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FROM *Ag. Sec.
Harris*

DATE

Conf 28 Feb, 1925

REC
P: 31 MAR 25

FOR CIRCULATION:—

Mr.
Mr.
Mr.
Asst. U.S. of S.

*Salaries of European
Officers*

Perm. U.S. of S.
Part. U.S. of S.
Secretary of State

*Sends copy memo. by
Treasurer and Ag. Ch. Secy
and adds observations*

Previous Paper

MINUTES

*4 recs. 1426 9a (Local Allice)
see 13708 25 (revenue
office)*

*Hand Conf 12 June '25. Secy 2021/25
wait*

Subsequent Paper

*O.A.C. 21169 9a. Local Allice
25*



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No CONFIDENTIAL.

THE RESIDENCY, ZANZIBAR

ZANZIBAR.

28th February, 1925.

Sir,

I have the honour to transmit herewith a copy of a Memorandum regarding the salary of European Officers in the Zanzibar Protectorate by Messrs. Cox, Treasurer, and Crofton, Assistant Chief Secretary, whom I deputed to consider the arrangements to be made for the future, as requested in your confidential despatch of the 22nd of November, a copy of which I received early this month from the late High Commissioner.

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2. With regard to the 1920 revision of salaries, referred to in the Memorandum, I propose to deal with this matter separately after I have had an opportunity of investigating more closely the anomalies which appear to have arisen in connection with that revision.

3. Referring to the particular points to which you have directed that special consideration should be given, I have come to the conclusion:

(1) That, whatever the rate of the exchange may be, in Zanzibar Rs.15 is the purchasing power equivalent of the pound sterling and that payment at that rate should be continued. (In this connection I have the

honour

THE RIGHT HONOURABLE

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

etc., etc., etc.,

SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET.

honour to draw your attention to paragraph 3 of Sir H. J. Read's letter of the 27th of February, 1920, to the Secretary to the Treasury, a copy of which was sent under cover of Lord Milner's confidential despatch of the 12th of June, 1920).

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(ii) That, while the remittance privilege is justified in lieu of a more equitable method of adjustment, it has many undesirable and unsatisfactory features and should be discontinued.

(iii) That a cost of living bonus is necessary and should be granted irrespective of the station to which an officer is posted, as the cost of living in various parts of the Protectorate does not vary sufficiently to warrant differentiation.

4. The Treasurer informs me that the cost to the Government of the existing arrangements has varied with the rate of exchange. It is not therefore possible accurately to base proposals for the future on the cost of the privileges hitherto granted to officers.

5. The revised conditions of service approved in 1920 provided for a local allowance of 50% of an officer's salary by way of compensation for the increased cost of living (vide paragraph 6 of Viscount Milner's confidential despatch of the 22nd of June, 1920); but in your despatch No. 7 of the 6th of April, 1921, you stated that the allowance was designed to give officers the same number of local coins as under the old conditions. This allowance was given effect to by paying salaries at Rs.15 to the £ at a time when the current rate of exchange was approximately Rs.10 to the £. It

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was, however, represented by officers in a petition, which was forwarded to you under cover of Major Pearce's despatch No.32 of the 21st of February, 1921, that the fall of the rupee had practically deprived them of the value of this concession, and the privilege of remitting half salary at Rs.10 to the £ was eventually granted, but was subsequently reduced to Rs.12½ to the £, the rate at which remittances are now being made.

6. These privileges do not appear to provide an adequate or equitable method of compensating officers for the increased cost of living either locally or at home. The cost of living in Zanzibar is probably higher than anywhere else in East Africa - luxuries, it is true, are cheaper, but do not counterbalance the cost of necessities, of servants' wages, rates, etc. - and I am informed by Mr. Costley-White that it is quite 50% more than in Nyasaland. I am satisfied that the figure of 75% given in paragraph 6 of the Memorandum, and based on the items therein enumerated, is a conservative figure for the increase in the cost of living above the pre-war figure, and is a fair basis on which to calculate the allowances which should be granted to officers of this Protectorate.

7. The statement that payment at Rs.15 to the £ was equivalent to a 50% increase in salary (see paragraph 5 above) only held good for a few months owing to a rapid fall in the value of the rupee, though of course it was still true to say that officers were receiving the same number of coins as formerly. It should be pointed out, however, that this is of no value unless the purchasing power of the rupee improves. The grant

of the remittance privilege, which was intended to place Zanzibar officials approximately on the same footing as officers on the mainland, was equivalent in the first instance to a 25% increase in salary, but this was subsequently reduced to 10% at the time when the 15% local allowance was approved for Kenya, Uganda and Tanganyika, (vide telegram of the 21st of June, 1921, from the Secretary of State, and paragraph 3 of despatch No.3 of the 25th of January, 1923, from the Secretary of State to the High Commissioner). The chief disadvantage of the remittance scheme lies in the fact that while some officers are able to exercise the privilege in full, others can only do so partially and many not at all.

8. It is evident that the arrangements for compensating officers of this Protectorate for the increased cost of living occasioned by the war have been somewhat illusory in practice, and I am of the opinion that a more direct method of relief should be adopted in the future. I therefore recommend that a local allowance be granted of 25% of salary expressed in rupees converted at Rs.15 to the £, this being one-third of the percentage representing the increased cost of living in Zanzibar at the present time.

9. In the event of the local cost of living falling below 75%, I will advise you immediately, but I trust that you will be able to approve the recommendation I have made as it appears to me only just that this Government should bear to a greater extent, and in a more direct manner, the additional expenditure occasioned by the rise in the cost of living. I

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understand that the ratio suggested, namely 50% to be borne by the officer and 25% by the Government, is less favourable to the officer than that granted by the National Bank of India, Ltd., and the Eastern Telegraph Company, Ltd., to their employees.

10. I enclose a copy of a Memorandum on this subject which the Chief Justice has furnished. Sir T. Tomlinson has been unable to benefit this year by the special remittance, for, possessing a house in England for his family, and having himself spent a portion of this financial year in England, he would have had to pay income tax on the remittances. He has accordingly been obliged to make other arrangements for financing his family.

I have the honour to be,

Sir,

Your most obedient,

humble servant,


ACTING HIGH COMMISSIONER.

MEMORANDUM REGARDING EUROPEAN SALARIES.

The Civil Service Commission which inquired into the conditions of service in East Africa and reported in 1919 stated that in their opinion 50% would be a reasonable estimate of the increase in the cost of living which had gradually occurred during the twelve years prior to the war.

What was true of the Mainland was true also of Zanzibar though the extent of the rise cannot now be accurately stated.

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In his despatch to the Secretary of State, No.32 of the 14th of February, 1918, Major Pearce who had had long experience of conditions in Nyasaland stated :

"In comparing the salaries paid in Zanzibar with those paid in the Mainland Protectorates it is important to bear in mind that owing to the fact that Zanzibar (due to climatic reasons) produces so little of the daily food requirements of Europeans and that the greater part of these food-stuffs has to be imported, the expenses of living are much higher. The wages of servants too are far higher in Zanzibar than on the Mainland. In fact Zanzibar, even in peace time must be regarded as an "expensive" place".

In England the index number of wholesale prices (Sauerbeck-base 1867-77 = 100) rose from 64 in 1898 to 85 in 1913 or 21 points. Over the same period the cost of living of the working classes rose 13 points.

2. In spite of these facts advantage was taken

taken of the transfer of the Protectorate from the control of the Foreign Office to the Colonial Office to effect a general reduction in salaries. The guiding principle was conformity with Mainland rates. Thus reductions were foreshadowed when vacancies occurred in two of the most highly paid posts namely Attorney General and Treasurer from £700-£900 and £700-£800 respectively to £500-£700+£50 duty allowance. The salary of Chief Secretary was fixed at £700-£800+£70 duty allowance. In other cases scales of £500-£700 and £600-£700 were reduced to £500-£600+£50 duty allowance and £300-£400 to £250-£400. No allowance was made either for the increase in the cost of living in East Africa generally or for the higher cost of living in Zanzibar.

In effect then there were or were to be only two scales for heads of departments namely £500-£700 + £50 duty allowance for the Attorney General and Treasurer and £500-£600+£50 duty allowance for the rest.

3. In the revised scheme of salaries promulgated in 1920 these two flat rates were abandoned and seven different rates varying from a minimum of £600 to a maximum of £1,000 were substituted. Seven different rates mean seven different standards of living. Subsequently the remuneration of one of the lowest paid, the Director of Railway and Electricity Department, was raised to a figure which exceeded that of all the others but one. The salary of the Senior Commissioner, Zanzibar, in its maximum exceeds not only the salary of the Attorney

Attorney General and Treasurer but exceeds by no less than £300 that of the District Commissioner, Pemba, though Pemba is economically the more important of the two islands. All this differentiation appears singularly inappropriate when it is borne in mind that the European staff amounts in round numbers to only a hundred and heads of departments to thirteen; that all but one live under precisely similar conditions; that the highest salary in these days represents considerably less purchasing power than the pre-war rate and that for officials of this rank it is less than a living wage.

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In forwarding to the Secretary of State his recommendations as to salaries Mr. Sinclair stated that he had proceeded on the assumption that salaries were on too low a basis before the war; but in reality no allowance was made for the higher cost of living in Zanzibar. In the revised scheme of salaries the Protectorate was ranked with Nyasaland and it was assumed that the same sterling salaries would provide the same purchasing power in both places.

4. The European staff of the Protectorate has been increased from 59 in 1914 to 102 in 1925.

5. The public revenue has risen from £235,000 in 1914 to £460,000 (estimated) in 1925 as shown in the subjoined figures :-

	£000's
1914	235
1915	267
1916	281
1917	298
1918	387
1919	408
1920	330
1921	456
1922	426
1923	589
1924 (estimated)	495
1925 do.	457

6. The index numbers of cost of living in the United Kingdom at the outbreak of and since the war are :-

July

1914	100
1916	125
1916	148
1917	180
1918	210
1919	215
1920	255
1921	222
1922	181
1923	171
1924	171
1924 (November)	181

The figure 181 includes food, rent, clothing, fuel, and light and miscellaneous items. This figure at present applies either entirely or to a greater or less extent to remittances made for family or home commitments. The extent of these remittances is referred to in a later paragraph.

The index number of retail prices in Zanzibar covering food, clothing, fuel and light, wages, rates and passages has been calculated and is now 75% above the pre-war figure. The accompanying table gives an idea of the extent to which salaries have been adjusted to this figure. The table also brings out the inequality of treatment meted out.

7. It follows that the circumstances of the service generally are straitened and that some officials are worse off than others. It can be argued that the pay of a bachelor is not inadequate but a married man with a family must find great difficulty in balancing his budget. If he has young children to educate he may have to support two establishments in addition to schools. Moreover there has been such an increase in the cost of education in England that some must have found it necessary to

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deny their children a public school education. There must be instances also in which a younger civil servant with a wife and family has found it impossible to keep out of debt. It is known that undignified expedients have had to be resorted to make ends meet.

letter to ⁶⁰
Survey of 26th ⁷⁵³³ ²⁰ ^{Ca}
January, 1920.

At the time of the introduction of the revised scheme of salaries official stress was laid on the following extract from a report of Sir Alfred Lascelles: "A principal cause of the present discontent, which is unquestionably genuine and deep-seated, is to be found not merely in the inadequacy of salaries, but in the fact that deserving officers on reaching middle age frequently find themselves in a position which offers no prospect of their being able to make provision for the future or even to give their children a reasonably good education". It may be asked how much provision can be made for the future in present circumstances when pensions are in many cases inadequate to support retirement?

In the meantime the Government has found it possible to increase its European establishment from 59 in 1914 to 102 in 1925. During the same period the public revenue has doubled. There is therefore no lack of means to pay proper salaries. It may be noted in passing that poor pay means poor service, that poor service means poor results and that poor results react on the prestige of the Protecting Power.

8. The particular points which the Secretary of State has suggested should be taken especially into consideration are :-

- (i) Whether any alteration in the rate of exchange for payment of salaries is required, in view of the recent rise in the exchange value of the rupee;

- (ii) Whether the continuance of the special remittance privilege is justified;
- (iii) Whether the conditions in Zanzibar are such that a cost of living bonus or station allowance, such as I have suggested in the case of the mainland Dependencies, should be introduced, whether as an alternative to the special remittance privilege, or otherwise.

(i) Means of livelihood in this or any other country can only be measured in units of the standard coin. Food, clothing (partly), rent, wages, fuel and light and other necessities of existence are so measured. Any consideration of the exchange relations between the rupee and the pound sterling is therefore in the main irrelevant.

(ii) The privilege of remitting home a portion of their salaries up to a limit of one-half at the rate of Rs.10 to the £1 was granted to European Officers with effect from the 1st of January, 1921. In September 1922 the privilege was restricted to the service of family and home commitments and was made conditional on an undertaking that no portions of the sums so remitted would be utilized to obtain a profit on exchange. On the 1st of April, 1923, the privilege rate was reduced to Rs.12½. The extent to which the privilege is of assistance to officers may be gauged by the fact that only 25 are sending home one-half and 28 between one-half and one-quarter. The remittance privilege used to cost the Government Rs.2½ in the £1. The Treasurer's last two remittances amounting together to £40,000 were done at Rs.13-4-0. Therefore what previously cost the Government Rs.2½ now costs 12s. It is evident that

the advantage left in this form of assistance is too small to justify its retention.

(iii) About 80% of the European establishment live in the Town of Zanzibar. At the outstations certain expenses can be avoided but at the loss of conveniences and amenities. To discriminate against 20% of the establishment would be invidious. A station allowance may therefore be regarded as unsuited to local circumstances.

As regards the other suggestion, there is no doubt that with prices still in a state of flux the only way by which salaries can be adjusted to expenses is by the institution of a cost of living allowance, varying with the barometer of prices.

9. After a careful survey of the whole position we make the proposals set out in a succeeding paragraph.

The principles underlying these proposals are :-

an end to temporization;

equality of treatment;

recognition of the higher cost of living in Zanzibar.

The proposals are :-

(i) An upward adjustment of salaries where necessary to a uniform level of roughly 50% above the maximum of the pre-war scales which provided quite a fair gradation. In the revised scheme of salaries one official received as little as four per cent increase and one as much as 87½. The effect of this proposal would be to give the general class of heads of departments £1,000 and assistant heads £750 or £600-£750. We regard this as the most important of our proposals. In other words we put maintenance of quality in the service before relief of poverty.

(ii) A cost of living allowance equal to the difference

difference between the 50% increase and the total cost of living and varying with such cost. Those who have received more than 50% in salary should be given proportionately less allowance.

(iii) Conversion of sterling at Rs.15 to the £1. Since the year 1898 with the exception of short intervals Rs.15 or thereabout has been the statutory or actual equivalent of the £1 and is still the purchasing power equivalent. According to the quantity theory of money it is not the value but the number of units that counts.

(iv) Abolition of the remittance privilege and of assistance towards wives' passages. With salaries which generally speaking provide no margin and with heavier liabilities, heads of departments are in as great need of assistance towards wives' passages as those of lesser rank.

(Sd.) R. H. CROFTON.

(Sd.) N. B. COX.

NZIBAR, 17th February, 1925.



Office.	Old salary. £.	Salary Revised	Subsequent revision if any. £.	Percentage Increase over old salary.		Remarks.
				Minimum.	Maximum.	
Chief Secretary.	700x25-800+70 d.		---	55	40	
Assistant Chief Secretary.	500x25-600+50 d.	700x25	---	27	23	
District Commissioner, Zanzibar.	500x25-600+50 d.	800x25	---	45	54	
District Commissioner, Pemba.	500x25-600+50 d.	600x25	---	9	8	
Administrative Officers.	250x15-400	400x15 500x15 600x15		60	75	
Treasurer.	600x25-700+60 d.	900x25	---	36	18	
Chief of Customs.	500x25-600+50 d.	800x25	---	45	23	
Assistant Chief of Customs.	250x15-400	450x15	500x25-600	100	50	
Port Officer.	500x25-600+50 d.	700x25	---	27	8	
Assistant Port Officer.	340x20-480	400x20	---	18	4	
Judges.	1,000+100 d.	1,000	+200 p.		36	Including Personal Allowance.
Assistant Judge.	800	1,000	---		12½	
Attorney-General.	600x25-700+60 d.	900x25	---	36	18	
Administrator General.	400x20-500+40 d.	500x20	600x25-700	36	30	
Commandant of Police.	500x20-600+100d.	700x20	800	33	14	
Assistant Commandant of Police.	250x15-400	450x15	500x25-600	100	50	
Principal Medical Officer.	600x25-700+60 d.	1,000x25	---	51	32	
Medical Officer of Health.	500x25-600+50 d.	500/600x25	800x25-900	45	38	
Medical Officers.	400x20-500	500x25 600x25	600x25-700 700x25-800	50	60	
Director of Education.	500x25-600+50 d.	800x25	---	45	23	
Director of Agriculture.	500x25-600+50 d.	800x25	---	63	38	
Assistant Director of Agriculture.	350x20-400	500x20	---	43	87½	
Director, Railways & Electricity Dept.	575x25-600+100d.	900x25	600+200 p.	48	43	Including Personal Allowance.
Asst. Director, Rly. & Electy. Dept.	350x10-400	450x20	500x25-700	43	75	
Director of Public Works.	500x20-600+50 d.	900x20	---	63	38	
Assistant Director of Public Works.	400x20-500	700x20	---	75	40	

p = Personal allowance.

d = Duty allowance.

MEMORANDUM.

BY THE CHIEF JUSTICE.

As to the first point raised by the Secretary of State I feel that the fall which has taken place in the value of the rupee since the despatch was written (of about 8 annas in the £), the great uncertainty (in spite of the experts) in the course of the rupee exchange and the past practice of this Government justify the continuance of payment of salaries at Rs. 15 to the £. I may also point out the rise in value of the rupee has done a good deal to mitigate the admitted inadequacies of salaries here. Any alteration in the rate ought to be accompanied by an adjustment of salaries.

With regard to the second point some form of allowance, local or otherwise, is necessary in order to enable many of us to carry on at all and I gather from paragraph 5 of the Secretary of State's despatch that he is ready to agree. I feel, however, that at any rate some alternative to the present ^{remittance} system should be provided to meet the case of those who either on account of possessing some private means or to avoid Income Tax have to go through the expensive form of drawing the money through the Crown Agents at home and then selling a cheque to the Bank here at a cost of 5 or 6 annas in the £. I gather that the eleemosynary aspect, i.e. the point of view that only those should have the remittance who could not afford to live as they would

would wish without it, has now disappeared and that any allowances of the sort are open to young officers who though having no immediate calls on their purse at home hope to save a little with a view to the future. But I have not seen the old correspondence in which I believe this point was emphasised.

You probably know that the present system was adopted on account of some criticisms by the Indian National Association and not on account of any intrinsic merits of its own. Personally I should like to see this allowance abolished and the salaries adjusted at a proper figure. But I suppose this cannot be done. Whilst adjustment of salaries is no doubt necessary, that question has nothing to do with this and ought not to be allowed to obscure the present issue.

(Sd) T. S. TOMLINSON.