{enormous} expenditure which ~~was~~ ^{was} normally ~~has~~ ^{has} been incurred at a later date.

Subal. Kalire
Sent 20/9/26
d 12/9/26
J. H. N.
20/11/26

GOVERNMENT HOUSE,
NAIROBI,
KENYA.



KENYA.

No. 29

CONFIDENTIAL

X. 1343

24th January, 1926.

Sir, 18 FEB 1926

With reference to paragraph 6 of Mr. Denham's despatch No. 291 of March 9th last, I have the honour to submit for your consideration ten copies of the Report of the Select Committee of Legislative Council, which as proposed was appointed to consider further Lean proposals.

2. This Report was submitted to and adopted by Legislative Council on the 15th December last, but I have deferred transmission until I was able to furnish you with a verbatim report of the relative debate, a copy of which accompanies this despatch.

3. The Select Committee appointed to consider the proposals consisted of

The Colonial Secretary,
The Treasurer,
The Acting Chief Native Commissioner,
The Director of Public Works,
Lord Delamere,
Captain Gony,
Major Robertson-Eustace,
Mr. Mitchell, and
Mr. Shams-ud-Deen.

The unofficial members of it, namely, the four European elected members and Mr. Shams-ud-Deen representing the Indian members, actually formed a majority; but the discussions never took a

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RIGHT HONOURABLE

LIEUTENANT COLONEL L. C. M. S. AMERY, F.C., M.P.

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET,

LONDON, S.W.

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13Report of Select
Committee.Verbatim Report
of Debate.

partisan turn, and you will observe the Report was signed by all the members.

4. The debate in the Legislative Council revealed an unexpected disagreement on the part of one of the European elected members, who had previously concurred with his colleagues in regard to the whole of the proposals. His motion, as will be seen, received no support, was seconded by an Indian member, and was ultimately withdrawn.

It was pointed out by Lord Dalmeida and other speakers that full opportunity for a review of the position had been given at the time when the Select Committee on the Estimates had been appointed and that very full reports of the Colony's finances had been presented to Council by the Treasurer.

5. It is only necessary here to deal with the items included under Head (iii) - page 2 of the Report of the Select Committee - "Expenditure which was recommended for the immediate approval of the Legislative Council" - and which was approved by Council on the 15th ultimo. This expenditure represents a total sum of £1,149,916.

The least expenditure already sanctioned - viz £262,800 - vide Mr. Denham's despatch No. 291 of the 9th March last, was included in the Report of the Select Committee in order to show the full amount for which the Colony is making itself liable on account of public works, improvement schemes, etc.

Further, the opportunity was taken to obtain the approval of Council to the allocation of the sums included under Item 1 of the sanctioned expenditure - Erection of Schools etc. - vide page 3 of the Report.

6. Of the amount of £1,149,910, the following items will not be financially unremunerative:-

Item 11 (a) - Housing for Government Employees:

As stated on page 4 of the Report Government is paying rents and house allowances at present at the rate of £27,387 per annum representing six and a half per cent on a capital investment of £421,338. The difficulty in obtaining houses is increasing every year and there is no doubt that unless Government at once undertakes a building scheme, it will be faced with rapidly increasing expenditure under this Head - vide Kenya Confidential despatch No.163 of 5th September, 1925 - If houses are erected they will be a permanent asset and save such a large outlay on unproductive expenditure.

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Item 11 (a) - Customs Office, Mombasa:

The Uganda Government will bear their share of this service either in the form of rent or as a reimbursement of interest and sinking fund charges as may be decided.

Item 11 (f) - Quarters for the African Employees of Government:

The provision of these quarters will effect a saving on account of house allowances.

Item 12 - Town Planning Mombasa:

Some return may be expected from the incidence of higher rates on the improved values resulting from this undertaking.

Item 14 - Water Supplies:

The additional provision to be made should pay for itself and in time give a good return.

Item 15 - Advances to the Nairobi Municipal Corporation:

The Nairobi Corporation will be liable for the

interest

interest and sinking fund charges on these advances.

The remaining items represent a sum of £608,572 which may be classed as unremunerative from the financial point of view though they are works which it is most urgent in the interest of the Colony should be undertaken at the first opportunity. Ample provision is included in the draft Estimates for 1926 to cover all possible interest charges in respect of works which can be undertaken during the next twelve months. A sum of £20,000 was originally included to cover interest on loan items which had already been approved (Head II) and a further sum of £20,000 was inserted in ~~the Select Committee~~ ^{as finally passed} the Estimates to provide for expenditure for Loans on the items now recommended (Head III).

7. As pointed out on page 23 of the Report of the East Africa Parliamentary Commission - "it has become the duty of Government to make increasing provision for the further needs of the native population, such needs as medical services, schools, veterinary services, means of communication and social and political organization" - Such expansion postulates considerable non-recurrent expenditure and it is appropriate that disbursements of this nature should be met from loan funds and that repayment should be spread over a term of years.

It will be seen that priority is given to educational and medical buildings which are an essential preliminary to the development and expansion of these services.

8. The housing of officers is an urgent need which has too long been left unremedied: interest and sinking fund charges under this head as has been pointed out will be largely met by the saving on rents and house

allowances now being paid owing to the lack of Government accommodation in the larger centres. At the present time Government Officers are very inadequately housed and in some cases in buildings condemned by the medical authorities. These conditions have been allowed to continue to an extent which has become almost a scandal and which has no doubt had a prejudicial effect in recruiting officers for the Government Service of this Colony. The erection of quarters at outstations will not be directly remunerative as they will only take the place of the huts and "bandas" now occupied, but these erections require considerable expenditure in maintenance and upkeep. It is the case too that the worst accommodation is to be found at stations which have the worst reputation from a health point of view.

9. The dilapidated condition of the King's African Rifles quarters and lines - Item 11 (d) - was reported in connection with the 1925 Estimates but the provision for improvement was not utilized owing to the desirability of rebuilding the lines elsewhere. It is believed that a suitable site has now been found.

10. Similarly, saving was effected of the provision made in the 1925 Estimates for a New Customs House (see your telegram of 4th May last and previous communications); on further consideration it is clearly preferable to meet such an undertaking as a lean commitment. There is a suggestion now before Government to secure a building available in Mombasa which, if approved, may result in a saving of cost under this head. I shall address you further in this connection.

11. The provision for the Education Department Buildings - \$145,000 - Item 11 (g) - represents a very considerable

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 1/10/25

considerable sum to be expended on European Education less a sum of £10,000 for a hostel for the Nairobi Indian School. As I explained in my speech on these proposals and on the Estimates for 1926, I propose that the communities, who will benefit by the large additional expenditure on education, should contribute towards these heavy charges through the establishment of an Educational cess.

I will address you in due course on the whole subject of European education and the steps which I propose to take to meet the additional expenditure which must be incurred on this account.

I would explain here that the sum of £35,000 for the Nairobi School has no connection with the amount allocated under the head of "Erection of Schools" - Item 1 of loan items already approved, (Head II - pages 1 and 3 of the Report), - except in so far as it is to provide urgently needed accommodation for the junior classes in the European School. The conditions under which these children have been working in the past are such as to render it urgently necessary that proper accommodation should now be found for them. Several fainted in class last term because the class-rooms are not sun-proof, and new buildings are imperative, particularly for the junior classes. The erection of the European School at Kabete is unlikely to affect the position as regards the smaller children who it was intended should remain in the Elementary School in Nairobi.

The building which it is now proposed to erect will provide such accommodation. A design has been furnished by Mr. Herbert Baker and it is hoped that this will be the first work undertaken under these loan proposals.

The sums provided for Nakuru, Eldoret and Kitale are only approximations, based on general recommendations of the Local Educational Committees. The need for the extension of these schools was recognised by the East African Parliamentary Commission and has been fully realised by this Government. The fact that earlier steps have not been taken has only been due to consideration being given to the fact that this loan would shortly be raised and that inclusion of amounts for these schools would then be made.

In my speech on the Estimates I referred to a recent census which had been taken of European children in the Nakuru and Naivasha Districts, and I would refer you to my remarks on that occasion. The expenditure of these sums is urgent to provide not only for the immediate needs of the children attending these schools but also for the accommodation of European children now receiving no education in this country and in Tanganyika: an application was recently received from the latter Government for admission to Kenya schools of its European children.

The position at present is that these schools have all got waiting lists of children who cannot obtain admission owing to lack of space.

The provision of £20,000 for the Nairobi Indian School hostel is complementary to the sum of £20,000 which has now been allocated under Item 1 of the sanctioned Loan - Head (II). This will enable Indian children from different parts of Kenya to be brought in to Nairobi for their education.

12. Improvements to Mombasa Old Town which are included under Item 12 Town Planning are dealt with in the correspondence terminating with the Acting Governor's telegram No. 87 of the 25th February, 1925. Mr. Jameson, the Town Planning Expert from South Africa, has made certain recommendations which have been considered by Government and the local authorities and it is hoped now that it will be possible to make a start with the acquisition of land in the Old Town to enable two wide roads to be carried through this area which will both open it up and remove a large number of insanitary buildings in a congested area.

13. The need for developing communications within the Colony and Protectorate has been represented repeatedly and is emphasized in the East Africa Parliamentary Commission Report pages 165 and 166. Your predecessors from time to time have emphasized the importance of obtaining proper alignments for any new road construction and special attention to the need for co-ordination with other Governments regarding main trunk roads is invited in your despatch No. 822 of the 27th of August last. In the circumstances a sum of £25,000 has been earmarked for a Road survey of the Colony - Item 13, and an Executive Engineer has been detailed to make the preliminary investigations.

14.

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14. The funds allotted for Main Roads and Bridges 450,000 - Item 13 (b) - as stated by the Committee, are only in the nature of an instalment and will be supplemented as circumstances allow. It is not intended that anything in the nature of recurrent expenditure shall be charged against loan funds. The loan expenditure on this item is to be confined strictly, as I stated in my speech, to that part of road construction which is permanent.

15. There were criticisms directed during the debate against the proposal to give the Makupa Causeway - Item 13 (c) - precedence over other means of connection between the mainland and Mombasa Island, but ultimately the item was accepted as it stood. The local authorities strongly support the proposal and as pointed out in the debate the opportunity for carrying out the railway bridge and causeway at the same time is one which must not be missed. Further I believe that the connection with the mainland will help considerably in the Town planning of Mombasa on the scheme recommended. The alternate schemes for the causeway have been forwarded to you for submission to the Consulting Engineers in the correspondence terminating with Kenya despatch No.1575 of the 24th December last. I understand from the Acting General Manager of the Railway that the contribution to be made by the Government is likely to be less than the amount provided.

16. As already intimated, I desire to proceed with the building of the Junior European School in Nairobi, the Indian School in Nairobi, and a large instalment of the accommodation required for government Officers in Nairobi and elsewhere without delay. The whole programme of development in the Colony, particularly on the medical and educational side, rests upon the provision of this accommodation, ^{lack of} which indeed is the limiting factor to all progress. I am convinced that money cannot be better invested than in accommodation of this kind, and I count on your approval in pushing forward all this part of the programme with the utmost expedition.

17. I have to point out, however, ^{that} the whole programme of minor buildings is in itself dependent upon attracting to the Colony some form of new building enterprise. The effort of Government to get houses built at the present moment is causing a weekly increasing strain upon its building resources, both in material and in labour, and prices are constantly going up. There will soon be no prospect of providing any of the accommodation that is required at a reasonable proportion of the cost. Builders and contractors at present in the Colony are enabled to continue putting up prices at the present rate. I have therefore appointed a building Committee which delegate an investigation of this subject to a sub-committee. The sub-committee has presented an interim Report and I am now considering practical steps for giving effect to their recommendations. It is indeed evident that in order to attract new enterprise, skilled....

skilled labour, and mechanical facilities for building to the country, it is necessary to put before contractors something in the nature of a programme of public buildings in addition to schools and dwelling houses. Investigations already made in South Africa, particularly by the Trade Commissioner for South Africa and by the General Manager of the Railways, who is spending part of his leave there, indicate that South African contractors will be willing to tender in this Colony on these terms but not on any others. No new enterprise will come to the Colony unless the programme is sufficiently large to be attractive and unless some considerable instalment of large public buildings is added to the programme of housing and school and medical accommodation. The sub-committee are not without hope that if the programme is carefully arranged so as to attract the right kind of enterprise, the price of building in the Colony may not only be prevented from rising, but may actually fall. This is extremely desirable although costs in the Colony at the present moment are still below the South African level.

18. I trust, therefore, that you will appreciate the importance of combining a programme of ^{larger} public buildings with the other forms of accommodation immediately required, for I am convinced that nothing can solve the difficult problem with which we are faced but a bold step of this kind. This opinion is unambiguously held by all my officers who have been on this subject, and their view is supported by Mr. Herbert Baker and Mr. Jameson, the Town Planning expert from Kimberly, and other outside authorities who have recently been in the Colony. The need of Housing and of more building enterprise to provide it, is an issue so acute that Government must deal with it decisively and...

and, if necessary, take certain risks in doing so. The present policy not only puts up rents and costs against Government continuously, but does so at the same time against all the poorer residents in Nairobi, and is consequently causing great hardship and unrest amongst an important part of the town population.

19. As regards the provision of labour, the forthcoming Governor's Conference will provide an opportunity of discussion as to the possibilities of obtaining skilled labour from other sources. I would refer you to your telegram of the 19th October last.

Inquiries have already been specifically addressed to Nyasaland on the subject.

In this connection I would point out that the large building programme now envisaged will afford great opportunities for the training of local natives to become artisans by teaching them their work on actual operations by practical demonstrations which is so essential if any improvement in the present technical training of Africans is to be attained.

20. With regard to the financing of the loan the funds accruing from the £3,500,000 loan have been utilized hitherto to provide for expenditure under the allocation for the £3,000,000 loan, but as will be seen from statements which are being sent to you by this mail this source of provision is now practically exhausted. The Colony's cash balances are hardly likely to be more than enough to cover local payments and I shall be glad therefore to receive an early expression of your views as to the financing of the Colony's Loan programme. You will observe that stress is laid in section VII (page 8) of the accompanying Report on the desirability of raising the Colonial Loan in instalments in order that the Colony may not be required to bear the interest....

interest charges upon the whole amount from the outset. Provided funds can thus be obtained on suitable terms, the best method of giving effect to the intention underlying this recommendation would appear to be for required amounts to be borrowed from the Crown Agents, or obtained by the issue in London by the Crown Agents of Kenya Treasury Bills against the proposed loan, the actual raising of the loan being deferred until the programme is nearing completion.

21. With regard to the proposed expenditure on Government House. I am not yet prepared to make final recommendations, but am very anxious that the plan put forward by the Works Committee, after consultation with Mr. Herbert Baker, should be carried out without delay. I delay my final recommendations only because on certain points I desire to have the feeling of the Governor attending the Conference.

22. I desire to make it clear that the suggestion of building a new Government House at considerable expense emanated purely from the elected representatives of the Colony in the Legislative Council. It was made to me first by Lord Delamere about a month after my arrival in the Colony. He told me then that he and others had long felt the necessity of building proper accommodation for the Governor and desired to make it a part of the urgent portion of the loan programme. The sum put down for this, with the concurrence of the whole of the elected members, was £80,000.

I took the view that to spend so much purely on the accommodation of the Governor was not necessary or advisable in the present state of development of the Colony, but entirely concurred with the view that some considerable further accommodation is necessary. At the present moment I receive something like twenty letters by every mail asking me to put up distinguished visitors to the Colony, and many of these come from your own office or from members of the Government in England. Others come from my own friends or even from people....

people with whom I have no personal acquaintance. I am delighted to receive the aid ^{to} the extent I can, since I am sure that such a contribution is in the interests of the Colony and the Empire, but with the present accommodation of Government House I am reluctantly compelled to tell ^{many} visitors who I should like to put up that no room is available.

Apart from this there is no Ballroom in Government House and it is therefore impossible to entertain the residents of the capital or the Colony properly.

All this has been long recognised and there is a general desire to put the matter right as quickly as possible.

I have, ~~therefore, come~~ ^{however, put} sympathetically with the feelings expressed in the newspapers here and in some other quarters that the sum of 200,000 is too considerable for that purpose, and I therefore suggested that the new accommodation at Government House should include a number of things which are most urgently required:-

- (1) New offices for the Governor and his staff.

(A) The present only office is part of the dwelling rooms at Government House and everybody has to go to work past bare through staff and bar rooms where private guests are sitting.

(B) A new office for the Secretary of the Government.

(C) A new office for the Secretary of the Governor.

(D) A new office for the Secretary of the Governor's private secretary.

(E) A new office for the Secretary of the Governor's private secretary's private secretary.

(F) A new office for the Secretary of the Governor's private secretary's private secretary's private secretary.

(G) A new office for the Secretary of the Governor's private secretary's private secretary's private secretary's private secretary.

(H) A new office for the Secretary of the Governor's private secretary's private secretary's private secretary's private secretary's private secretary.

the town which is far too large for the purpose and makes hearing almost impossible. There is no accommodation outside the hall for the convenience of members and air can only be admitted by also admitting violent noises from neighbouring garages which surround the building.

I am convinced that a proper treatment of parliamentary development cannot be laid down in such surroundings. The hall is so severely on the temper of everybody present and involves a waste of time for neither government representatives nor private members have anywhere they can do a little work of their own when not actually required for the debate in the Chamber.

The loss of time to government officers who must be kept there in order to maintain the official majority is made very serious by this fact. The Chamber sits for nearly three months in the year, both morning and afternoon. Unless, therefore, some accommodation can be given for Heads of Departments to do their work in the precincts of the Council Chamber, they must lose something in the nature of 90 days of the year which ^{is} ~~is~~ ^{through all the normal} ~~is~~ ^{working hours they are prevented from} ~~being able to~~ ^{attend} to their departments. You will understand how serious this becomes if you will

imagine the effect on Government departments at home ^{should} the House of Commons sit continuously both morning and afternoon.

23. The plan which I have therefore provisionally approved is a new building round three sides of a square. It will be sited between the present Government House and will be attached to the present building by a colonnade so that none of our present accommodation is wasted. I have insisted, very strongly, in spite of architectural reasons to the contrary, because the present house contains valuable accommodation and also is provided with roads and water and a drainage system. All these things would have to be

*The house
is
the best*

provided

provided at great expense if buildings were erected on a
total new site.

One side of the present building will be given
to a Hall for the private offices for the Government
service proper. The whole of the front of the building will
be devoted to the offices for the Governor and his staff and
for the Conference Secretariat. The other side of the

ground will be allotted to the Legislative Council, and will
contain a Hall for the Board of Rooms, as well as the actual
chamber.

It will also include a Gallery for the Press
and for Strangers desiring to observe, which are both
urgently necessary. The present plan for the Press

present chamber is a work of imagination.

The whole of this Legislative side of the new
building will be separated both from Government House and
the Government offices by a road, and will, of course, have
direct road leading to it from the Government House proper.

On the outside it will be its own separate approach and
separate entrances, so that the Government House

will be a separate building of its own.

The upper story of the new building, apart

from the present building, will be a separate building

of its own, and will be a separate building

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 ... ~~the amount of new taxation necessary~~
 ... These services must be provided either
 ... from revenue or partly from revenue and partly from
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 ... only revenue ... raising
 ... expenditure in the form of
 ... sinking fund over a comparatively short period
 ... years. The new recurrent expenditure which will be
 ... ~~however~~ ... revenue. The most
 ... educational and medical expenditure
 ... I have already said, I am considering proposals to
 ... expenditure in the ... I would add that
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With regard to the ... proposed loan
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 ... represent approximately 7% of the total revenue.

comparison with other parts of the Empire, I submit that this is a very low outlay. In Australia I have been able to understand such charges aggregate 25% of the Revenue; in Newfoundland 10.9 per cent, in C. and A. 42.6 per cent, New Zealand 47.6 per cent and South Africa 26.4 per cent.

It is true the above calculation makes no allowance for railway and Harbour Loan expenditure but, inasmuch as this is charged against Railway revenue, Railway revenue must be counted as assisting the water burden which it carries upon the Colony. If this is done, the above percentages are not seriously altered.

35. I am very anxious, as soon as circumstances permit, to put forward proposals for new buildings for the Supreme Court and Central Offices, which will be potentially of national dignity of this Colony and which will most impressively mark the present Court House is a discredit to the capital, whilst the Government Offices - if they can be collected down and are scattered throughout the town to the detriment of public convenience and political administration. Mr. Baker's presence has enabled me to consult him with regard to business and residence for visiting buildings, the construction of which must, however, await the start being made with the more important items of the programme to which I have confined myself in this pamphlet.

Yours obediently,
Edward Gigg

G O V E R N O R .

Tuesday, December 15th, 1925.

THE COLONIAL SECRETARY: Your Excellency, I beg to move:-

"That the Report of the Select Committee on Loan Proposals be adopted."

This Report was tabled a few days ago, and is now in the hands of all Hon'ble Members. I trust that the recommendations which are made in the Report are explicitly set out, but there are certain points on which no doubt the Council will need further elucidation.

This may perhaps seem a somewhat ambitious programme. Council is asked to approve of loans being raised to cover an expenditure which amounts to £1,712,410. It will be found, however, that the whole of the sum is not really to be provided out of the Loan. It will also be found that many of the services are in themselves directly remunerative. Take, for example, the expenditure on housing for Government servants of the sum of £566,430 provided under this head. £421,338 is covered by savings on account of rent and house allowances at present paid by Government at the rate of £27,387 per annum which represents 6% on a capital investment of £421,338.

The excuse, if one was needed, for putting proposals forward of this kind at the present time is that I think the Colony has now reached a stage when it is absolutely necessary and essential for its development that it should spend money not only to the advantage of the present generation, but of those to follow and who will, of course, have to bear the cost in interest and sinking

fund on the money which has to be raised to-day. I do not propose to discuss now the present financial position of the Colony - it has been clearly put before you in the financial statements furnished by the Treasurer and he will deal with any point which may be raised on this question. I know there are great difficulties before us. It is very unlikely that we shall be able to spend the sum of money now asked for until a very considerable time has passed. There are difficulties of labour, of supervision and of staff, there are also difficulties in regard to the supply of materials. Government realises this, and does not desire in any way to minimise the difficulties which do exist. But, at the same time, I would ask Hon'ble Members to consider whether these difficulties are likely to be removed in a year or even in two years! Consideration of these proposals must not be postponed. The whole Colony has in any event to face this question of labour; it has to face the question of staff, the need for supervision, the supply of materials.

As regards the question of labour, I do not propose to deal with that at length to-day, because all we can now do is to consider first our own labour supply here, second, the sources from outside from which labour can be recruited.

We have been in correspondence with adjoining territories; we have been in correspondence with the Secretary of State, and we are endeavouring to obtain particulars as to the rate of wages and the numbers of labourers - skilled and unskilled - that it might be possible to secure and utilise for special works of this kind. But it would be premature to make suggestions until we have before us detailed recommendations. The forthcoming Governors' Conference will give Your Excellency

an opportunity of discussing with the Governors of the different territories who will be represented here the chances of obtaining labour from these countries.

Skilled labour - skilled artisan and trained labour is what is required, and it must be realised that the works on which we are embarking afford one of the biggest opportunities ever afforded for the education of African labour. Occasion will be given for the natives to learn their work on actual operations, and a good training school will be provided for the African artisan whom this Government is most anxious to encourage.

As regards the supply of materials, there is a Committee now sitting for the consideration of this question. A sub-Committee is going into facts and figures, and I believe a very great deal of valuable information has already been collected. At the present moment we have in our midst one of the most distinguished Architects in the British Empire - I may perhaps say in the world - Mr Herbert Baker. We have also his Assistant, Mr. Hoogterp, and we have others in the country who are able to give valuable advice. As Mr. Baker informed me recently we have in this country - at Maitasha - Mr. Dunn, a very able Architect, who thoroughly understands the conditions of this country. So it will be seen that we now have in Kenya skilled advisers who will all be most useful to us in considering the important question of materials, buildings and designs most suitable to the climate of Kenya.

As regards staff, any programme of the kind must necessarily involve the recruitment of a considerably augmented staff, but it does not necessarily mean that that staff will always be with us, but at the present time if the Director of Public Works is to get that full

support and measure of assistance for large works in this country he should have a very considerably increased staff of draughtsmen, quantity surveyors and overseers who will be required to assist in the works.

Now, to deal with the various items that are contained in this Report; I do not propose to refer to those which appear under Head V - Expenditure, which the Select Committee consider will be necessary in the near future, but which is not before Council to-day. The items with which we are dealing are those which the Committee recommend as being essential and which must be carried out as early as possible.

First of all, I will refer to the expenditure which has already been sanctioned - Head II - because there are one or two points in connection with these items which need to be made clear to the Council. It is stated in the Report that the lump sums appearing under this Head *Well, so lump sums they have been sanctioned* have already been sanctioned, but with certain provisos in some cases that further information should be supplied to Council before actual expenditure was incurred and in the cases I shall specially mention, where the sanction of Council has not already been obtained, its approval is now sought. I refer first to Item (1) - Erection of Schools. A sum of £125,000 has been allocated under four different items: £80,000 for European School; £20,000 on a new Indian School for Nairobi; £13,000 for an Arab School at Mombasa, and £12,000 to be spent on the Technical Training Depot at Kabete.

The Council has already voted the sum of £80,000 for the European School, and with regard to the balance it desired a further report from the Committee as to how that sum should be allocated. That report has been made by the same Committee which has now put before you these

Loan recommendations, and I would ask you to approve of the allocations as here suggested, which are that £20,000 be spent on a new school for Indians in Nairobi, £15,000 be spent on Arab Schools at Mombasa, and that £12,000 be expended on the Industrial Technical Depot at Kabete.

This expenditure will, I am sure, commend itself to Hon'ble Members, who will also agree that all these works are absolutely urgent and necessary.

It will be seen on reference to item II (g) - on page 5 of the Report, that £10,000 has been provided from Loan funds for an Indian Hostel to be attached to the Indian School at Nairobi. It is felt that if we are going to provide a first class school for Indian boys at Nairobi it is very desirable that those Indians who are scattered about the country should have an opportunity of sending their children to this school at Nairobi, and to enable them to do so, proper boarding accommodation should be provided.

The hostel system generally commands itself in all parts of the world, and undoubtedly these boys will have a very good opportunity of getting the best education available if they are brought into a central school and hostel where proper accommodation is provided for them.

As regards the provision for the Arab Schools, which are still awaiting, which are still awaiting the recommendations of the Committee on Arab Education and the Committee on Coast Education, which hold their meetings at Mombasa, there is undoubted need for better accommodation for the Arab boys in Mombasa. When I say better accommodation, I do not mean the renting of another building as I do not think this meets the needs of the Arabs of Mombasa.

What /

What we want is a central building with playgrounds and every educational facility. We have therefore ^{allotted} ~~set aside~~ £13,000 for that purpose.

In respect of African education - £12,000 has been set aside for the Industrial Training Depot at Kabete. That School was started with the idea that African youths seeking employment in Nairobi should be given a sound technical education. They were recruited from those who were not employed but were employable. The idea originally was that these lads should be employed on putting up buildings of the type that they might hope someday to erect for themselves in their own villages, - that they should be taught the simplest form of construction and that they should not be put on to more difficult work until they had mastered the different stages. The time has now arrived when more permanent buildings are necessary as workshops and dormitories. It is intended that these buildings should be put up by the boys who are learning their work at this Depot, so that this expenditure will be for materials and other charges exclusive of labour.

The next item under Head II is "Quarters for the African Employees of Government" - first instalment £10,000 and item 9 is a second instalment of £20,000 while there is further provision under Head III, item 11(f) for a third instalment of £10,000. I regret to say that this money cannot be spent on these buildings for the African employees of Government, who have been promised the provision of houses, until you have approved the type of building, as Government has given an undertaking that houses will not be erected until this Honourable Council is satisfied that the type is such as is required by and suitable for the African employees. The Honourable Director of Public Works will shortly put before you plans for these/

these quarters and he will be guided largely in his recommendations no doubt by those of the Special Committee which has been appointed to investigate this question of buildings.

In regard to the other items under Head II, I do not think any of these require further explanation because they have all been approved and it only remains to ensure that the money provided will be spent as well and as early as possible.

I will now deal with the ^{new} items under Head III.

Turning to item 11 - Housing for officials. The sum of £586,450 has been provided for this purpose. It will be seen that out of this £586,450 a sum representing £421,338 will be covered by the removal from the Estimates of that item, which is every year increasing - the expenditure on rents and house allowances. At the present time Government is faced with the position of paying very heavy rents for buildings and houses in Nairobi and Mombasa. By so doing, it does not really satisfy the needs of those who are housed in the buildings and it does not benefit but rather prejudices the general community because the tendency is to increase rents elsewhere. I find a good many landlords consider Government is a good payer and that the high rents asked for from Government will be paid; unfortunately, Government is often in the position of having to pay the rent which is demanded on account of the lack of accommodation. I do not intend to say that rents are paid by Government without some preliminary arguments, but renting of houses by Government is apt to be an extravagant policy and does lead to high rentals elsewhere. If you once adopt a building programme under which more houses will be provided I am sure you will find the result will be that rents will fall in Nairobi and Mombasa because there will be more houses on the market and because a larger number of persons who today are being supplied with rented houses or house

allowances will occupy Government houses. Apart from this consideration it is extremely important that Government should house its officers properly. If the scheme is adopted I think it should be clearly and definitely laid down by a condition that expenditure should begin with the least paid officers. It is not proposed that Government should put up houses first of all for its higher paid officers and then go down the scale of emoluments and that those who have least should come last. I think that would be a very wrong standard to work on. What is proposed is - that the provision of houses should be made on a proportionate basis. We should take so many of the lowest paid officers and a smaller number of the higher paid officers and the proportion of Government houses erected should be much larger in respect of the needs of the lower paid than the higher paid. That is only reasonable and fair because I think it is the former whose need is greater but throughout all grades of the Service, European and Asiatic, there is the same necessity for the provision of proper and suitable housing accommodation. Government officers should not be in a position to feel that they are merely occupying a house temporarily and that when they come back from leave there is the possibility of that Government will not be able to find houses for them. There should be some feeling of permanency in the mind of the official. He should be given a house of the type which is suitable, a type which will not in any case be extravagant, but which will afford an officer a residence with which he can reasonably be satisfied and which will meet the needs of the married man. It is obviously in the interests of the Government that its employees should be well and suitably housed. Now there is one item of this expenditure which may be regarded as unremunerative and that is expenditure on houses of officers at out-stations, because they do not pay house rents at present as houses cannot be rented for them. They are either provided with an inadequate structure/

structure or else have to depend upon "station hands" to put up temporary huts for them to live in. Those who have ^{travelling} trouble in these out-districts will, I am sure, recognize how bad the conditions are in many parts of the country, that officers are really most inadequately housed and unfortunately so in stations where the climate is most unfavourable to the European. It is in these very stations that officers must be best housed, and their interests properly safeguarded by Government. This can be done by giving them good houses and healthy surroundings.

Under this Head appears an item of £250,000 for increased accommodation at Government houses. Now, I need not emphasize perhaps, at this stage, in the history of the Colony, the importance of this item to Kenya. It is on account of the importance of the provision of a Government House worthy of this country that this provision is made. All Eastern Africa does, must, and should look towards Nairobi, and what we so strongly feel in Kenya is that the Government House in Nairobi - the house of its Governors - should be a residence worthy of the country; a house of which the Colony may well be proud. In the history of all countries you will find that pride in buildings, in the large centres of the life of the people, has played a very considerable part. This feeling has had its effect on all classes in the country, it has set a standard of habits, a standard of life, and it has been a serious, even a determining factor in the history of the country. I know, Sir, that as far as you are concerned, you desire nothing more than what is in full conformity with the ideas, the wishes, and feelings of the ^{people} representatives of the Colony. In approving this expenditure I ^{trust} know that the Council will be guided by the general feeling of ^{the} the Colony, which, I am sure, is in favour of this proposal. Whatever is done should be done for the Colony, in the interests of Kenya. Kenya should recognize and accept its responsibilities and duties in housing its Governor/

Governor and in offering the hospitality of Government House should afford to visitors who come from all parts of the world in a manner befitting the dignity of the Governor and the position of the Colony. You are all aware that the Governors' Conference will be held early next year, and it is to be hoped in years to come the Governor will be in a position to offer that accommodation at the Conference - which it is hoped will continue to be held here - that this Colony would wish to see provided for its distinguished visitors.

There is provision in these Loan proposals for £79,667 for Medical buildings. The Select Committee on the Estimates was asked only recently to reduce the provision for medical services which had already received the approval of the Secretary of State, who attaches, as does Your Excellency, the greatest importance to the fullest provision being made. The Committee was asked to reduce that provision because it was found absolutely impossible to provide the necessary housing accommodation for the Medical officers and for the treatment of the sick until houses and hospitals could be provided at the out-stations for new medical officers who are to be stationed there for the first time. It is not intended to reduce by one jot or tittle the programme of medical services which already had your approval, but until we can provide the necessary accommodation in out-stations it will be worse than useless, in fact dangerous to life to put into these stations medical officers without proper accommodation for themselves or their patients.

There is an item of £80,000 provided for new quarters and lines for the King's African Rifles. I am sure, the Honourable Officer Commanding Troops can, if so, desired, make a moving appeal to this Honourable Council on behalf of his men who are so inadequately and improperly housed today as are the King's African Rifles in this town, who are at present lodged

in quarters which are really quite unfit for occupation. The need has long been felt in this Honourable Council and provision was made in this year's Estimates for temporary improvements, but that provision has not been spent. It has not been spent because it has been felt that any half and half measures of this kind would only be money wasted and that we should adopt a complete scheme for the housing of the King's African Rifles. There are other advantages too, to be derived from the erection of new quarters of the King's African Rifles. At present they occupy a site which is extremely well situated for European occupation on the Hill. They are spread over a large extent of land there which will be utilized for other purposes - for building houses for Government officers. It is suggested in the report that the removal of these quarters from the present situation will set free one of the best residential quarters of the town for the erection of Government houses. I have seen some criticism in the press and suggestions that Government officers should not be concentrated and put in one area. Government officers are, in fact, scattered all over the town though what is proposed now is that where there is a large area of land available that houses should be erected there for Government officers, which will mean economy in transport, economy in ground, and economy in cost of erection of buildings. Further, in looking to the future we feel that the Government Service in this Colony will be more and more recruited locally. I do not suppose that Government officers more than any other kind of men are likely to be a class apart or suffer from the fact that the members of different Government Departments, are living in close juxtaposition. No fear on that account need be felt and I am sure it will be found that the site which it is now proposed to set apart for this purpose is an admirable one, provided you can find a good site for the King's African Rifles. A Committee has been appointed and is at present investigating the possibilities of such a site and they

they will shortly put their proposals before Government. I understand they have found land which appears to be suitable.

The next item is for a Customs House, Mombasa, £40,000. The Council will not be asked to vote £40,000 from Kenya funds for a Customs House at Mombasa. In any case any building erected for this purpose would be at the expense of Kenya and Uganda so that only a proportion of the cost will be borne by Kenya. The creation of a Customs House is almost becoming a hardy annual. This item has been a source of saving to the Government, it has come to be looked upon as an item which can be drawn upon to cover expenditure in other directions, it has appeared three times in our Estimates and the money has not been spent. I may add that the Port Commission has been considering this question and will, I believe, advise the erection of Customs Houses in Mombasa rather than at Kilindini and apart from accommodation for the Port and Railway, so that this item will require further consideration and further proposals will be put before you in this connection.

I now come to an item of ^{£165,000} £165,000 for the Education Department buildings. The considerations governing all these recommendations are improved educational facilities and better provision for housing and medical services; and the Committee put education and medical services combined as first in the Public Works to be undertaken. We feel that priority should be given to these proposals. We have heard a good deal about remunerative expenditure. I do not agree that any proposal for expenditure can be judged solely on the ground that it is directly remunerative. Expenditure on educational and medical services, especially if you can combine the two, is bound to be remunerative and in the best interests of the country. The first item is one in which Your Excellency has, I know, taken the very greatest interest - the erection of the Nairobi School, £35,000. This is

an entirely different item to the Kabete School and Honourable Members should regard the two schools as entirely separate proposals. The school for which the provision is asked for is the elementary school. This will be a school for young children who will not in the ordinary course go out to Kabete and it is necessary today to find immediate accommodation for the children now being educated at the European School. We heard last night at the Prize Giving of the European School that the reason the children are frequently ill is because they are unable to work under present conditions. The sooner these children are removed from the present buildings the better and it is the desire of Government, if these proposals are approved, to erect this school as early as possible and to put up a two storied building with adequate verandah space and shade from the sun to which the younger children, and the children from the elementary school, can be sent, where they will be able to get their education under conditions which are both suitable and healthy and which will be a much needed relief to the strain which these children are now suffering. For a long time past the needs of the Nakuru, Eldoret, and Kitale schools have been pressed. It was agreed that further expenditure on these schools should not be undertaken until Council was in possession of such facts as are now available in regard to the number of children of school-going age in these districts for whom accommodation was needed. The Hon. Director of Education put forward proposals and he obtained the advice of the District Committees as to the additional buildings required but the proposals as framed are not definite and concrete as to the exact amount which will be required for additional boarding and accommodation for these three schools. I will, however, ask you to agree to the inclusion of £40,000 for Nakuru, £40,000 for Eldoret, and £20,000 for Kitale as I am certain that you are all convinced of the necessity for the provision of further instruction and buildings for these three schools.

Under/

Under Roads and Bridges £125,000 is provided. One of the items is £50,000 for Main Roads and Bridges but it is not stated definitely how that £50,000 is to be spent, but as you will see in Annexure 2, a list of roads is given which includes roads in various parts of the country. Many of these roads would cost the full amount that is provided under this head; for instance the road from Nairobi to Mombasa obviously could not be constructed for £50,000 and the sum of £87,000 on account of this road has been inserted. If the sum of £50,000 is, however, set aside for this purpose certain roads can be proceeded with ~~and proceeded with~~ as rapidly as possible in addition to roads for which provision is made in the Estimates of the Colony. The Government attaches the very greatest importance to the road from Malindi to Lamu. We hear constantly in this Council that the Coast is neglected. It is an old complaint and I am afraid that there is much truth in it. The Coast is, I think, progressing and it behoves Government to give it the incentive which has been needed for a long time. Now is the time to invest money in the Coast, to ^{do} invest more for the development of the coastal area, and one of the best means is by a provision of better roads and the opening up of the wide areas between Malindi and Lamu, and the extension of the road from Mombasa to Malindi, for the first part of which to Takaungu, special provision of £25,000 has been made in the Estimates for 1926. The road must now be carried further and bridges erected across two rivers and I trust this Honourable Council will give its approval for further expenditure on a line of communication which will open up large areas in which cotton can be grown and in which there are considerable openings for other crops.

£25,000 is included for a road survey of the Colony. This has long been needed and it is essential, if money is spent on roads, that there should be a definite and complete survey of the line of roads. The Public Works Department/

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Department has pressed for a road survey for some years and it has never hitherto been possible to provide for it.

There is further provision in the nature of Advances to Nairobi Municipal Corporation. This advance is essential for improving the distribution of water in Nairobi. I need not deal with any of these advances here as Council is aware we get the Interest and Sinking Fund provided for us by the Municipality.

go into details as regards to
I will not deal here with the expenditures which is recommended for the near future, but I will only touch on two items under this head to which I think every Honourable Member attaches great importance and which I am sure every Honourable Member will agree it is very necessary should be undertaken as early as possible. I refer to the Central Block of Government offices and the Supreme Court. The Government offices in Nairobi are indeed a disgrace to the country, but the Committee were of opinion that it was necessary first of all to deal with the living conditions of officers and that we should put Education and Medical requirements and housing in the forefront of our proposals and that offices and buildings of this kind, no matter how desirable they may be, should come afterwards. The necessity for them is undoubted and we have taken advantage of the presence of Mr. Herbert Baker to advise us in regard to the plans for these buildings, so that when the time comes that the Colony will be in the position to give effect to these proposals, the designs will add greatly to the beauty and dignity of the capital of this country. I earnestly hope that it will be possible to give effect to these suggestions in a comparatively short time.

In putting these Loan Proposals before this Honourable Council I should like to make it quite clear that Government is not putting them before Council as the only works which Government considers should be carried out during the next two years. We are well aware that branch Railway lines/

lines are a very important matter to Kenya and that our transport system must develop further and that considerable additional expenditure must be incurred on account of the railway. This Honourable Council is aware that the £10,000,000 loan of which we heard from the East African Parliamentary Commission, is likely now to become a definite proposition and we hope that Kenya may be a participant in that loan. Part of the Railway development can be met from this Imperial Loan, but in any case the branch lines and development of the Port must be met from Transport Loans. We have in the Railway a very valuable commercial asset and I do not think there can be any doubt that future transport development and transport services can be met from this great source of wealth to Kenya and Uganda the Uganda Railway.

I would add in conclusion that this Honourable Council will not be asked to increase the expenditure already approved in the Estimates for 1926. The provision made under the head of Interest amounts to £150,000 of which sum £20,000 was included to cover interest and sinking fund on the Loan expenditure already approved and referred to in the report of the Committee. A further sum of £20,000 was added in Select Committee so that altogether £40,000 appears in the Estimates as provision for the interest on the Loan expenditure. £40,000 will cover an expenditure of £1,000,000 spent month by month throughout the year. It is doubtful whether we will be able to spend more than £400,000 in the first year. Our fear is that expenditure will be very much smaller than we hope will be the case. I am sure that the whole ^{Council} country will approve these proposals and desire that they should be carried out as rapidly as possible. These recommendations will, I am ^{certain} sure, prove to be of the greatest benefit to the whole Colony of Kenya. They are based on the legitimate needs of all communities in the country. There is provision for all in these Loan proposals. The

The opportunity is here, the occasion has arisen, and in the opinion of the Government the moment has come when we should adopt the programme I have outlined to you in the interests of the country. There is a time in every business when a wise man decides to spend money - it is impossible to develop the enterprise, to expand its activities without raising more capital, without spending more in opening new branches, in increasing the stock, in securing new frontage and generally in ^{incurring} ~~increasing~~ new liabilities in order to obtain more business. The Colony has reached this stage and it behoves us to go forward with confidence in the future welfare of this Colony and its peoples.

MR. J. E. CONEY: The Hon'ble Colonial Secretary
 in the speech that he has made to this Hon'ble Council
 referred to the financial burdens which these loan
 proposals would throw upon this Colony. We have
 got into the habit now of talking in tens of
 thousands and hundreds of thousands of pounds. The
 time was when we were almost afraid to speak of pounds
 at all. But I think the Hon'ble Colonial Secretary
 is quite right when he says that the time is now
 here and we should use the opportunity. I have not
 personally the slightest doubt that this Colony is
 in a position to expend the sums of money which are suggested
 under the proposals before this Hon'ble Council, and the
 further sums of money which the Hon'ble Colonial Secretary
 has foreshadowed, provided that they are as wisely
 thought out as the majority of the proposals in this
 report which this Hon'ble Council is now considering.
 Your Excellency, I hope you will allow me to say this:
 I believe that it is only possible to advance on a
 programme such as is outlined in this Committee's
 report if this country has a definite forward policy
 with regard to settlement. (Hear, hear.) I congratulate
 Government most sincerely upon the statement made by my
 Hon'ble Friend the Commissioner of Lands in the Select
 Committee that the Government were putting up a large
 area of land - or several small areas of land making
 up a large area - for public auction in the near future,
 and I trust the Government will extend that policy,
 because it is the number of settlers in this country who
 are going to back this loan financially. Your Excellency,
 I would ask Government seriously to consider whether they

cannot help us in doing something to attract people to remain in this country - to help us to foot the Bill, and I would also ask Government seriously to consider whether proposals can be put before the Government Officials who are retiring, and who in the course of time will retire, from Government Service, to make this country their home and to settle here. We do want their money and we want them to help us see this country through. Seriously we also badly want their advice, and I wish the Government could consider the granting of land to ex-officials on most favourable terms, so that we not only can have their financial backing but also their valuable experience in the development of this country. (Hear, hear).

Many of these proposals will pay for themselves, as the Hon'ble Colonial Secretary has said. The first of these that he referred to, and which will pay for itself to a great extent, is for houses for Government Officials. For my part even if the Hon'ble Colonial Secretary had had to say that he was putting forward a programme for houses and was sorry to say that the best could not be met on the other side of the account I would still vote for it, because I do believe that there are a large number of officials, particularly in the out-stations, who are disgracefully housed. If I may use the expression - and I think it is time this Colony recognises that it has to do something for these officials, many of whom are very senior men and have served this colony very faithfully.

The Hon'ble Colonial Secretary referred to the three principal services which are served by the proposals for this loan, and first he put Education. Your Excellency, I am quite certain that everybody in this Hon'ble Council will agree that any money we expend on education is nothing but an investment for the future good government of this country. I think the same also applies to the Medical Department.

I am very glad that the Hon'ble Colonial Secretary before he closed referred to branch railways, because if we do not talk too much in this Hon'ble Council today, and Your Excellency is relieved from having to be here, I understand that it is Your Excellency's intention to go up to a part of the country which has recently been served by railways, and I think you will see there what railway communication can do and has done. I am quite sure that there are other districts in this country which equally want railways and equally want communications, and I am glad that the Government, as the Hon'ble Secretary has said, are considering and will consider those, and that the present loan proposal does not in any way interfere with those matters.

There is one other matter which I want to refer to, and to which the Hon'ble Colonial Secretary referred, and that is the question of Government House. I am very glad indeed, and I am quite sure the Hon'ble Colonial Secretary will not mind my saying so, that a sum of money is being expended for this purpose and that the suggestion came from this side of the House, for this reason, that it does show that we look

at things in the right spirit, and that we are always prepared to help in matters provided it is for the good of the Colony. I would also like to say that I read in a local paper there has been some criticism with regard to the money proposed for this purpose. I am perfectly prepared to justify the expenditure of the sum of money voted for this particular purpose if it is necessary to do so; but I do not think it is necessary in this Hon'ble Council to do so. I think that it is perfectly well known that if, as the Hon'ble Colonial Secretary has said, you are having seven Governors or the representatives of seven Governments of Africa honouring this Colony with their presence, not for the purpose of a social function, but for the purpose of holding a conference on Eastern Africa - if these gentlemen are coming to this country, at least this country should endeavour to provide suitable accommodation for them; and I do not think that the suggested sum of £280,000 will provide anything more than the minimum suitable accommodation.

I would also remind Hon'ble Members - perhaps I am wrong, but the Hon'ble Colonial Secretary will correct me if I am wrong - that I understand that the proposal also is that out of the sum of £280,000, or £100,000, it is proposed also to erect a Council Chamber and suitable offices, which are very, very badly required, and I think that we can quite say, with due modesty, that more proper accommodation is due even to this Hon'ble Council. I understand that the whole of that is also included in the sum of £100,000 or £80,000, in the Loan Proposals.

11.

Your Excellency, I do not know if I shall have an opportunity of moving an amendment to the proposal of the Hon'ble Colonial Secretary, but there are two items in this Report which, although I signed ^{the} Report, I think the Hon'ble Colonial Secretary ^{will} agree with me I did object to at the time. The one is that a sum of £50,000 should be expended on the Makupa Causeway, and the other is that the Supreme Court should be considered later. I ask that these two items should be reversed, and that the Supreme Court should be included in the first schedule and the Makupa Bridge considered later on. I do not propose to state a case for the Supreme Court; that has been mentioned in this Hon'ble Council before, and I understand the proposal was accepted by Government more than once in the past. I think that anybody who arrives in this country and passes that tin building which they are told is the Supreme Court of Eastern Africa must get a very nasty shock, and I do suggest that that is one of the first buildings that must be erected in this Colony.

Now, with regard to the Makupa Causeway: I have heard no adequate reason why we should spend the sum of £50,000 on this Causeway immediately. I am told that the reason is that the Uganda Railway have to rebuild their bridge, and we should take ~~this~~ advantage of this opportunity to do this, and that we shall save money eventually. A further reason given for the necessity of this Causeway is that it will send land values down in Mombasa - that it will relieve the congestion in Mombasa, and that it will help agriculture at the Coast. Well, Your Excellency, the Hon'ble Colonial Secretary today in referring

to the Coast talked of road communication along the Coast. If it is suggested that that is required - and I quite agree it is required - and if the Government can find the money to build communications between the mainland and the Island then I suggest Makupa is not the place to build at, but somewhere further along the mainland, so that there can be further communications along the Coast.

We are told, and it is a fact I suppose, that the Island of Mombassa is over-crowded, and that you have got to move that population elsewhere. Well, I say you are not going to relieve ^{that} congestion by building the Makupa Causeway. The area which is very thickly populated is a very small one, I believe. It is a fact, too, I understand that the natives in that particular area have in the past had many opportunities of getting out into other parts of the Island, and they have not done so. Unless you are going to use force, which I suggest you cannot do, to move them from the Island, I do not think building the causeway on to the mainland will encourage them to go. There is plenty of room today in the Island for these people if there is any inclination on their part to go and live outside that thickly populated area, but I suggest there is no such desire on their part, and unless you use force you are wasting all that money on the Causeway.

With regard to agriculture, I suggest the reason given is not a good one. If you want to help agriculture at the Coast I think the only way to do so is by making communications along the Coast and not by building the Causeway. I shall vote against this, if I am in order in doing so. I did protest at the time, and I would ask

Government to accept my suggestion that the £50,000 be taken away from the Nakuru Causeway and expended instead on the erection, or the part erection, of a suitable Supreme Court in Nairobi.

With the exception of the two objections I have just mentioned, I must sincerely support the proposals of this Committee, and in my own opinion I am quite sure that they are sound and that the Colony is able to bear these and other additions which are bound to follow. (Hear, hear).

MAJOR H.F. WARD: I find myself in entire sympathy with the recommendations of this Committee as shown in the second Schedule, with one exception, but I want to qualify this later by making suggestions to the Hon'ble Colonial Secretary on the lines on which these proposals should be presented to the country. The objection ~~ix~~ that I have is that an item - or rather two items, D. and E. in Section 5, have been omitted. If you are going to require the country to pay the maximum amount of money you must give the community the utmost chance to get rid of the market produce of the land and I should have thought that the question of telephonic communication was such an essential one that rather than omit it from the previous schedule it ought to have been carried out right away.

With regard to the linking up Nairobi with the Port of Mombasa - this is a service which, apart from its being highly essential, would largely pay for the very start. I do not pretend to suggest that that service would be profitable from the start, but I do submit that

considerable revenue would be obtained from that service as soon as it was instituted.

Another small criticism of the Report is as to whether the facilities and requirements for the marketing of the produce of this country have been as fully considered as they might be. Granted that a Transportation Loan is foreshadowed for a branch railway programme of about a million sterling, does that cover the whole factor? I do not ~~pretend~~^{pretend} to be an expert on the subject, but I have found, and have also been told, that marketing details sent by cables and telegrams from the Coast take longer to reach their destinations and are subject to more delays than anywhere else, and that is because sufficient facilities are not available, and I do submit that if the country is going to be asked to meet these very heavy charges that this is a point which the Government should explain in the fullest detail.

But the main point which I wish to put to the Hon'ble Colonial Secretary, and on which I wish later to move a resolution, is that surely it is now time to call a halt to give the people of this country who have to pay all these charges, one clear financial picture as far as it is possible to do so. During the last few Sessions of this Council there have been a number of what I will call piecemeal financial proposals. We first of all passed the first schedule amounting to £500,000. Now we have to pass additions totalling £1,712,000. We have heard today of a Transportation programme and a Transportation Loan, which is foreshadowed, and we have just dealt with the budget and with the enormous sums to be spent on current works commencing with the year 1926, but never as yet have all these proposals and all the details ever been put in

one complete picture to the man who has got to pay. Not from the point of view of this side of the House, but from the Government's point of view I do submit that that is the one thing which is going to make the people, the taxpayers of this country carry the burden when it comes down on them in the next few years.

I would like to move the following resolution at this stage:-

"That under the Standing Rules and Orders of this Hon'ble Council - No. 26 (2), I beg to move the adjournment of this Debate in order that Government may appoint a strong Financial Committee to consider these proposals....."

My reasons for putting that resolution are these: it is scarcely more than three years since this Colony, its Government and its people were rubbing shoulders with bankruptcy. It seems impossible that today people can have forgotten the depression in the country at that time. Not only did we all have to examine our own private affairs with the utmost care, but we insisted on Government doing the same. Every Head of Department was closely examined and his staff and office expenses were cut down to the last possible cent. Agreements were scrutinised with a view to seeing who could be retrenched without inflicting any hardship.

(Motion handed in writing to His Excellency)

HIS EXCELLENCY: Does the Hon'ble Member desire to move this motion? *Yes,* perhaps I had better give him a ruling *immediately.* Under the Standing Rules and Orders of this Hon'ble House a Member is in order in moving the

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adjournment of a Debate without notice; but it must be a motion simply for the adjournment. He is not entitled to put into the adjournment motion further observations which amount to a new motion requiring notice. What he has put forward really contains a new motion, and I am afraid for that reason I cannot accept it. But the hon'ble Member is perfectly entitled simply to move the adjournment of the Debate.

MAJOR H. F. WARD: I bow to Your Excellency's ruling, and my remarks I will save up until the resolution is before this Hon'ble Council, and at the end perhaps Government will consider my suggestion and move the adjournment of the Debate.

As I was saying just now it is only three years ago that we had this awful depression, and it takes one back that people can have already forgotten. We have scarcely recovered from that depression. We have had a period of twelve months during which we have had fair average conditions in which progress has been made, but can anybody say that we have gone further than that during the last three years? On top of that we have not yet faced, and have still got to face next year, the results of what might be called a very moderate harvest. In many of the districts in this country the rainfall has been badly distributed and production is much below that which everybody expected several months ago. Besides that we are not quite sure how long the present period of badly distributed rainfall is going to last, and nobody can say with any certainty that the rains next year will be better than this year.

At Home things are far more satisfactory. As far as ordinary men like myself can judge it looks as if we are working towards an industrial crisis the beginning of a new year, and nothing is more delicate than the produce on which this Colony depends.

As regards our Budget, I submit that we have no margin at all. We have balanced the Budget in that we have largely accepted increased Revenue Estimates in return for increased Expenditure Estimates, but I think there is very little margin in that Budget for any setback under the conditions that have ruled during the last growing season in this Colony. That is quite sufficient to make the taxpayer who is going to bear the charges, such as interest and sinking funds on these loans and the current expenditure, nervous to start with, and it is an additional argument for giving a clear financial picture of it. We show today the following:- We have included in our Budget for the year - I accept the figure quoted by the Hon'ble Colonial Secretary - something like £100,000 in interest on sinking funds, made up of the sums originally included according to the Hon'ble Colonial Secretary. We shall, I presume, have interest charges to bear on advances made by the Crown Agents on current account or on loan expenditure before the loan is raised. We have got a branch railway programme for which I cannot think for one moment the Railway will be content to bear all the liability on interest and sinking fund, and if that programme is a million then there will be a further sum of £65,000 to be borne in interest and sinking fund in that direction. We are told that all capital sums have got to be spent beforehand. There must

is a contingent liability on the Colony even if there is not an actual liability, and with regard to the current expenditure of the Government we have a medical programme which it is said is going to cost 280,000 a year when it is in full swing, and that does not include the buildings, equipment and accessories of the full programme.

I am only giving instances so as not to take up the time of the House.

We have a little item every year in the Budget, - normal increments. These I believe on the present staff list will amount in the next five years to 270,000 a year, and will be added expense to this Colony's current expenditure.

We are told that the present proposals before this Little Council are only a beginning, and it is actually recommended in paragraph 5 of this Report that considerably more expenditure should be taken on as soon as possible. The expenditure put down at present is really only a beginning, because we have still got to find the staff, etc., which the buildings are put up.

I submit that I have put before the Government good grounds at this stage, before it goes any further, for giving the Colony one financial picture, and that this should be as clearly put as possible. I do submit to Government that they should, for that purpose, appoint the strongest Financial Committee that they can get together in this Colony, so that the various commitments and proposals mentioned and unmentioned should be related to one financial scale, and for that reason I beg formally to move the adjournment of the Debate.

EXCELLENCY: Does any Hon'ble Member rise to second that motion?

MR. K.A. DESAI: I beg to second that Motion.

THE EXCELLENCY: The Motion is that this Debate be now adjourned.

LORD DELAWARE: Is one in order in speaking to it now? I am not quite clear what I am speaking to, because we have not had this sort of thing happen before, but I would just like to ask my Hon'ble Friend

THE EXCELLENCY: Would the Noble Lord prefer to speak after the break?

LORD DELAWARE: Yes, Your Excellency.

(Council adjourned for fifteen minutes)

~~10th December 1926.~~

~~(From Financial Motion Contd.)~~

Lord Salisbury Your Excellency, All I was going to do was to ask my Honourable Friend whether he would not withdraw his Motion for these reasons. First of all this Honourable Council had voted this Committee to go into these proposals and I suggest that the time when the whole financial position of the Colony should have been asked for would have been at that time, and I also suggest to him that I am sure every Honourable Member on this side of the House, if he withdraws his proposal now, will join with him in asking Government that before any further loan proposals are made, a Committee of the whole House should be asked to consider the financial position of the Colony.

Major E.F. Ward Your Excellency, as I understand the position the Noble Lord will move a resolution in this Honourable Council to the effect that before anything is done in these loan proposals a Committee should be appointed to consider the financial position.

Lord Salisbury Indeed no Sir. I said any further proposals. It is only a suggestion to the Honourable Member. I suggested the Honourable Member should withdraw his proposal now and that I was sure if that was done every Member on this side of the House would join in asking Government that, before any further proposals were put before the House, Government should put the financial position of the Colony as a whole before a Committee of the whole House so that it will be understood by everybody in this House as a whole.

The Treasurer Your Excellency, I intended to speak on the Motion itself to explain one point of the Committee's Report..

His Excellency The Honourable Member is entitled to speak again on the amendment.

The Treasurer Your Excellency, I have been asked to draw the attention of the Council to the filling in of the real hiatus which has existed in the past and exists at the moment in our financial system and which will be rectified by the raising, if

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[REDACTED]

Your Excellency, I am going to do what
the Honorable Member should do without his
for these reasons. First of all this Honorable Member
voted this Committee to go into these proposals and I suggest
the time when the whole financial position of the Colony should
have been asked for would have been at that time and I also
suggested to him that I in some very Honorable Member on this
of the House, if he withdraws his proposal now, will join with
him in asking Government that before any further loan proposals
are made, a Committee of the whole House should be asked to
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Your Excellency, as I understand the position
the House will move a resolution in this Honorable Member
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Honorable Member should withdraw his proposal now and that
and if that was done every Member on this side of the House
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are made the House, Government should put the financial position
of the Colony as a whole before a Committee of the whole House
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Your Excellency, I intended to speak on this
I intend to explain one point of the Committee's Report.
The Honorable Member is entitled to speak
on the amendment.

Your Excellency, I have been asked to
of the Council to the filling in of the total
which has existed in the past and exists at the moment
financial system and which will be

The proposal of the Committee is adopted, of short loans. That proposal has been made possible by the system of direct deposits which is suggested in paragraph 8 of the Report. It must frequently happen, and there are instances referred to on page 6 of this report, that certain public works which are considered very desirable are not beyond the means of the colony to be met from the revenue of any one year. On the other hand their nature is such that it is generally possible to include such items in long term loans and what we have said the most of in this paper in the past is a system of short term loans which would enable the cost of such buildings to be spread over a short period of years so that they need neither be met from the revenue of one year or be included in a schedule of long term loans. The possibility of short term loans has been brought about by the proposals referred to on page 6 of the Committee's Report.

Mr. Speaker. Your Excellency, in regard to these late proposals, particularly the loan which is connected with the Harbor, I am glad to see that it seems to me a very important item from the conditions existing at present at the Colony.

Mr. Speaker. Will the Honorable Member wish to speak for the Government in regard to the main subject?

Mr. Speaker. Shall I be entitled to speak on the main subject later or Excellency?

Mr. Speaker. Yes.

Mr. Speaker. I wish to support the estimate made by the Honorable Member for the Harbor and I think the loan should be further considered by the Finance Committee as a short term loan of this amount. I think it should be ^{allowed} considered from the point of view of the finances of the whole colony. I think that such a big item to be spent could be applied properly not as the colony as a whole has got to pay a very high rate of interest I suggest the adjustment resolution which is before the House.

Mr. Speaker. Your Excellency, I find myself in complete opposition to the motion which is before the House, in other words, to the motion that

Mr. Speaker. Your Excellency, I have been asked to direct the attention of the Council to the fact that the Honorable Member is entitled to speak at this point of the Committee's Report.

Mr. Speaker. Your Excellency, I have been asked to direct the attention of the Council to the fact that the Honorable Member is entitled to speak at this point of the Committee's Report.

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the proposals of the Committee is adopted, to short interest.

proposed for the system of direct domestic

which is contained in paragraph 8 of the Report. It must

be taken into account, and there are instances referred to on page 8

of this Report, that certain public works which are considered very

desirable are not beyond the means of the Colony to be met from the

revenue of any one year. On the other hand, there is some

reason to be generally possible to include such items in long term loans

and that we have laid the main of in this Colony in the past is a

system of about four years which would enable the cost of such public

to be spread over a short period of years so that they need neither

be met from the revenue of one year or be included in a schedule of long

term loans. The possibility of about four years has been brought out

in the proposals referred to on page 8 of the Committee's Report.

Your Excellency, in regard to these long proposals,

particularly the item which is connected for the Harbour Town Planning

it seems to me a very important item from the conditions existing

at present in the Colony...

...the Honourable Member wish to speak for the

...the main object

...I be entitled to speak on the main object

...I wish to suggest the remarks made by the Honourable

Member for Harbour Town and I think his own should be largely

considered by the Finance Committee or a select Committee of this

House and should be received from the point of view of the

interest of the whole Colony. I feel that such a step is to be

would be highly desirable and as the delay on a basis has not to

be a very high rate of interest I suggest the adjustment

...is before the House.

Your Excellency, I think myself is complete

...in other words, to the Honourable

the House of Commons. Never since I came to Hong Kong I have been able to see at a glance the financial position of the Colony as I can today, thanks to the most kind generous budget statements and clear explanations from the Honourable Member of every financial transaction on which the Colony enters. I do think it would be a thousand pities to think of a debate which has gone on for and to which finally can be obtained.

The Hon. Mr. Macdonald. It is very difficult for me to do more than what I have done in my various statements of the Colony's financial position. It seems that possibly some of Honourable Members. It seems to me impossible to circulate what is going to be the position year about. I think we must wait step by step in a matter of this sort. It is again in the question of interest which has been referred to interest provision one made to the extent of £20,000 - in the original budget of expenditure under the past proposed Colonial Loan. In the Budget Committee the amount was increased by a further £20,000 and this provision, as my Honourable friend the Colonial Secretary pointed out, will allow a very large expenditure indeed in 1933 on loan works. If such expenditure is spread out much by month it will cover something like a million pounds. Reference was made by the House at this moment to the normal payments which I think he said would eventually increase the Government's expenditure by 470,000. Normal payments on both ways. If all these are taken into their entirety on the other hand recession may come this time to the end and arrangements may be made and the persons quoted about from the bottom, such arrangements may not correspond with the increase of interest but they do mean a saving and I suggest you should take the amount in the way the Honourable Member said it will amount to be an increase of 270,000 ^{page} ~~of~~ ⁱⁿ the Budget. It is interesting to regard to the financial position of this Colony. If I may be allowed to express it, that for some time to come we should endeavour to build our Budgets not only balance but show very considerable surpluses in order that we may build up what I would term a 'Reserve Fund'. It seems to me

that to proceed on small supplies as we are inclined to do, is too much of a strain to make financial policy and I think the country will be well advised to take steps to maintain to build up a reserve fund in the neighborhood of thirty or four hundred thousand pounds. My object is to increase and I am very pleased to be able to state to this honorable committee that since my financial statement was made I have been informed by my honorable friend the Chancellor of the Exchequer that he expects the Exchequer Revenue for 1900 to be £22,000,000 more than I had budgeted, which will take the estimated surplus of £22,000,000 to over £30,000,000. Reference was also made by the Chancellor of the Exchequer to the fact that we should like to provide interest on advances on general account. If my anticipations of the surplus are fulfilled I do not think that we shall have to provide for any such advance. I think reference was also made to the fact we should shortly have to launch on a Port Loan. I do not wish to anticipate the report of the Royal Commission but I think we may reasonably expect that any loan which may have to be raised for the carrying out of Port Works will be met by revenues raised in respect of the Port.

Mr. J. S. ... This morning, I am going to vote against the motion for amendment of the grant that I think the financial statement, as matters now stand, is not, and is nothing more than a relief to the position as it is today in the Exchequer. It is up like to be sold into financial statements issued by the Chancellor of the Exchequer we can still see the position the present position of this Exchequer. The whole of the question whether this is an opportunity to justify I think depends upon the effect in the future. If I thought that a few years hence things would be going to be the same as it is today in regard to population and development and agriculture I should be strongly against this loan proposition, but I do believe that in the combination of coal, iron, and geographical position we have a considerable amount which is the property of the Empire as a whole and we are justified in getting a little more

that to proceed on such a basis we are inclined to do so
to make of a kind to which I think the
country will be well advised to adhere to in view of the
fact that in the neighborhood of three or four hundred
thousand pounds.

It is to be noted that this Committee has since its
formation been very busy and I have been informed by Mr. H. G. ...
that the Government of Canada has agreed to contribute
towards the cost of the ... of £25,000 more than I had hoped, which will
bring the estimated surplus of £100,000 to over £120,000. Reference
was also made by the Honorable Member of this Committee to the fact
that we shall have to provide for the interest on advances on general
II of the ... of the ... I do not think the
to be able to provide for any such interest. I think it is
was also made to the fact we should shortly have to launch on a ...
I am I do not wish to anticipate the report of the Hon. ...
but I think we may reasonably expect that my own view may have
to be taken for the carrying out of the work will be met by revenue
raised in respect of the ...

... I am going to vote against
... I think the ...
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The of the ...

Mr. and not only ... but even ... budget ...

Should regarding

... into development. ... the most ... of the ... to go ... an absolute ... I do not think ... we may possibly ...

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Should regarding

...into development. Reference has been made to the somewhat
 ...of the ... I believe one of the ...
 ...of the ... to that ...
 ...of the ... of the ... will be
 ... in a few years hence

... Your Excellency, in suggesting the ...
 ... I think I wish to express my feelings on the ...
 ... I think that all the arguments advanced against this ...
 ... of the ...
 ... of the ... has really discharged his duty ...
 ... is a time when we are going to ...

... to raise these large sums of money and I
 ... in the ... as the ... of ...
 ... to review further the ...
 ... It is like that of an
 ... for the last three years has not shown any ...
 ... to meet his obligations. It is with
 ... to judge our ...
 ... the ... before it is ...
 ... I think the only time we should ... is when we
 ... our ...

... at a point of ...
 ... in addressing the House on one of the ...
 ... and ...
 ... Your Excellency, in ...
 ... I wish to ...
 ... of this ...
 ... in December so that we shall know how ...

... Your Excellency, I also ...
 ...

...and of which you have proposed the following...

It is the intention of the committee to have...

...of the committee to have...

The committee has been unable to...

...of the committee to have...

Your committee, I am sure to...

A great deal has been said about...

The country has only been able to...

...of the committee to have...

...of the committee to have...

...of the committee to have...

...of the committee to have...

...of the committee to have...

...of the committee to have...

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...of the committee to have...

of the most important to the people of the Coast and to the
 people from the North as well. These people only travel by
 the sea and have asked for this road for many years and I am
 very glad indeed to see this question brought up. I have been
 in charge of many low range roads and I have had important
 to the Government to have this road made. For a distance
 of 20 miles from the town there are people in that
 area and in some instances. The country is very fertile and
 in the old days all sorts of things went on there including
 cattle, sheep, and other animals and I had a lot of trouble
 in those days. I received a letter from the Adminis-
 trator of British India asking me to do my best to get
 these things and to get them engaged in these little projects.
 I also received communication on the same subject from the Com-
 mandant of Bangalore and the Adminis- in charge of the Coast at
 that time. It was extremely difficult for me to try and stop these
 projects. The only thing I could hope to succeed was when the
 people were satisfied. The country in that area is now ex-
 ceedingly fertile and in the old days except that perhaps the bush
 is not so thick. There is no road and the Government cannot
 do anything about it. I know for a fact that
 this is the beginning of every thing going on there and
 I do not know what is still going on but who can say it is
 not? I think this road is most important not only for the public
 but for the Government. I should like to see a road of these
 people and the Government for considering this
 question and I shall be very glad to do so for an assurance
 from the Government that this road will be built. I do not think
 Government has ever been thinking of the Coast as good as this
 project. I should like to say something about the
 road. Your Excellency, when I heard that this
 road was going to be built at Bangalore I spent a lot of time
 in considering it and of the number who would be likely to use it

and what the inhabitants had to say in regard to it. I wanted to find out how many people would be likely to cross it from the mainland to the Island and vice versa. I went there myself at 6 o'clock in the morning and stayed till 6 o'clock in the evening and I found the number of people who crossed there amounted only 368. Most of these people were things that had been brought to go to the mainland to look after cattle. There were a few fishermen and some people. In the old days about 1,000 people used to cross on that ferry. Most of these people now bring their produce to sell and then buy a ticket and go back by train. I would like this Honorable Council to consider this. If this country is going to be built it will be confined to these people only. No other people will use it. If the country to Koro is completed it is out of the question that people from there will walk to things to enjoy the walk over the bridge. I have heard it said that this cannery will help agriculture. I cannot see how it will help agriculture. The main Champagne crop is the banana and I know this fruit is brought to Koro by train and not carried by the people. I do not think for one moment people will walk five miles instead of going by the train in order to use this cannery. I heard it said that if there is any competition on the Island then the cannery will be very useful in allowing people to leave the island to get Champagne. Well, Your Excellency, I tried to find out if any people were leaving the Island to settle in the country on the mainland but I was unsuccessful. If a bridge is going to be built the right place for it is Koro. If it is built at Naga it is not going to be used. I went to the ferry to count the people who went to Koro and from 5.30 a.m. to 8 p.m. 1,000 people used it. This, Your Excellency, is only the one ferry which runs to English point. I sent a friend of mine to another ferry and he counted 448 persons crossing. That gives a total of over 2,000 people going across that way every day as against 368 at Naga. The trouble with regard to these ferries is this. The Government has supplied some boats

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...the independent had to say in regard to it. I wanted to find out how many people would be likely to cross it from the island to the island and vice versa. I want these myself to be clear in the morning and stayed till 6 o'clock in the evening and I think the number of people who crossed there numbered only 100. I think of these people were things that had been engaged to go to the mainland to look after cattle. There were a few fishermen and some people. In the old days about 1,000 people used to come on the island. Most of these people now bring their produce to the market and buy a ticket and go back to work. I would like this information generally to consider this. If this necessary is being to be built it will be confined to these people only. No other people will use it. If the country to be built is necessary out of the question that people from there will not be allowed to go over the water. I have heard it said that this necessary will help agriculture. I cannot see how it will help agriculture. The main danger was at the banana and I know that fruit is brought to England by train and not carried by the people. I do not think for one moment people will walk miles instead of going by the train in order to see this necessary. I heard it said that it shows a very objection on the island with the necessary will be very useful in allowing people to leave the island to the mainland. With your Excellency, I tried to find out if any people were leaving the island to settle in the country on the mainland but I was unsuccessful. If a bridge is going to be built the right place for it is likely. If it is built at Maraga it will not be of much use. I want to the ferry to connect the people who want to travel and from 8.30 a.m. to 8 p.m. 1,000 people used to go. This, your Excellency, is only the one ferry which runs to England. I want a ladder of some to another ferry and no connected persons crossing. That gives a total of over 2,000 people. The trouble is that you every day as against 200 at Maraga. The trouble is that the government has supplied...

to carry the people over but they are not enough and the people have had to ask owners of other boats to carry and assist to carry this large number of people over. The Government forbids these private people to do this work, as they might lose the ferry charge of 6 cents. The people said they would pay the Government their 6 cents and the private business also 6 cents so long as they can get across quickly. This ferry is a very important one. I do think the time has come to build a bridge at Howe Town. It must come some time in the future and if there is money it should be built at the place I have suggested. Why is the Railway not good enough to carry the product from Changuu to Mombasa? Why spend 250,000 there? The people are not going to wait five miles to enjoy going over the proposed canopy. I am against spending this amount on Nakuga.

 (Signed) E. Nini.
 29.12.1968.

...to carry the people over but they are not enough and the
 people have had to ask owners of other boats to come and assist to
 carry this large number of people over. The Government therefore
 these private people to do this work, as they might lose the ferry
 charge of 5 cents. The people said they would pay the Government
 their 5 cents and the private boatman also 5 cents so long as they
 can get over safely. This levy is a very important one. I
 think the time has come to build a bridge at these times. I must
 have some time in the future and if there is money it should be
 built at the place I have suggested. Why is the railway not good
 enough to carry the produce from Gungahlin to Canberra? Why spend
 10,000 pounds? The people are not going to wait five miles to
 get over the bridge. I am against spending this amount on Canberra.

(Signed) E. Bird.
 20.12.1928.

I fail to understand why it is not considered necessary for the Asian Staff as well to have this, because they are living in the tropics also, and in making comparisons I do suggest to Government that they should increase the figure they have allowed to £600, because, especially in Nairobi, the figures allowed there for Asian quarters is exactly fifty per cent less than that allowed for Europeans. I do hope the Government will favourably consider this proposition.

With regard to the medical provisions throughout the Loan Proposals, I am very sorry to note that no adequate provision has been made for the Asians with one exception, and that is at Voi, where only £336 has been put aside for an Asiatic Hospital, as against £1,655 for an European Hospital. All the rest of the money is to be spent on native hospitals.

There is one item of £14,000 for a general hospital at Kombasa. I should like to know whether this £14,000 for a general hospital will include accommodation for the Asians as well, and also whether hospitals will be provided for Asians in other centres in the Colony.

I am very much surprised at the opposition raised by the Hon'ble Member for Plateau North and the Hon'ble Liwali in regard to the Makupa Causeway. The Hon'ble Member for Plateau North has stated that the Makupa Causeway is not essential at the present moment, and that this sum of money should be used for a Supreme Court building at Nairobi. My Hon'ble Friend the Liwali has not made it clear whether he does or whether he does not support that proposition. I believe, however, that he

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advocates a bridge at the Kisauni Ferry, and I am absolutely in sympathy with that, and I think he has made out a very good case for that bridge at Kisauni Ferry, but I cannot understand the opposition in regard to the bridge at Makupa Causeway. This proposition was brought forward by the District Committee of Mombasa about three or four years ago, and it was wholeheartedly supported by the population at that time. I have not before now heard or seen anything against the necessity of the Makupa Causeway, and I do not understand the opposition to this scheme at this juncture. I support the Government in this ~~connection~~ connection, and consider that the Makupa Causeway is absolutely essential at the present juncture, and also in the future in view of the fact that the Government is considering a road scheme leading from Mombasa to Nairobi. Even at the present moment I do not agree with the statement which has been made by the Hon'ble Member that the people of Shanganwe would not benefit. I think that if this bridge is there, there will be a road system which will lead to Maseru and other places, and will also lead from there to Malindi. I also think that perhaps this would in a certain way help in establishing communication from the Coast to Malindi and thence to Lamu. That road will not be so useful unless the bridge is at Kisauni Ferry, but I think both the question of the Makupa Bridge and the bridge at Kisauni Ferry should be taken into consideration.

JOR R.W.E. ROBERTSON EUSTACE: I am now, as I have always been for many years past, in favour of the Causeway being made at Makupa Bridge. It has been the general

Member's contention that a bridge might be built elsewhere. The Hon'ble Liwalli suggested one at Kisauni. After all said and done, though the Makupa Bridge is desirable, there is no doubt about it a bridge at Kisauni will link up all the Coast. The Makupa Causeway will give access to a comparatively small part of the agricultural country; beyond that we have a desert. But at the present juncture we seem to have a Makupa Bridge within our grasp. The other is rather far away, and as far as I am concerned I am going to vote for the Makupa Bridge.

I was rather disappointed that the Hon'ble mover of this Motion made no mention of the town planning scheme, Item No. 12 - Improvements to Kombasa Old Town. For some time we have had an expert on town planning at Kombasa. I presume he has submitted a report, and I should have thought this opportunity ^{might} ~~may~~ have been taken to report to this Hon'ble Council the gist of that report. Perhaps the Hon'ble Colonial Secretary will take that opportunity later on in the day.

M. A. DESAI: With regard to the housing of Asian members of the Staff, I am not satisfied that they are immune from the tropical diseases of Kenya. The medical statistics will show that they also suffer very much from the tropical diseases of Kenya, and I would recommend that houses to the value of £1,000 be provided for them. Sometimes the Asians also get friends or relatives or guests who may want to stay with them on short visits, and as I pointed out to the select Committee the Asians are accustomed to sleeping on verandahs and they should therefore also

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be supplied with wide verandahs to their houses.

I will not accept the statement made by the Hon'ble Member for Plateau North that the settlers are to pay the interest on the loan and sinking fund. I am quite satisfied that the natives of the Colony are going to pay the interest and sinking fund to a very large extent.

With regard to the High Court, I support the Hon'ble Member in his contention that the erection of the Supreme Court Building should take precedence. I am satisfied that the requirements of the Supreme Court are great. Certainly the dignity of the Supreme Court will be enhanced by the erection of a new building.

With regard to Government House, I have not had the good fortune of enjoying the hospitality of Government House, (laughter), and so I am not in a position to know the extent of the present requirements of Government House, but I know that some money was voted for the extension of Government House when their Royal Highnesses visited the country. Now I understand the Governors of the neighbouring territories are to pay us a visit in connection with a Conference, and that the time has come when the dignity of Kenya Colony requires additions to Government House. Well, Sir, if we can afford to have these extensions I have no objection, but I know the condition of the country is such that we cannot afford to have a new Government House. I do not see any reason why this Colony should be taxed in order to put up a Government House for the entertainment of Governors of neighbouring territories. If it is the wish of the British Government that Your Excellency

should hold annual conferences with the Governors of the neighbouring territories then I would like to see the Imperial Government present an adequate Government House to the Colony for this purpose. If the Conference is for the benefit of the whole of Eastern Africa then I do not see why the neighbouring territories should not contribute towards a Government House. I also submit that if a more dignified site is selected for the future Government House that the present site should be utilised for a Central Hospital.

With these few remarks I support the Motion with the exception of Government House, and I do hope this matter will be taken into consideration by the Government.

SHEIKH ALI BIN SALIM: On a point of explanation, Your Excellency. What the Hon'ble Members for Mombasa and the Coast have said and what I have said are two entirely different things. I have said here what is the good of talking about the future. Your Excellency, I have no concern with what is going to happen in the future. I am concerned with the present! (Laughter).

MR. J.E. CONEY: I think it will save the time of the House if I move the resolution, and that is:-

"That the following words be added at the end of the Motion: 'but that a sum for the erection of a Supreme Court in Nairobi be substituted for Item 13 (c) Makupa Causeway.'"

In support of this Motion I have very little to say. I am sorry that the Hon'ble Members for Mombasa and the Coast should think that I am opposed to development

at the Coast, and that they should not get anything which is sound and is required. I think the Hon'ble Member for Mombasa himself gave his own case away when he said that he seemed to have "the Makupa Bridge within our grasp and that we should take it. The other bridge may be better, but we can get this with the help of the Hon'ble General Manager and so let us take it."

I appeal to the Government and to this Hon'ble Council to consider this proposal on its merits. I consider that there is absolutely no justification for the expenditure of £60,000 at this time on the Causeway at Makupa. The only real excuse that has been put up by the Government - and after all it is only an excuse - is that the Railway Administration have to go to some big expense at this moment and therefore let us do it at the same time. There is a great deal of railway development required in this country, and we might as well say "You have the staff now - let us go on with that development from time to time up-country". But we do not say so. I consider that this matter should be considered entirely on its own merits. I think I am right in saying that this case has not been considered sufficiently, but if you are going to put a bridge up - which is a very good thing, really - I think that the site of the bridge should not be at Makupa but at Freretown.

With regard to the Supreme Court at Nairobi, I do not think it is necessary for me to say much more - I have already spoken about it, and I am quite certain that this Hon'ble Council must be in favour of that also.

HIS EXCELLENCY: The Hon'ble Member's motion is:-

"That the following words be added at the end of the Motion: 'but that a sum for the creation of a Supreme Court in Nairobi be substituted for Item 13 (c) Makupa Causeway."

SHEIKH ALI BIN SALIH: I beg to second the Motion.

GENERAL MANAGER, UGANDA RAILWAY: I would like to appeal to Hon'ble Members opposite to take a broad view of the loan proposals, and particularly in regard to the Makupa Causeway. I suggest that this fear of authorising money for permanent structures in this Colony is the worst possible advertisement for Kenya. Three years ago the Colony was in a very bad way financially. That applied to the Railway just as much as to any other public institution and the general community. Yet look at the difference in three years! Surely the improvement shown in the railway earning capacity is enough proof of the potentialities of these territories. If three years ago I had taken the same pessimistic view that the Hon'ble Member for Nairobi North had taken today, what would have been the Railway position? It could not possibly have carried the railway traffic. While reducing the costs of working I took the opportunity of going into the working expenses, and that is the only thing that has pulled us through. I suggest that we cannot possibly tell people that we have faith in the future of the country - tell them that we are satisfied that it is going to be a permanent home for the European; endeavour to attract settlers, endeavour to attract capital, and at the same time say that we are afraid to incur a little expenditure on development. I suggest

it is entirely wrong.

That is all I have to say on the general proposals.

With regard to Makupa Bridge the position is this: the Railway has offered to strengthen the present bridge, or build a new bridge, or even build a causeway, and they have suggested to the Government that the opportunity should be taken to provide a roadway at the same time. I have the highest respect for the shrewdness and the judgement of the Hon'ble Liwali for the Coast, but I do suggest that the matter should not be looked at from quite the point of view that he has taken. I suggest that the future of Mombasa Island is such that you should try and get every road to the Mainland that you can get, and I think we should take this opportunity of starting with at least one. I do not say that a roadway across to Freretown is not equally important. I do not say it is not more important, but here is an opportunity of getting at least one at a reasonable expenditure, and I think it would be bad policy not to take that opportunity. I cannot say anything definite with regard to the cost, as the details are not yet complete, but as far as I understand the position at the moment the cost to the Colony will be less than the £50,000 asked for.

There is one aspect which must not be overlooked. You have got to develop a port - probably the largest port on the East African Coast, certainly north of Durban. You will have a very large staff of Africans and a very large labour force to think of. You will

not be able to keep these people on the Island indefinitely, and the best possible thing for them to do is to go opposite on to the mainland, and the best way to do that is by road as well as railway.

The question of branch lines has been referred to. Well, all I can say is that the more branch lines we have the better it will be for the development of the country, and I suggest that we should not hesitate to develop in this direction. (Hear, hear). The Railway Council may ask the Government to give certain guarantees. I see no reason whatsoever why the Government should not be prepared to give those guarantees. (They will in all probability not be called upon for the money if these lines pay, and I do not for one moment see why we should not take that question into consideration when considering development. From the point of view of the Railway I can guarantee that the earnings from these branch lines will be calculated on the clearest possible basis.

The Railway cannot undertake further construction until 1927, but in the meantime I suggest that a policy should be decided upon, and I suggest that the Government should consider what it will add to future loans provided that money from the ten million loan proposals cannot be obtained or is not accepted by Kenya. I suggest that the Inter-Colonial Railway Council be asked for expressions of opinion upon these specific matters.

There is, however, one matter I would like to refer to in connection with branch lines.

I consider it is my duty to refer to it again. I do not want the Colony to make a mistake as to what is possible to obtain from the Railway in these matters. I would say this: Branch lines must be built to the cheapest possible standard, that is to say, the facilities should never be beyond what is absolutely necessary. The tendency is to ask for cheap facilities as soon as the branch lines are there. There is always pressure from members of the community, as soon as the lines are authorised, to ask for stations to be fully staffed, for the best of handling facilities, for taking away owners' risk conditions, etc. etc. It is a tremendous mistake. We cannot do in this Colony what cannot be done on other Railways in other countries, and if only the people in this country will accept the position that we must not go in for luxuries, and that a Ford car will do their work just as well as a more expensive car, then there is no reason whatsoever why we should not go ahead with a sound branch line policy. I do appeal to the people of this country always to bear that in mind - this question of further development. (Hear, hear).

(Council adjourned to 2.15 p.m.)

The Acting Chief Native Commissioner: Your Excellency,
 speaking to the amendment to do away with the item of the
 Makupa Causeway and to replace it with the Supreme Court
 am sorry to find myself on the opposite side to my Honourable
 friend Liwali Ali bin Salim who was rendering distinguished
 services to the Colony long before I ever came to it, but I
 have been stationed in every station on the Coast and I know
 the districts fairly well and I really cannot agree with the
 plan that has been put up for a bridge at Frere Town as
 opposed to the bridge at Makupa. Supposing that you were
 to suppose there were no water round Mombasa to bring in a
 road to the point in the reference. Would you bring in your
 roads right round to a point on the north or your
 roads to a point on the south or would you just converge
 the roads to a centre point? It seems to me the obvious point
 is the point on the west of the Island, the point on which the
 railway takes off from the Island to the Mainland. Your whole
 reasoning does seem to show that the deduction that
 Honourable Liwali draws from his figures is quite wrong. It
 shows that only a few people now cross the ferry at
 Makupa and that the majority are using the roads. It is perfectly
 obvious that a very much larger number are using the other side.
 The reason for that is simply that at present the whole of the
 traffic is coming down across the Frere Town ferry whereas
 the traffic which came across the Obungwawe ferry now, as has
 been pointed out, comes by train. But we are going to build
 that road which is going to run from Isaka to Mombasa and there
 is a point at which that road has to go at least 15 miles inland
 to a place at Kilifa. There is a big creek there running to
 the inland. Kilifa creek is an excellent harbour into which
 you can take a large ship. It is very wide at the mouth
 and ...

The Airfield Development

and the main road to the west of the airfield.

The main road is a single track road with a narrow

footpath on the opposite side of the road.

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and it is impossible to build a bridge over, and your Coast road has got to go right round the creek. It has got to go up by the foot-hills fifteen miles from Mombasa. The point is, how are you going to get up there? Your main road is going to run right along the heights round the Kilifi creeks, round the township of Tanganyika, past the creek of Shina-in-Tona and then it will go along presumably past the heights of Fort Tudor and will have to go down one side or the other of Fort Tudor. There seems to my mind no question whatever that the western side of Fort Tudor is the side which will be convenient for the three roads from up the coast and from Mombasa to meet the road that I consider will one day be built which will open up the Ruaha country down to Tanganyika Territory. That will go down the western side of Fort Tudor. I think the formation of the creek must point out to anybody who is going to build a road out of Mombasa to cover the whole country that that is the only spot. It was the conviction that was apparently borne in upon the minds of the people who originally surveyed the Railway and the same argument applies exactly to what will be the main bridge of a system of roads connecting the whole colony with the Island of Mombasa. I think even in the immediate present there is quite a strong case for opening up that Changanwe area. The present ferry at Frere Town has a sufficiency of water and is doing a good service and all that is required of it for the present. At Changanwe there is nothing at all for a foot passenger unless he is prepared to wade. The ferry there is an ordinary passenger boat. We do want some kind of a bridge at that point for foot passengers. If you have in addition a bridge which will take a motor car, there will be a very rapid development of good houses along there before many years have passed. You may say that is all very well as an argument for leaving Makupa Bridge as it is but when the proposal is to replace it with the High Court I must confess

and it is impossible to build a bridge across the river
as far as the right bank is concerned. The point is that
on going to get up there? Your main road is going to be
along the bridge across the river. Now the road
along the bridge across the river is the main road and will
be down one side or the other of the river. There seems
to be no question whatever that the road will be built
the side which will be convenient for the river road from
the river and from the road to the river. The road will
be built which will open up the river country and
the river. I think the location of the road will be
to go to the river and build a road out of the river
country that is the only spot. It will be built
and especially down to open the river to the people
country and the river and the river. It will be built
will be the main bridge. It will be built
along with the island of the river. It will be built
to go to the river and build a road out of the river
and the river. It will be built
and a bridge a good service and will be built
present. It will be built
also as is proposed to build. The river there is an
assembly point. It will be built
to go to the river and build a road out of the river
and the river. It will be built
is all very well as an experiment. It will be built
out when the project is completed. It will be built

confess myself completely puzzled. To use the metaphor of the Honorable General Manager - it is all very well to use a Ford car when you can afford a Ford car but you may also go on using a Ford car for some time although you can afford something better and spend your money on a road which is needed. I still think that we should not afford that Supreme Court building till we have got the state of such colonies as roads on a sound basis. A Court road is very badly needed and till we get a system of roads which will link up our Coast Towns with that central part I do not see any hope of restoring the prosperity of the Coast. I do hope whatever happens this scheme for the University at Makupa which we now have an opportunity of getting at a much lower expense than in future years will not be allowed to fall through.

Hon. Mr. J. J. ... Your Excellency, I am very sorry to hear what the Honorable Acting Chief Native Commissioner has said. He said there ought to be a road running from Frere Town to Malindi. There are two roads. There is a road which runs from Malindi to Malindi and there is another running from Malindi to Malindi on which road can go. As regards Frere Town. Apart from the number of people there already, there are over three hundred people who have moved from Malindi and have built houses at Frere Town and the road to the north is the only road they can use. It is up to the Government to say whether this town is to be closed down if they build the bridge at Malupa. **Hon. Mr. J. J. ...** The question is that the one for the erection of a Supreme Court at Malindi be substituted for item 3 elsewhere at Malupa.

Hon. Mr. J. J. ... Your Excellency I am certain that Government will agree to make a minor change, that is (g) on page 7 item (5). It is proposed the Education Department buildings should be in the second category. I suggest it is essential the Education buildings should be in the first category. It involves

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involves no particular sum of money but its urgency and necessity is put forward as a dominant factor and I contend that urgency and necessity can be very easily demonstrated in the case of schools.

The Colonial Secretary I am unable to find the item to which the Honourable Member refers.

Captain H. H. H. H. Page 7 (g) Education Buildings Item (5). I hope Government will agree to that addition. It simply involves a principle to which this Honourable House has already agreed - that Education should take priority.

Lord Salisbury Your Excellency, I think the trouble is that it is impossible to include in things to be put before this Honourable House for immediate approval an item for which the sum has not already been settled. I think the Honourable Member for West Devon has probably mixed it up with (g) on page 5 - £124,000 or possibly he proposes an amendment for the West School £124,000 in (g) on page 6?

Captain H. H. H. H. Your Excellency, I was not backing the wrong "Gee". I was simply wishing to move that (g) on page 7 be transferred to the first category.

Lord Salisbury Does the Honourable Gentleman mean that the interrogation mark against (g) on page 7 should be put against (g) on page 6? I am not quite clear. I am sure he only wishes to get off his joke about backing a "Gee Gee". As far as I am concerned nobody has more sympathy than I have that as soon as a case is made out for the West School and the amount has been settled that this should be entered under one of the first categories. I do not think you can make an interrogation mark in a Lane. Your Excellency, with regard to the Lane as a whole I think the Honourable Member for Bristol North has painted a very unkind black picture about this country. He asked what proof we have got that we have improved to any extent during the last three years since what was generally known as the

involves a preliminary view of money and its history and
necessity is not viewed as a dominant factor and I consider
that money and necessity can be very easily distinguished
in the case of money.

The National Government I am unable to find the term
the Honorable Member refers.

General J. Lawrence Page 7 (2) Honorable Member I am
I hope government will agree to this modification. I am
involved a principle to which this Honorable Member seems
already agreed - that Honorable Member's view is
General J. Lawrence I think the Honorable
and it is impossible to include in a bill to be put before
this Honorable Member for immediate approval as I am sure
the law has not already been passed. I think the Honorable
Member for West Kenya has probably aimed to go to (2) of
page 6 - 125,000 or possibly he proposes an amendment to
that about 125,000 in (2) of page 6.

General J. Lawrence Your Excellency, I was not certain
very "good", I was merely wishing to move that a bill
be introduced to the limit category.

General J. Lawrence Does the Honorable Member mean that
interposition with regard (2) on page 7 should be put before
(2) on page 7? I am not quite certain. I am sure (2) will
be put on the table about a "good" bill. I am sure that
concerned nobody has any objection. I have just to say
a case is made out for the West Kenya and the amount has
been settled that this should be agreed under one of the
categories. I do not think you can make an interposition
here in a law. Your Excellency, with regard to the law
I think I think the Honorable Member for West Kenya has
pointed a very serious place which should be considered
taken that good we have. I am sure that we have improved in
during the last few years since that the Honorable Member

the 'slump'. If the Honorable Member for Hareah North has not found it out from figures put before us by the Honorable Treasurer I am very sorry. It seems to me impossible to go into all that again. I think it has been pointed out a great many times that the financial position is entirely different to what it was at that time. As far as the future is concerned you might possibly have difficulties in England or out here but I think it is like the clause is an important policy. You must leave something to chance. If you never take a chance you never do anything and so far as I am concerned this country is ready and is in a position to consider loans for the betterment of conditions of its people and its officials and the improvement of its buildings and such things which are partly amenities and partly real necessities which ought to have been done years ago if we had had the money to do them. As far as I understand the figures now - they have been altered - I think that about half - if you add the two schedules together - (which make about £700,000) just about half of that is productive or covered expenditure, expenditure which is covered by some method and I should like to go into that. The Hareah Municipality is getting £80,000. That is covered by the fact we get the interest from the Municipality. The Honorable Member for Hareah North would say the country has got to pay it, but I am perfectly willing to leave it to the judgment of the Municipality as to whether in addition to the custom duties they have to pay whether they are able to cover that tax. If they say they can I am perfectly willing to leave it. The next item is Buildings, most of them houses for Government officials which are covered by the rents paid already and the House Allowance, and so on. I made a mistake in speaking in another place and I should like to be able to correct it. The Committee have gone carefully into it and they say £220,000 of the amount is covered by the rents and House Allowances so that you can take that as the amount you have

(mirrored text from the reverse side of the page)

already covered. You merely exchange a seat on somebody else's house for a house of your own. The next item is £177,000 for water schemes of which £100,000 is for Mombasa, and I understand the rates on that water will cover this scheme. Then there is another item which I have always been given to understand will be paid for by the particular town involved and that is the Town Planning of Mombasa. I have always understood the improvement of the old Town should be carried by the Government but the Town Planning scheme would be paid for by Mombasa and I do feel very strongly, and I hope the Honourable Member for Mombasa will agree, that a town of the size and importance of Mombasa should be able to carry items of that sort, which are after all for the benefit of their town, in exactly the same way the Nairobi Municipality is today carrying this loan of £50,000 for other purposes. There is a further item for Mombasa Drying and Cold Storage Plant. That will be ultimately productive. If you also take the Railway Offices - which I presume the Railway will pay the interest on - and the Port and Customs, part of which Uganda will pay, I imagine that will bring the amount up to somewhere about £300,000 which is productive. As regards the rest I do not think the Honourable Member for Nairobi North can say that you can do what someone very well-known in the country once said you cannot do - you cannot put children in cold storage, they have got to be educated. It is perfectly evident you cannot have schools if the buildings of which are to be done out of the ordinary revenue of the country. Government school is a thing very largely for the future and I think it is quite right the future should carry a portion of the expenditure. That accounts for a very large sum. There is £145,000 and £120,000. The next thing on the list is the Housing of the African Employees of Government. I cannot imagine that anybody would dispute if you are going to improve your African Civil Service that you should have these people housed. I have

always

always been a little nervous that they will be a little bit too
 well housed to allow the ordinary natives of the country to live
 on anything like the same lines. I think that is an important
 point and though I should like to see Government African civil
 servants better housed than the ordinary native it should not be
 out of proportion to the other native housing. The next thing
 is the improvement of the old Town of Harare. I know very
 little about that. Of the houses to be built at a cost of
 £420,000 a large proportion of this expenditure - about £100,000, is
 covered by rents. You have got National buildings and other
 buildings which come to about £20,000 between them and then there
 is the King's African Rifles lines which come to £200,000 - I do
 not know how far that is covered by the site - but I think every-
 body must admit if you are going to have a smart force and have
 the Headquarters in Harare and train that force as a Battalion
 you have got to have the personnel properly housed and that
 incidentally the Officers also have got to have better houses than
 they have today. With regard to the Post Offices and Customs
 everybody must admit we must have these offices as soon as possible.
 In regard to Roads I have always been nervous. I have great doubts
 today whether we should in the future extend the policy of loans to
 any great extent for earth roads. After all the principle of a
 loan is either that it should be directly reproductive or that it
 should be used for building something which will last for a great
 many years in which case you have the right to ask posterity to
 pay a part of the interest. In this particular case you have not
 got either. First for building roads is another thing. In regard to
 the survey. Before we can build any roads we must have a survey
 of the possible roads on the country so that when we do build
 roads we do not waste money. I hope Government will think very
 seriously over this road programme. As far as I am concerned I see
 nothing

8.

nothing in this loan that can very easily be cut out. We have had an undertaking from the Government and the Honourable General Manager that the branch line programme is going to be continued. We have had an undertaking from the Honourable Colonial Secretary that the educational buildings will not be put off for any other purpose. We have also heard that nothing will delay any further increase in post facilities. Under these circumstances I cannot imagine anybody objecting to voting this comparatively small sum for the betterment of conditions in this country. With regard to Government House. I have very little more to say except I entirely agree with every word that has been said. This Government House is not for the glorification of any individual but entirely for the country and for the good of East Africa as a whole. We have taken a long time over these things. I have not yet heard anybody in this debate say that any of these things put forward by the Committee and Government are unnecessary - with the sole exception of Makupa and I shall not give an opinion on that. I am like another Gentleman - I know nothing about it. That Gentleman might even speak again and I do not wish to encourage him to break the rules of this House. I am going to vote for this programme as it stands. Your Excellency.

His Excellency I do not wish in any way to protest this debate which has been very interesting, but before it is concluded and I call upon the Honourable Colonial Secretary to reply, I should like to make one or two remarks, not so much for the benefit of this Council as for the benefit of quarters in the outside world, particularly beyond the confines of this Colony, which sometimes find a good deal to criticize in our affairs. I have often seen criticism of this kind which was obviously unfounded, but it is incumbent upon us to state our case clearly.

Before I come to that, let me say in passing that I listened with particular satisfaction to what the Honourable and

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Ballant Mackay for District North said about the encouragement of officials to settle in this country after retirement. That is a very important matter and I shall give it my close attention. I should like to add, without prejudice to the question of the Makupa Company, that I was also very glad to hear what was said about the necessity for a Supreme Court.

Now, Honorable Member of Council, let me come to the criticisms from which we are apt to suffer from the outside world. I have seen signs of criticism to the effect that in balancing the estimates this year some of the expenditures which should have been charged against revenue has been charged against loans. That is not the case, and since it is very bad for the credit and the reputation of the Colony that such impressions should gain currency, I think it may be just as well to correct these impressions at once. The principle on which we charge expenditure to loan funds or to revenue is perfectly clear. Like all young countries this Colony needs a great expansion of its public services, especially of the educational and medical services and of public works. It is, of course, essential that all such recurrent expenditure should be met from revenue; and every kind of recurrent expenditure in the 1926 Estimates has been met from revenue, and it ought to be. But part of the new expenditure is non-recurrent. It goes to provide permanent buildings and equipment which will last a very long time, and it is quite proper that such expenditure should be met from loan and spread over what is with our annual payments to sinking fund a comparatively small term of years.

I listened with interest and approval to what the Noble Lord just said on the question of public works, and in particular of roads. It is very important that expenditure on roads should go into the making of permanent roads and not into temporary roads. The loan proposals as they have been before Council the last few days, I am satisfied that a wise discretion has been

what charges should be against revenue, what charges should be made against long term loans, and what charges should be made against short term loans, and it is necessary I think, that it should be understood inside and outside the Colony that there has been no departure from rigid financial principle in that matter. The adjustment in our estimates and the fact that some of our expenditure was slightly reduced was absolutely necessitated by the present state of housing. I called for a private report from the Director of Medical and Sanitary Services upon this subject. I could read you very impressive examples which he gave, not only of officers suffering in health and nerves, and of the loss of many days of work in a station due to the sickness of the European Staff caused entirely by the intolerable conditions in which they live. I will not keep Council by giving all these examples now, but I think it essential to emphasize the fact that officers are required for the proposed expansion of Government services should not be engaged unless and until they can be housed adequately on, or soon after, their arrival.

There is one criticism of our loan expenditure to which some weight is due. I have heard people say 'If so much is required in the way of ordinary housing, is it wise to launch on other public buildings at the same time?' I quite understand that objection and I think it should be taken into consideration, but to my mind the answer is perfectly clear. You cannot get the necessary housing done in this country unless the building operations are large enough to attract fresh enterprise. Furthermore, building operations will only put up prices against government unless they are large enough to enable contractors to bring in large plants, to maintain an adequate supply of skilled supervisors, and to work on narrower margins of profit.

There is only one other consideration I should like to make a brief reference to before I close. It is perfectly true

that . . .

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that a large building programme is required for individual officers,
 and for this or that section of the community in this Colony. But
 in addition to the needs of individuals and of the needs of this
 that section, every community should think of those buildings
 that represent the life and the aspirations of the community as
 a whole. Westminster Abbey rose on the marshes of the Thames to
 represent the higher aspirations of the English people long before
 its organisation and equipment

19.

ment of the country were in other respects complete. In
 you, Honourable Members of Council, represent the public life,
 common aspirations, the higher and the longer vision of the
 community, and I am glad that you have decided that these posts and
 offices which stand for the Colony as a whole shall be housed in
 buildings worthy of the ideals and responsibilities of this, the
 Western Colony of the British Empire in Eastern Africa.

The forces of destruction in the world have shown a great
 faith in the last few years. Half a dozen men have met in a
 hotel with faith in their destructive ideals and in a few years
 the British Empire has fallen to the ground.

The constructive forces in the world must show an equal faith
 to hold their own against the forces of destruction.
 upon a great enterprise, a constructive enterprise, here.
 The forces of construction in this Colony, do not hold firm
 with in the future of our handiwork, history will show that, like
 builders who built without faith, we built too weakly and therefore
 fail.

~~_____~~

Original Secretary: Your Excellency, I do not propose to detain
 you much longer in replying to this debate. I think the points
 raised have also been replied to by other speakers, and there is very
 little more that can now add to this discussion. I will only deal with one or
 two points which have been made by individual members. I do not
 consider it necessary further to examine the argument for optimism
 and pessimism. I should however like to say something in regard
 to the remarks made by the Honourable Member for Nairobi North. He
 stated that he believed that staff had not been provided for in the
 estimates before Council. The staff is provided for in these estimates
 and must also allow for the supervision and the employment of
 men on the different works. The Honourable Member for Mombasa and
 the Honourable Mr. Pandeja said that references had not been made to the

Mombasa Town Planning Scheme and thought that Government might make a statement in that regard. The Report from the expert, Mr. Jameson, has only just been received, it was put before the Mombasa District Committee, and Government desires to have a full report before making any statement or before putting proposals before this Honourable Council. A question was raised with regard to the telephone trunk route. I think we are all agreed that it is a most desirable work and of great importance to this Colony. We all hope that it may seem possible to undertake the scheme, but it is not possible to carry out all these works however desirable at once, and such work as this is included in the fifth schedule of Expenditure which the Select Committee consider will be necessary in the near future. We are not discussing these proposals. The Honourable Member for East Kenya in his speech referred to another item under that head. These items, as I explained in my speech in moving the adoption of this Report, have not been under discussion. The Government realizes the importance of these schemes, but Government is not asking this Council at the present time to commit itself to the approval of these schemes as they stand. They will have to be worked out further. These remarks apply also to the question of future expenditure in connection with Indian schools which was raised by the Honourable Mr. Shams-ul-Deen. He asked whether this Honourable Council will agree to further provision being made. The answer is that until this Honourable Council has concrete and definite proposals before it, it cannot pledge itself. We are quite in sympathy with the proposals; we realize there is a great deal more to be done for education, but if further proposals of this nature

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 Mr. Lambert has only just been received, it was not before the
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 the Honorable Mr. Brown-Walsham. He asked whether the Honorable
 Council will give to further provision being made. The answer
 is that until this Honorable Council has concrete and definite
 proposals before it, it cannot judge itself. We are quite in
 sympathy with the proposals as realized there is a great deal
 more to be done for education, but it further proposals of this
 nature.

In my judgment the Government should not be asked to consider... nature are brought forward they must be considered in conjunction with such educational schemes and policy as may be put later before this Honourable Council. It has already been suggested that Council should consider an educational cess and in connection with that suggestion proposals for further expenditure can be considered. I think these are the principal points that were raised by Honourable Members in the discussion of these proposals. There was one other point raised by the Honourable Mr. Pandaya who asked whether the £14,000 for the Mombasa Hospital was intended for provision of medical services for other than natives. That provision is intended for a General Hospital for all communities.

I will only conclude by saying that I think Government fully appreciates and shares the spirit of optimism which has been referred to by several Honourable Members. These proposals have been put forward by the Select Committee in no spirit of enthusiastic enterprise based on the fact that we have had one or two good years. They are founded on a healthy optimism and a healthy optimism which justifies such expenditure in the best interests of the future of this Country. We all believe we have reached a stage where we can spend money to advantage, and to the benefit not only of those who are here today and also of future generations. We have put before Council a definite working programme, and I believe the Council has long asked for such a programme. I must add in reply to the Honourable Member for Nairobi North that Government is using every effort to put before this Honourable Council progress statements showing clearly the financial position of the Colony. We propose to go forward accompanied by financial statements, and we are satisfied that these financial statements justify the expenditure you are now asked to approve.

I am now the adoption of the motion before Council

(MOTION PUT AND CARRIED) (No Count)
(Signed) E. Bird.
(Miss Semen)
4.1.26.

... are brought forward by must be considered with
 with such educational schemes and policy as may be
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(ACTION BUT AND ...)

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... fully appreciate and share the spirit of optimism which has been reflected to by several Honorable Members. These proposals have been put forward by the Select Committee in the spirit of optimism based on the fact that we have had two good years. They are founded on a realistic optimism which really optimism which entails such expansion as is necessary for the future of this country. We all have reached a stage where we can spend money on education and health not only of those who are here but also of those who are coming. We have put before Council a realistic programme, and I believe the Council has now accepted it. I must add in reply to the Honorable Member that North Government is doing every thing that is possible to improve the Honorable Council progress. I am sure that the Honorable Council will be able to do a better job than we are doing at present, and we are satisfied with financial statements, really the expansion of the Government to improve.

... (MIRIAM) ...

...

... Scheme

3. At that time it was not anticipated that the amount of such borrowings would exceed the amount mentioned, £800,000 and it will be seen from the enclosed report of a Select Committee of the Legislative Council on the loan proposals that the estimated cost of the works which have already been sanctioned in accordance with the above mentioned arrangement is £562,500, but that further expenditure is now recommended by the Committee for immediate approval amounting to £1,149,910, making a total of £1,712,410.

4. The Legislative Council has approved the recommendations of the Committee, and the Governor, in emphasising the importance of the services in question, urges that they may receive early approval. Mr. Amery concurs with the Governor as to the necessity for undertaking these works as soon as possible and he is satisfied that the financial position of the Colony justifies the Government in assuming liability for the additional debt charges involved. The

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sum of £40,000 is provided for this purpose in the Estimates for the current year; this amount approximates to the charges on a loan of £800,000, which had already been contemplated; and Mr. Amery is confident that, when due allowance is made for the services which are regarded as remunerative and for charges which represent advances, (e.g. to the Nairobi Municipality) the additional provision required should be well within the resources of the Colony, provided that reasonable financial care is exercised in the future and that expenditure on the loan works is kept within the estimates.

5. In the letter of the 20th August last referred to above it was contemplated that the loan expenditure for purely Colony purposes should be covered by the same loan issue as the

£3,000,000

£3,000,000 for transport purposes; in view, however, of the further proposals for Colony loan expenditure and the time required for their consideration it has been thought necessary to secure legislative authority for the £3,000,000 loan by a separate Ordinance which has, however, not yet been received. A further Ordinance will therefore be required in respect of the Colony loan now proposed though it is still contemplated that when the time comes the two loans should be raised together.

6. It will be observed from pages 6 and 8 of the enclosed Report that the Select Committee is of opinion that further loan expenditure exceeding £1,000,000 will become necessary in the near future and the Governor is of opinion that these additional works are urgently required. Mr. Amery agrees that they should be taken in hand when financial circumstances permit; in particular, the state of the Government offices in Nairobi

has

has been a public scandal for at least fifteen years. He trusts that Their Lordships will consent to the full amount of borrowing proposed, but if necessary ^{he} will agree that this further £1,000,000 should be separately referred to them at a later date. In any case, he hopes that Their Lordships will be prepared to agree to approval being given for the loan expenditure now proposed, and in view of the urgency of the matter he would be much obliged if he could be favoured with their reply by the 26th of April, so as to enable him to telegraph to the Governor before the Legislative Council meets at the beginning of May.

7. A copy of the Kenya Colony Estimates for 1926 is enclosed.

I am, etc.,

(Signed) C. STRACHEY

9/26/26
18th March
26

en 14/4
Stanley 14/4 f. ofa

CD

Harding.
Downing Street,
London

Prior's

S2 & for dft

15 April, 1926.

C. D.
R 7 4 APR
D 15

Sir,

I am etc. to request you to inform
of the Treasury
the Lords Commissioners that he has now
received from the Governor of Kenya pro-
posals for further loan expenditure on
transport services the liability for which
will fall wholly on the Government of the
Colony.

DRAFT.

SECRETARY,
TREASURY.

2. In this connection I am to refer
to the letter from this Department of the
20th August 1925 in which Mr. Amery agreed
inter alia that the concurrence of Their
Lordships should be sought prior to
sanction being given for any borrowing
before 1924 in excess of say £500,000 for
purpose other than expenditure on transport
services or expenditure under the guarantee
East African loan of 10 million pounds.

45759/26
14th April

Finance

14th April

As at anticipated that amount of such

3. At that time the *reconstruction*

~~to borrow would exceed the amount authorized,~~
~~the amount was estimated at about~~

⁸
£500,000, and it will be seen from the
enclosed report of ⁴the Select Committee
of the Legislative Council on the loan
proposals that the estimated cost of
the works which have already been
sanctioned in accordance with the above
mentioned arrangements is £562,500, ~~and~~ ^{but} that
~~the~~ further expenditure ²/_h now recommended
by the Committee for immediate approval
amounts to £1,148,810 making a total of
£1,711,410.

4. The Legislative Council has
approved the recommendations of the Committee
and the Governor, in ^{emphasizing the} ~~stressing their~~
^{of the merits in connection,}
importance ¹ urges that they may receive
early approval. Mr. Amery concurs with
the Governor as to the necessity for under-
taking these works as soon as possible and
he is satisfied that the financial position
of the Colony justifies the Government in
assuming liability for the additional debt

/charges

charges involved. The sum of £40,000 is provided for this purpose in the Estimates for the current year; this amount approximates to the charges on a loan of £800,000, which had already been contemplated, and Mr. Amery is ^{confident} ~~satisfied~~ that when due ^{allowance} account is made for the services which are regarded as remunerative and for charges which represent advances, the additional provision required should be well within the resources of the Colony, provided that reasonable financial care is exercised in the future and that expenditure on the loan works is kept within the estimates.

5. In the letter of the 10th August last referred to above it was contemplated that the loan expenditure for purely Colony purposes should be covered by the same loan issue as the £8,000,000 for transport purposes; in view, however, of the further proposals for Colony loan

to the Nairobi Municipality

expenditure and the time required for their consideration it has been thought necessary to secure legislative authority for the £2,000,000 loan by a separate Ordinance. A further Ordinance will therefore be required in respect of the Colony loan now proposed though it is still contemplated that when the time comes the two loans should be raised together.

which has however not yet been received.

6. It will be observed from pages 6 and 8 of the enclosed Report that the Select Committee is of opinion, ~~an opinion which is shared by the Governor and the Secretary of State,~~ that further loan expenditure exceeding £1,000,000 will become necessary in the near future. ~~The Governor is of opinion that these additional works are urgently required and the Secretary~~

to be

Amey agrees

~~of State is of opinion that they should be taken in hand when financial circumstances permit; but he trusts that on the understanding ~~that no such additional works will be sanctioned without further reference to the Lords Commissioners, that the Lordships will be prepared to agree to approval being given~~~~

was expected to

particulars, the cost of the works... Amey agrees... the Secretary of State... the Lordships will be prepared to agree to approval being given... these

expenditure and the time required for their consideration it has been thought necessary to secure legislative authority for the £2,000,000 loan by a separate Ordinance. A further Ordinance will therefore be required in respect of the Colony loan now proposed though it is still contemplated that when the time comes the two loans should be raised together.

which has however not yet been recd.

d. It will be observed from pages 6 and 7 of the enclosed Report that the Select Committee is of opinion, ~~an opinion which is shared by the Governor or the Secretary of State,~~ that further loan expenditure exceeding £1,000,000 will become necessary in the near future. ~~The Governor is of opinion that these additional works are urgently required and the Secretary~~

Amey agrees
~~of State is of opinion that they should be taken in hand when financial circumstances permit; but he trusts that on the understanding that no such additional works will be sanctioned without further reference to the Works Commissioners, the Lordships will be prepared to agree to approval being given~~

In particular, the state of the Govt. affairs in relation to loan expenditure is a matter of some concern. It is thought that the loan should be raised at the earliest opportunity, but it is necessary to take care that the further £1,000,000 should be repaid as soon as possible. In any case, he hopes that this

for the loan expenditure now proposed, and in view of the urgency of the matter he would be much obliged if he could be favoured with their reply by the 26th of April, so as to enable him to

*I am, etc.
Telegraph Office for the Legislative Council with at the beginning of May.*

7th copy of the Report of the Secretary of State is enclosed.

(Signed) C. STRACHEY