

1925

E. AFRICA

KENYA

C.O.

8128

20 FEB 25

DATE

January 1925

19

CIRCULATION -

Mr. *J. P. Jones*  
Mr. *Dennis*  
Mr. *Robinson*  
Mr. *Green*  
Asst. U.S. of S.

President Fund for Asiatic Staff

Perms U.S. of S.  
Part U.S. of S.  
Secretary of State

Kind copy of despatch addressed to Uganda  
as to proposals for institution of  
Suggests Brown Agents be invited to submit  
any useful info they may have

Previous Paper

MINUTES

*Ms. 344 - 26 June 25. Cap 20955/25/25*  
*E. A. 60614/26 Jan*

There is still the reply from P.T.  
to the Uganda despatch to come,  
also the further despatch from Uganda  
promised on O.A.G. 46029 <sup>E.A.</sup> Uganda

Meanwhile? We should send a  
copy of this despatch <sup>enclosure</sup> to the C.A. and  
ask for their views if they can  
give us any information of the scheme  
referred to in para. 3.

G.W.W. 23.25

It is a pity that, after the  
project of a President Fund has  
been held out to the Asiatic  
staff for nearly five years,  
the best suggestion that Kenya  
can make is compulsory insurance  
with

Subsequent Paper

*Gov. 10230/25*  
*F.A. Uga*

with no Govt. assistance whatever. In the time which the discussion has taken much valuable information with regard to vital statistics could have been collected.

The objections to Mr. Dain's scheme are forcibly set out in Mr. Boyles' memo; but the arguments against the Provident Fund scheme put to the Governors on 5/7/23 are not very convincing. 6/25/45/23 shows that such a scheme would be acceptable to the staff; and as regards expense to the Govt., I do not see that this argument can properly be pressed when it is considered that the Govts. have assumed a very substantial liability in respect of the widows and orphans of Europeans.

We must wait for the other Governors; but I think that when we have heard what they have to

essential. In this case it would be immediate work.

to say we shall have to come to a decision here, and impose some <sup>(uniform)</sup> scheme upon all the Govts.; otherwise they will argue for another five years. In the meantime I do not think that the C.A. could help us much.

Cff. 3.3.25  
JED 3.3.25

~~What~~  
I have not gone into the Mr. E. arrangement - it would be necessary to see that the policy did not inflict on a premium the continuance of a premium which he could as long afford  
? Wait for other replies

W. J. 3.3.15  
Am  
9.3.25

HA

KENYA.

No. 29.



C.O.  
3128  
20 FEB 25

GOVERNMENT HOUSE,  
NAIROBI,  
KENYA.

8th January, 1925.

Sir,

*Gov. 6254/14*

Despatch.

With reference to Colonial Office despatch No. 42 of the 11th January, 1924, I have the honour to transmit, for your consideration, a copy of a despatch which I have addressed to the Governor of Uganda, on the subject of the institution of a scheme for financial assistance to the Widows and Orphans of the Asiatic Staff.

2. I regret that hitherto I have been unable to submit concrete proposals. I incline to support the Treasurer's scheme of compulsory insurance with a private company.

3. I would suggest that the Crown Agents for the Colonies might be asked whether they can furnish any useful information in regard to such a scheme, or analogous arrangements on a contributory basis, which may be in force, governing benefits for dependents of employes of large Companies, Banks, etc.

I have the honour to be,

Sir,

Your most obedient, humble servant

*R. T. Compton*

GOVERNOR.

THE RIGHT HONOURABLE

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

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET, LONDON, S.W.

5th January, 1928.

Sir,

With reference to Your Excellency's despatch No. 6000 of the 24th October, 1924, and previous correspondence, I have the honour to state that the Select Committee of Legislative Council hitherto has been unable to investigate the institution of a scheme for financial assistance to the Widows and Orphans of the Asiatic Staff. The question, however, has received consideration, and in conjunction with the comments received from Tanganyika Territory and the Zanzibar Protectorate, formed the subject of an interview between the Treasurers of our respective Administrations during Mr. Dain's recent visit to Nairobi.

2. Four proposals have been put forward, namely
- (a) A Provident Fund on the lines of the Uganda Railway Provident Fund.
  - (b) A Widows and Orphans Pension Fund on the lines of that adopted for the European Staff.
  - (c) A fund with fixed pensions and fixed contributions.
  - (d) Compulsory Insurance.

3. Dealing with these seriatim :-

(a)

HIS EXCELLENCY  
 THE ACTING GOVERNOR,  
 UGANDA PROTECTORATE,  
 ENTBBE.  
 \*\*\*\*\*

(a) PROVIDENT FUND SIMILAR TO THAT OF THE UGANDA RAILWAY.

This was the proposal submitted to our joint consideration by the Duke of Devonshire in the enclosure to Your Excellency's despatch No. 6666 of the 25th May, 1923.

I was advised in 1923 that if a fund on the lines of the Uganda Railway Provident Fund were to be established for the benefit of the whole Asiatic Staff of this Colony, pensionable and non-pensionable, Colonial funds would require to furnish an annual contribution of roughly 29000. This figure was based on the assumption that there would be 200 depositors drawing an average salary of £180 per annum, and that Government would contribute annual bonuses, as shown in paragraphs 7 and 8 of the Uganda Railway Provident Fund Rules. It would, of course, be possible to work out a modified scheme at a reduced cost to Government, but I am unable to recommend such expenditure at the present time.

The bulk of the Asiatic Staff of this Service already enjoy pension rights. Unless, therefore, future recruitment for the Clerical Staff is to be on a non-pensionable basis, it is not considered that the number of Asiatics would justify the inception of such a scheme. It is evident, further, having regard to the small number of contributors, that Government would be required to contribute very substantially if the scheme was to become sufficiently attractive.

With regard to future entrants to the Clerical Service being on an unpensionable basis, I am of opinion that with the withdrawal of this attraction it would be necessary to increase the rate of pay of that portion of the Service. This would

correspondingly increase the cost to Government. It may be argued that the Uganda Railway has no difficulty in obtaining Clerks at their present rate of pay, which is not superior to that of the Staff of the Colony. It must, however, be noted that the Provident Fund caters for practically the bulk of the Railway Service, and is in a position to offer benefits beyond the resources of a small Fund such as the one in contemplation would necessarily be at the outset, as only applying to new appointments. In such circumstances, such a small Fund would be unable to offer equal benefits, except with considerable additional assistance from Government.

(b) WIDOWS AND ORPHANS PENSION FUND ON THE LINES OF THAT ADOPTED FOR THE EUROPEAN STAFF.

This would require actuarial investigation, and the figures at the disposal of this Government are entirely inadequate as a basis for such a scheme.

It would be necessary to collect statistics for a period of several years. The adoption of this alternative was not endorsed in the despatch referred to in paragraph 3 above, and I concur in the view there expressed.

(c) A FUND WITH FIXED PENSIONS AND FIXED CONTRIBUTIONS.

I transmit a copy of a memorandum and enclosure, containing the comments of the Treasurer on the scheme formulated by Mr. G. K. Bain, as set out in Uganda despatch No. 6666 of 21st June, 1924.

This alternative has the merit of simplicity, but I am inclined to endorse the criticisms made by Mr. Gramma, and in the meantime prefer to await the production of further statistics, and of actuarial



examination before lending any support to its suggested introduction.

(d) COMPULSORY INSURANCE.

Under this scheme, as outlined by the Treasurer in the enclosure, Life Assurance would be made compulsory, and based as to amount on the officer's salary.

A fixed percentage would be deducted from the officer's salary, and used as the premium on an insurance policy, which policy would be taken out in favour of the Government. If the Officer's health precluded him from insuring, his deductions would be placed for him by Government in the General Post Office Savings Bank.

I understand that such a scheme is in force today in British Guiana for officers who are not in the Widows and Orphans Fund of that Colony.

4. Having regard to the difficulties referred to under (a), (b) and (c), and to the necessity for the early introduction of some scheme for the benefit of the wives and families of the Asiatic Staff, I am inclined to the view that a system of Compulsory Insurance would be the most likely to serve the purpose. The Treasurer is communicating with various Insurance Companies in England and India on the subject of their willingness to consider such an undertaking.

I consider it preferable, if possible, to inaugurate a scheme, in which the full liabilities will fall upon the depositors. The State will ensure due provision for dependents by compelling regular payment of premia on a reasonable basis, but will accept no financial responsibility or risk.

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5. I am addressing a copy of this despatch to the Secretary of State, and presume that Your Excellency will furnish him with the particulars of Mr. Dain's scheme, and the views of the several Governments who have been consulted in the matter. I regret the delay in replying to Your Excellency's despatch.

I have the honour to be,  
Your Excellency's  
most obedient servant,

R. T. CORYNDON.

G O V E R N O R.



Ref. No. 911/1923/29.

The Hon'ble Colonial Secretary,

Nairobi.

PROPOSAL FOR PROVIDENT FUND FOR ASIATIC  
ESTABLISHMENT.

Ref: your No. S/E.1533/E/70 of 4.7.1924.

The calculations in the scheme appear to be based on the assumption that it will be compulsorily applied to all men now in the Service. I am certain, however, that the Secretary of State would never concur in this proposal, and I am equally certain that if left optional to those men in the Service many of the younger and unmarried men would decline to join. Moreover it seems to me that it would be unfair to press them to do so, because as the pension is to bear no relation to the age of the contributor or his wife the younger men now in the Service would have to contribute their £8 a year for a much longer period than the older men now in the Service although they will derive no greater benefit from the fund.

2. I confess I do not like a scheme which requires the same contribution and gives the same benefit regardless of the contributor's salary. I think myself that the best alternative to the ordinary Colonial Service Widows and Orphans pension scheme is a scheme of compulsory Life Assurance based, as to amount, on the Officer's salary. A fixed percentage, say 4%, is deducted from the Officer's salary and used as the premium on an Insurance Policy, which policy is taken out in favour of the Government. If the Officer's health precludes him from Insuring, his deductions are placed for him by Government in the

Savings

Savings Bank. Such a scheme is in full force to-day in British Guiana for Officers who are not in the Widows and Orphans Scheme of that Colony, and I see no reason why it should not be introduced here. Full particulars of the scheme are embodied in British Guiana Order No.41 of 1902, a copy of which is in the Hon. Attorney General's Office.

3. Returning to the Uganda proposal, I think the figures should be examined by an Actuary, as although on the face of them they appear to be correct there may be fallacies underlying them which the nonactuarial mind may not grasp.

4. I attach a Memorandum on the subject which has been prepared by the Deputy Treasurer, and with which I concur.

Encls.

SD/-, R. CLIFTON GRANVILLE,

TREASURER.

SD/-, H. L. BAYLES,

DEPUTY TREASURER.

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Encls.

SD/-, R. CLIFTON GRANNICK,

TREASURER.

SD/-, H. L. BAYLES,

DEPUTY TREASURER.

MEMORANDUM ON THE SUBJECT OF A PROVIDENT FUND FOR  
NON-EUROPEAN STAFF.

29

There appear to be three principal alternatives on which a scheme for a Provident Fund may be based viz:-

- (1) A Widows and Orphans Pension Fund on the lines of that adopted for the European Staff.
- (2) Compulsory insurance.
- (3) A fund with fixed pensions and fixed contributions.

The first would require actuarial investigation which would probably be a difficult and certainly a lengthy operation; I have no information as to the second and the third is the one described by the Treasurer of Uganda.

2. I am afraid I must disagree with several of Mr. Dain's proposals. I don't think it is desirable to make the scheme compulsory for those already in the service. The objections to such a proposal will easily be realised and in any case I feel convinced that the Secretary of State would never sanction it. Also I consider that there should be a definite age at which contributions should cease and provision should be made for a refund of part of the contributions paid by an officer who has no family eligible to receive a pension.

3. The main point on which I disagree with the Uganda suggestions is that they are not financially sound. It may, I think, be taken for granted that the Fund must be in such a position that at any time it should be possible to hand it over as a sound financial proposition to a commercial firm (or to Government itself) and I fear that the scheme proposed would certainly not meet this requirement. The income will, it is true, suffice to meet the liabilities in respect of those pensions falling due in any year but it will not suffice to meet the contingent liabilities to all the other contributors.

Suppose

Suppose, for example, that it was decided to wind up the Fund after one year's working, the assets would suffice to meet the pensions to the families of the three officials who had died during the year but there would only be a margin of 2362 to meet the claims of 297 officials each of whom had contributed 28. Although the winding up of the Fund is an unlikely proposition the position would be clearly indicated by making up a Balance Sheet which (after one year) would read :-

<u>Liabilities.</u>		<u>Assets.</u>	
Present value of three pensions	2,038	Cash	23,400
Premia paid by contributors 297 @ 28	2,376	Excess of liabilities over Assets	2,014
	<u>4,414</u>		<u>4,414</u>

4. To bring into force a scheme on the lines described by the Treasurer of Uganda it appears to me that either

- (1) it can only apply to officials joining the service in the future - who may be assumed to contribute, on the average, for a fairly long period or
- (2) the full rate of pension can only be granted to the families of officials joining the service in the future, other pensions being proportionately reduced.

5. The scheme proposed has the great advantage of simplicity and subject to one of the above conditions (preferably (2)) I am in favour of it, assuming that the officials themselves consider it suitable. In any case however, it seems clearly that it is a matter on which expert advice is necessary.

SD/- H. L. BAYLES.