

1921

KENYA

205

41594

14TH JULY 1921

Rec'd 18 JG 21

975

SUBJECT

ESTIMATES 1922

Enclosed draft Appropriation Bill with 10 copies of Estimates, and memo. by the Treasurer. As soon as instructions as to deficit are received Bill will be presented to Legislative Council

COMMUNICATIONS

- Mr.
- Mr.
- Mr.
- Mr. Grindle
- Sir H. Lambert
- Sir H. Read
- Sir G. Fiddes
- Mr. Wood
- Mr. Churchill

Previous Paper

MINUTES

See 42194 & Chapman's terms

W.S.

27. 10. 21

Mr. Bottomley

This is hand out of date

and can be put by

W.S.

W.S. 29. 10. 21

Subsequent Paper

41609

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41594
Recd
Per 18 UG 21

INCLOSURE

an Despatch No. 7120/147-121

A Bill

intituled

An Ordinance to apply a Sum of Money for the Service
of the Year ending 31st day of December, 1922.

A Bill

intituled

An Ordinance to apply a Sum of Money for the Service of the Year ending the 31st day of December, 1922.

1 This Ordinance may be cited as The Application Ordinance No. 2 of 1921.

2 The Public Revenue for the year 1922 out of the funds of the Colony and Protectorate of Kenya are hereby budgeted
5 towards the service of the year ending the thirty-first day of December one thousand nine hundred and twenty-two with a sum of two millions one hundred and thirty thousand eight hundred and sixty-one pounds.

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

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

SCHEDULE

DIVISION.	AMOUNT.
	£
1. Rent and Interest to His Majesty the Sultan of Zanzibar ...	17,000
2. Pensions and Gratuities ...	33,365
3. His Excellency the Governor ...	16,400
4. Secretariat ...	18,196
5. "Official Gazette" and Printing ...	18,249
6. Administration ...	315,360
6a. do. Special Expenditure ...	2,300
7. Treasury ...	29,572
8. Customs ...	41,564
9. Port and Marine Department ...	14,920
9a. do. Special Expenditure ...	400
10. Audit ...	10,823
11. Legal Departments ...	37,399
12. Police ...	146,476
13. Prisons ...	46,445
14. Medical Departments ...	188,517
14a. do. Special Expenditure ...	5,700
15. Chemical Research Department ...	10,282
16. Education ...	73,824
16a. do. Special Expenditure ...	1,700
17. Military ...	217,051
17a. do. Special Expenditure ...	7,146
18. Miscellaneous Services ...	21,831
19. Post Office and Telegraphs ...	204,503
19a. do. Special Expenditure ...	6,000
20. Agricultural Department ...	131,062
21. Forest Department ...	36,631
22. Game Department ...	5,416
23. Land Department ...	100,254
24. Public Works Department ...	99,195
25. Public Works Recurrent ...	171,700
26. Public Works Extraordinary ...	30,000
27. Interest ...	72,000
Total £ ...	2,130,861

ENCLOSURE

Despatch No. 9700

ESTIMATE 1922

41534

Before examining the figures of Estimated Revenue and Expenditure for the year 1922 attention is drawn to the estimate of the financial position in which the Colony is expected to be found at the close of the year 1921.

Appendix A to the printed Draft Estimates for 1922 comprises a statement, partly estimated, of the Colony's Assets and Liabilities on the 31st of December next. There is particular difficulty in arriving at accuracy in compiling this statement, because it is based on a balance of the accounts of so long ago as the 31st of March, 1920, and it has therefore necessarily to include estimated figures relating to the year 1920-21, as well as to the current period of the last nine months of 1921. Ordinarily it is possible to complete the account of the previous year before the estimates of the next year were submitted, but, at this point in the transitional stage of bringing the financial year into conformity with the calendar year, the date of submitting next year's estimates will be three months earlier than usual, while the account of the year's accounts cannot be completed for the same reason, and it is the difficulty of obtaining revised estimates for the current financial period at so early a stage in the period.

2. The statement of Assets and Liabilities opens with figures which are fully accounted for in the financial Statements for the year 1919-20. The addition of 50% to the paid-up account of conversion is due to the fact that prior to the 1st of April, 1920, an entry of £1 in the Colony's accounts represented fifteen Rupees, and, after that date, it has represented ten Rupees or ten Florins. The financial year 1920-21 opened with an account of Liabilities amounting to £244,257.

3. The statement goes on to show that when the

accounts for the year 1920-21 are closed there is likely to be found a deficit of £77,800 in the Revenue and an excess of £68,800 on the Expenditure, if Railway net Revenue only is taken into account; that is to say the financial position will be found to be worse at the end of the year 1920-21 by £146,600 than it was at the beginning, when the deficit was £244,257. The deficit on the Revenue is made up of shortages of £128,500 on the estimated net earnings of the Railway, due to falling off in traffic, and there are indications, as were recently compiled Railway figures become available, that the shortage may be even greater than this; of £104,000 on the Land and Income Tax, the former of which has been disallowed according to the Secretary of State's notification, and the latter, approved for the year 1920-21 by a vote of the Legislative Council of £90,000 on the part of the Revenue, and £14,000 on the part of the Quarantine Scheme and £10,000 on the part of the Pneumonia Insulation, £5,000 on the part of the Currency Note Character Fund, £10,000 on the part of the new Currency Board, £10,000 on the part of the National Debt Poll Tax, which appears to have been a mistake, and a net off-charge part of this deficit Customs Revenue is expected to have realised a Surplus of £90,000, and further surpluses are expected of £65,000 from Exchange, £10,000 from Refunds on purchases from the Military Services, £10,000 from Sale of Sera, and £20,000 from other sources. The excess on the expenditure includes £38,000 on the part of our Fees, which represents pay to be made to the Government during next years to Suspense in anticipation of their being cleared by receipts which will accrue when the land surveyed is alienated, £22,000 Interest charges on the overdraft with the Crown Agents, and part of £10,000 for Protectorate Share of War Expenses. The excess of liabilities over assets at the close of the year 1920-21 is therefore likely to amount to over £390,000.

4. Going on to figures relating to the nine months period ending on the 31st of December 1921 it will be seen that a very serious deficit of £325,000 is anticipated on the Revenue. The Commissioner of Customs estimates that there will be a shortage of 30% on the Customs figure, about £90,000, if the present depression continues. There is as yet no definite information available from which even an approximate estimate of the yield from Income Tax can be framed, and the result is as yet a matter for conjecture, but it seems highly improbable that the figure of £328,413, on which the budget for 1921 was based, will be realised, and the estimated shortage of £100,000 may err, if anything, on the side of optimism. Revenue from Stamp Duties is likely to fall short by £21,500, in consequence of the reduction of prices of farms alienated under the Soldier Settlement Scheme. An unforeseen payment of £17,800 has to be made to the Uganda Government out of Warehouse fees, being 33% of the receipts since the 1st of April, 1917, which are regarded as part of the Customs Revenue. Testing and Dipping Fees are expected to fall short by £25,000, and receipts from Sale of Hides by £3,500, owing to falling off in Cattle trade and the cancellation of charges for Pleuro-Pneumonia inoculation. The Railway contribution of £50,000 cannot be counted upon, as the question of separation of the Railway from the Colonial Government is still undecided, and any such contribution would probably be exceeded by increased charges by the Railway for carriage of Government goods and passengers. School Fees are likely to show a deficit of £4,000 owing to the withdrawal of the increased rates. The Revenue of the Forest Department appears to have been over-estimated by £11,500, and the Postal Revenue by £3,600. No deficit on the Native Hut and Poll Tax has been taken into account as the collection has scarcely begun, and no figures are available, but there are indications that owing to shortage of rain the full amount of the estimate of £56,070 may not be realised.

Being on the whole, looking at the present position, period ending on the 31st of December 1921 it will be seen that a very serious deficit of £325,000 is anticipated on the Revenue. The Commissioner of Customs estimates that there will be a shortage of 30% on the Customs figure, about £90,000, if the present depression continues. There is as yet no definite information available from which even an approximate estimate of the yield from Income Tax can be framed, and the result is as yet a matter for conjecture, but it seems highly improbable that the figure of £328,413, on which the budget for 1921 was based, will be realised, and the estimated shortage of £100,000 may err, if anything, on the side of optimism. Revenue from Stamp Duties is likely to fall short by £21,500, in consequence of the reduction of prices of farms alienated under the Soldier Settlement Scheme. An unforeseen payment of £17,800 has to be made to the Uganda Government out of Warehouse fees, being 33% of the receipts since the 1st of April, 1917, which are regarded as part of the Customs Revenue. Testing and Dipping Fees are expected to fall short by £15,000, and receipts from Sale of Sera by £3,500, owing to falling off in Cattle trade and the cancellation of charges for Pleuro-Pneumonia inoculation. The Railway contribution of £50,000 cannot be counted upon, as the question of separation of the Railway from the Colonial Government is still undecided, and any such contribution would probably be exceeded by increased charges by the Railway for carriage of Government goods and passengers. School Fees are likely to show a deficit of £4,000 owing to the withdrawal of the increased rates. The Revenue of the Forest Department appears to have been over-estimated by £11,500, and the Postal Revenue by £3,600. No deficit on the Native Hut and Poll Tax has been taken into account as the collection has scarcely begun, and no figures are available, but there are indications that owing to shortage of rain the full amount of the estimate of £656,070 may not be realised.

have arisen, such as £22,000 for transport on O...
 for the transfer of the 6th King's African Rifles from Fomalund
 to the Northern Frontier District, £7,000 for fuel used reported
 in behalf of planters part of the cost of which will fall on the
 Department owing to its pricing unsatisfactory,
 £7,250 for expenses of Mine Mining undertaken on behalf of the
 War Office for which the Colony has been required unexpectedly
 to pay, £3,000 for transport of Currency for purposes of
 redemption, and £1,379 for increased emoluments to the staff of
 the Defence Force and to expenses in connection with its
 inauguration. By means of the strictest economy in all
 Departments, by keeping unfilled posts vacant where possible,
 and by severe retrenchment on the vote for Public Works
 Extraordinary, on which it is proposed to spend no more than
 £58,000 out of the sum of £81,120 provided, it is hoped that
 these excesses may be met out of savings and that the sum of
 £80,000 provided for additional emoluments may be saved in
 addition. The possibility however must not be overlooked of
 other liabilities arising out of Jubalawa, for the administration
 of which after the middle of August no provision exists, for
 meeting the depreciation of Securities of the Currency Note
 Guarantee Fund on which the new Currency Board has raised a
 query, for depreciation of the Savings Bank Securities, and for
 the passages of certain persons repatriated on behalf of the
 War Office for which the War Office has objected to accepting
 the liability. The statement closes by showing a balance of
 Liabilities, with which it is expected to open the year 1922,
 of £635,857. On the other hand the possibility exists of the
 Imperial Government refunding the sum of £359,454, which is the
 amount charged off to final expenditure up to the 31st of March,
 1921, for pay and Allowances of Protectorate Troops, other than
 King's African Rifles, during the war.

6. The total Revenue for 1922 is estimated at £21,718,824. An immediate comparison of this figure with the estimated Revenue of previous years is likely to be misleading, as prior to 1921 the Colony's Revenue included Railway receipts, and the estimate for 1921 was for a period of nine months only. Stand Premia are moreover not included in the 1922 estimates. The figure is however more than the estimated Revenue for 1920-21, after deducting Railway receipts and Stand Premia, by £28,714.

In comparing with the estimated Revenue for the period of 1921 (less Stand Premia) one third should be added to the latter in respect of the difference of 3 months in the periods, and the result shows that the figure for 1922 is less by £706,574. This figure is useful for showing the difficulty in balancing the budget, in as much as the Revenue for 1921 equalled the expenditure, and for purposes of comparison one third has to be added to the expenditure in almost every case in order to obtain a programme for 1922 similar to that of 1921, and consequently one third more Revenue is required.

But for purposes of comparing the returns which the various revenue measures are estimated to bring in year by year the additional third should not be taken into account in the case of Native Hut and Poll Tax and Income Tax, which together produce almost half of the Revenue, because the estimated figures for the nine months period included a whole year's tax. Addition of roughly £100,000 should also be made for the same purpose to the nine months estimate in respect of Rents, Non-Native Poll Tax and certain licences, the revenue derived from which is collected, for the most part, during the first quarter of the year, a period not covered by this nine months estimate. This figure is arrived at by substituting for the reduced estimates for 1921 under the subheads the estimate for the previous year, as being more suitable for purposes of comparison. The resulting figure for 1921, after these calculations have

been made, is £2,196,658, which discloses a falling off in the estimated Revenue of 1922, of £478,485. The difference is accounted for chiefly by reduced estimates of Customs Duty, Income Tax, Excise Duty, Railway contribution, Stamp Duties, Tasting and Dipping Fees, and Sale of Sera, the particulars of which will be dealt with under their respective headings below.

7. In the detailed estimates, for the purposes of comparison and for calculating increases and decreases, the figures given for 1921 are those appearing in the 1921 estimates with one third added on account of the difference of three months in the periods, except in the case of Income and Native Hut and Poll Tax, for reasons which have already been given. The totals of the heads therefore do not agree with the totals of the 1921 estimates, and, as a comparison of totals will not be made, the opportunity has been taken to effect some re-arrangement in the classification of Revenue, which will be explained below in dealing with the Revenue under its different Heads.

8. Head I, Customs shows a decrease of £126,228 due to general trade depression. The decrease on each item is roughly 30 per cent, except in the case of export duty on hides and skins, where owing to the fall in price the decrease is 50 per cent. Sundries show no apparent increase, but the figures for 1922 include Warehouse Fees, which are shown under Head IV for 1921, because it has been decided that receipts from this source are to be shared with Uganda Protectorate as part of the Customs Revenue. The estimate of Warehouse fees in 1921 was £8,000 and there is therefore an actual decrease of 50 per cent on the items "Sundries" and "Warehouse fees" combined. The estimate has been framed on the basis of existing arrangements as regards duties and the division of the Revenue with Uganda. The arrangement whereby Uganda receives 33% of the Revenue collected by the Customs Department is liable to revision

on the 31st of December, 1921, and it is not improbable that statistics will show that the Uganda proportion should be reduced.

9. Head II. Port, Harbour and Light Dues was formerly designated Port Harbour Wharf and Lighthouse Dues. Estimates under this Head were increased in 1921 on account of a proposed revision of charges, but as the necessary legislation to effect the revision is not ready to place before the Legislative Council at the time of framing the estimate for 1922, it seems premature to include provision for an increase in the Revenue. The consequent decrease under this Head amounts to £3,700.

10. Head III. Licences, Duties, Taxes, etc. This Head was formerly described as "Licences, Excise and Internal Revenue not otherwise classified" and included "Revenue from Ferries" which has been transferred to Head VII, and "Mombasa Municipal Revenue" and "Eastleigh Conservancy" which are now placed under Head IV. This Head includes Native Hut and Poll Tax and Income Tax, of which the figures of 1921 are, as has already been mentioned and is shown by a footnote in the printed estimates, not increased by one third for purposes of comparison. The total under this Head shows a net decrease of £186,569, of which £178,413 is accounted for by Income Tax. The collection of this Revenue for the previous year has not, at the time of framing the estimate for 1922, so far advanced as to enable an estimate to be much more than guesswork. It seems probable however that the shortage on the 1921 estimate will exceed £100,000 added to which it has to be realised that the year 1921, on the incomes of which the 1922 tax is assessed, is proving to be by no means a profitable one. Native Hut and Poll Tax, in spite of the loss of £2,250 on account of the anticipated cessation of Jubaland, shows a substantial increase of £21,930 which is to be realised by raising the rate of tax to Rs.8 in districts where

where it is below that figure, and by closer collection. British East Africa shows an increase of £11,150 (after taking into account the transfer of £3,000 from Voi District to Ukamba Province), Tanganyika an increase of £670, Ukamba an increase of £15,700 (after transferring £33,000 to Kenya in respect of Kyambu and receiving £6,000 from Masai), Malvaska an increase of £7,401 (after separating the Masai Reserve). Kenya however, although estimating for an increased rate in Embu and Meru Districts anticipates a falling off (excluding the Kyambu tax to be taken over from Ukamba) of £8,756. The collection from this Province in 1921 appears to have been overestimated. Native Registration includes an additional £1,500 in respect of fees for duplicate registration certificates, which were not previously included in the Revenue estimate. Game licences have been increased by £1,667 in view of certain amendments proposed to the Game Laws. Estimates of Liquor, Traders', Motor and Miscellaneous Licences, and of Non-Native Poll Tax cannot be suitably compared with the 1921 figures, which are based on a figure which did not cover the period of the year when they are for the most part collected, but the steady increase, which is made year by year in the estimates of Revenue under these subheads, has been maintained. Stamp Duties show a serious decline of £36,000, due to decrease in land transfers. Entertainment Tax, which was introduced in 1921 does not show indications of producing the amount estimated for that year owing to restriction of entertainments which is attending a period of financial depression, and the estimate thereunder has therefore been reduced. Estate Duty shows a decrease of £43,667, an abnormal figure having been inserted in 1921 on account of fees on certain large estates which fell due in that period.

11. Head IV. Fees of Court or Office, Municipal Revenue, and Payments for services rendered. The former title of this Head, "Fees of Court or Office, Payments for specific

arrangements in Aid", has been addressed in previous reports, especially in view of the fact that Head V provides for Reimbursements. Mombasa Municipal Revenue and Eastleigh Township Fees have been transferred from Head III, Revenue from Sazette, Prison Industries, Mombasa Water Supply, Motor Transport and Sale of Sera have been transferred to Head VII.

The total estimate of the Head shows a decrease of 288,645, of which Railway contribution amounts to 266,667. At the time of framing this estimate the future relations between the Colony and the Railway remain undecided. A claim from the Medical Department is the only appreciable one which is likely to be met by the Railway while on the other hand there is a probability of an increase in charges for carriage of Government Goods. As departmental estimates of expenditure have not provided for increased Railway charges, which are likely to amount to a very considerable sum, it seems inadvisable to provide for this contribution. The decrease of 220,333 in Testing and Dipping Fees arises from the recent decision to make no charge for pleuro-pneumonia inoculations, which was made at the same time as it was decided to pay no compensation for suspected animals slaughtered by the Veterinary Department except for purposes of diagnosis. School fees show a drop of 25,333. The estimate for 1921, which was based on a proposed increase in boarding fees to make them cover the cost of the boarding establishments, will not be realised as the increased rate has not been maintained. Eastleigh Township Fees are reduced in consequence of substituting a Public Services Rate for Conservancy Fees. The amount of expenditure on Eastleigh Township which appears under items 106 to 113 of Head VI has been reduced to correspond with the amount of Revenue. Survey fees are expected to produce an increase of 21,666

on account of special survey work at the coast. Revenue and expenditure arising out of the Coconut Trade Ordinance has for several years previously been shown on each side of the estimates, the expenditure under Head XXa, Agricultural Department Special Expenditure, as there is no immediate prospect of this Ordinance being brought into force provision has been deleted on each side. Two new items of Revenue are shown under this Head; No.4, £1,000 for preparation of deeds by the Land Department, and No.18, £1,250 for grading of flax by the Agricultural Department. Revenue from the latter source is estimated to cover approximately half the cost of salaries of Flax Officers and expenses of grading.

12. Head V. Reimbursements are decreased by £2,298 chiefly on account of reduction in Expenditure. Contributions from Uganda Protectorate on account of the Telegraph Engineers Office expenses, and from Somaliland Protectorate on account of Audit, are discontinued.

13. Head VI. Postal and Telegraphs gives a total within £2 of the previous estimate, although there are some variations in the details. Increases appear under Sale of Stamps and Money Order Commission, which balance the decreases on other items. The telegraph and telephone Revenue for 1931 appears to have been unduly optimistic. The Post Office Savings Bank earnings show a falling off of more than 50% owing to reduction in deposits, due probably to financial stringency and the low rate of interest paid.

14. Head VII. Earnings of Government Departments is a new Heading and is made up of Subheads transferred from other heads, with an addition of a new item for Nakuru Water Supply of which there is a corresponding item for upkeep under the expenditure vote for Public Works Recurrent. This service was formerly administered by the Railway. The net decrease on the whole head

amounts to £14,518, of which £12,633 falls under the subhead for sale of Sera vaccines and laboratory products, and is due to the free issue of pleuro-pneumonia vaccine, for the same reason as that given for the remission of inoculation fees in discussing the item Testing and Dipping fees under Head IV.

Prison Industries show a considerable decrease, being reduced to the old figure provided for 1920-21, the estimate for ~~1922~~¹⁹²¹ not having justified itself. The reduction on Mombasa Water Supply of £667 is due to the proposed reduction in the value of the cent pieces from cents of a florin to cents of a shilling. The charges made at the public kiosks for water are at the rate of one cent for four gallons, which is more than double the rate charged by the meter at private stand pipes. This charge can not be reduced as long as the cent of a florin is the coin of the smallest denomination in circulation, but it is not considered equitable to maintain it when the cent of a shilling is available.

15. Head VIII: Revenue from Government Property and Royalties was formerly described as "Rents of Government Property" but included only one item out of five which was revenue derived from Rent. The broader description of the title enables several items to be transferred from other Heads where they were unsuitably placed namely "Interest", which formerly had a heading to itself, "Magadi Soda Royalties", "Royalties on Minerals" and "Ballast" from Head XI, where they were wrongly classified as Sale of Government Property. Seed and Plant Sales have been transferred to Head VII. This Head shows an increase of £54,184 due to the insertion of a low figure for 1921, which covered only a small part of the annual rents, as these are mostly collected in the first quarter

quarter of the year. The estimate for 1921 is however £10,200 less than the estimate for 1920-21, which was based on the expectation that all the farms allotted under the Soldier Settlement Scheme would be taken up. The Revenue of the Forest Department, including Timber and Fuel Sales and Royalties and Miscellaneous, shows a decrease, the figure for 1921 having been unduly optimistic. Magadi Soda Royalty is somewhat problematical and is based on a forecast predicting an output of 100,000 tons per annum. Interest was formerly shown as a separate head, and was split up into two subheads for Interest on Surplus funds with the Crown Agents and Bank, and Interest on Suitors' funds and Intestate Estates, which it does not seem necessary to separate. The decrease of £450 under this subhead is due to the Administrator General having paid into the Revenue of the Colony a large sum, which was standing to the credit of unclaimed deposits and will no longer earn interest as it was done in the past.

16. Head IX. Sale of Government Property. In the past included revenue from Ballast, and Magadi Soda and Mineral Royalties, which have been transferred to Head VIII as already described. Sale of maps by the Land Office, Sale of Stores, and Land Sales, have been transferred to this Head. The total decrease under this head amounts to £10,679 of which the principal item is £6,500 under Sales of Farm produce and stock, the proceeds of which are expected to fall off by the sum of £6,500 on account of reduction in prices of livestock. Stores and Sundry were unusually inflated in 1921 on account of expected receipts from the sale of old Ford Cars, which will not be repeated, and this subhead has therefore been reduced by £4,000. Land Sales are only a small item but need explanation because these receipts were formerly included in a separate Head, distinct from the rest of the Revenue composed of (1) Freehold and Homestead areas, which was absorbed into the General Revenue and is represented here and

(2) Stand premia on farms and town plots, which are earmarked for special expenditure on Roads, Bridges, and Capital Works, for the development of the plots sold. The inclusion of receipts from Stand Premia in the total of the Revenue has been somewhat misleading in the past, because the unspent balance was carried forward at the end of each year and therefore belonged to a fund quite distinct from the Revenue. The estimate was purely a nominal figure and did not affect the budget. It is therefore proposed to leave it out of the estimates in future, but a separate account will be kept and the receipts will be fully detailed in the annual financial report.

17. Head X, Miscellaneous Receipts - Sale of Stores has been transferred from this Head to Sale of Government Property. Otherwise there is no change.

18. The total estimated expenditure for the year 1922 amounts to £2,130,861, of which £2,077,615 is Recurrent, and £53,246 is Special. The figures taken as representing the estimates of expenditure for the previous 12 months, for ~~the~~ purposes of comparison, do not agree with the figures in the approved estimates for 1921. Because in many cases one third has been added on account of the additional period, and in others, where the expenditure is the same for the 12 months period as for the nine months, no addition has been made. The figures adopted are considered to be the most suitable for purposes of comparison. Comparing the figures so arrived at with the estimates for 1922 the latter show a decrease of £245,405, of which £143,697 is a decrease in Recurrent Expenditure, and £101,708 is a decrease in Special Expenditure. Compared again with the estimated expenditure for 1920-21, less Railway and Stand Premia, there

is a decrease of £35,581 on Special Expenditure and an 322
increase of £132,149 on Recurrent. Reductions from the
Recurrent expenditure of 1921 have been affected
principally by the following methods. No provision has been
made for the administration of Jubaland, and thereby
expenditure under the votes for Post Office, Police,
Administration and Military have been decreased by an
aggregate of approximately £25,000. It must however be
remembered that, unless the evacuation is complete by the
end of the year 1921, expenditure will be incurred for which
there is no provision, and that there is unlikely to be any
reserve found to cover it. The vote for the administration
of the Northern Frontier District has been cut down by
£15,368, in consequence of the King's African Rifles taking
it over. A number of appointments, chiefly in the Police
and Agricultural Departments, have been suspended, and a
reduction has been effected thereby. These posts will be
retained in the estimates, but, until the financial position
permits, no amounts will be provided against them, and a
footnote will show that it is not intended to fill them.
The amount provided formerly for local allowances of
officials was 50% on the full salaries of all Europeans,
although this was not payable to officers on leave. This has
been reduced on account of leave, but a most useful reserve,
which formerly was available to meet unforeseen liabilities
such as always arise in the course of the year, no longer
exists. It may be mentioned that these estimates include
the sum of £215,762 on account of local allowances
calculated at the rate of 50%, although they are liable to
reduction after the 31st of March, 1922, if the cost of
living has fallen. The latest available figures show a fall
in the cost of living since August 1920 of 3% only.

19. Additions to expenditure are caused by promotions
of members of the Non-European Clerical Staff under the
revised terms of service, which were sanctioned by the
Secretary of State in 1920 and have already been adopted.

15.

20. In comparing the totals of Heads of expenditure with the totals for the previous year it should be noted that in some cases apparent reductions of expenditure are due to the fact that provision for house allowances has been transferred to the vote for Public Works Recurrent, where it can be more suitably controlled.

21. In the following remarks explanations are given of the principal alterations in the Recurrent expenditure which call for special attention. In the printed estimates themselves brief explanatory notes will be found for all differences from the previous estimates.

22. Head II. Pensions and Gratuities shows an increase of £5,376. This provides for new and increased pensions, which have already fallen due, with £3,000 to meet further calls on this vote in respect of new grants of Pension or Gratuity which may be made before the 31st of December, 1922. No separate provision is made for the expenses of the Widows and Orphans fund, as information has not yet been received as to the probable cost. It is hoped that the £3,000 will be sufficient to cover this also.

23. Head III. His Excellency the Governor. When scales of salaries were revised throughout the service, the posts of Chaffeur and Head Gardener were overlooked. The scales for these were formerly £180 and £150 by £10 to £200 respectively. A new scale, £250 by £15 to £350, has been recommended to the Secretary of State by His Excellency the Governor in his despatch No. 560 of the 22nd of April, 1921, for each of these posts, and provision has been made accordingly.

24. Head IV. Secretariat includes provision for five additional 4th grade non-European clerks at a cost of £600 to cope with typing and filing of correspondence. Without these it is considered that the correspondence of this department cannot be promptly and efficiently dealt with.

25. Head V. Official Gazette. A reduction is made of one Machine Minder, 4th grade. No provision is included for Special Expenditure.

26. Head VI. Administration has undergone considerable re-arrangement in consequence of the separation of Non-Native from Native areas, and the transfer of Voi area from Seyidie to Ukamba, and of Kyambu from Ukamba to Kenya. The figures in the column for 1921 estimates have been arranged in the manner most suitable for showing increases and decreases, and do not correspond with the figures in the 1921 estimates.

27. General Staff shows reductions under items 7, 8, 12 and 33, of allowances to officers, due to the anticipated transfer of Jubaland, and to the taking over by the Military of the Northern Frontier District. Item 14 provides for a new appointment of a Typist for the Resident Commissioner's Office at Kisumu, where work in connection with European areas between Kisumu and Londiani is now being undertaken and results in a considerable increase in correspondence. In the Non-European Clerical Staff an increase of one 4th grade clerk (item 22) is required for Machakos, to deal with additional work arising out of native registration and other causes.

28. Non Native Areas. In the case of those areas which formerly comprised Naivasha Province, including the Senior Inspecting Commissioner's Office, Eldoret, Naivasha, Nakuru, Trans-Nzoia and Rumuruti, besides Suk-Kwasia in the Native Areas, reference should be made to Appendix H for purposes of comparison with the estimates for 1921. It will be seen there that, although there is some slight increase under four items, the aggregate vote has been reduced by £1,419.

29. Coast. While the Liwali of Mombasa (item 40) ~~remains~~ remains graded as a first grade Administrative Officer, with house and local allowances separate from salary, the Assistant Liwali (item 41) has been placed on a consolidated rate of salary of £15.450 p.m. in accordance with a recommendation made to the Secretary of State by His

Efficiency the Governor in a recent despatch. Item 42 provides for a post of Arab Assistant at a salary of Fls. 250 p.m., who is to be transferred from the Staff of the Arbitration Board under the Land Department, where a reduction of two such posts is effected. It is desirable that a young Arab should be trained in methods of Administration, with a view to his fitting himself for holding a more responsible post at a later date. Item 57 provides for a new Process Server who is required owing to the large number of Court Cases under the Masters and Servants Ordinance, and the Native Registration Ordinance. Under item 63 a new scale of salary (£250 by £15 to £360) is provided for the Market Master Kombasa, who was not dealt with when scales of salary throughout the service were recently revised, and is at present receiving his old salary with War bonus. Salary on the new scale was provided for in the 1921 estimates, though the scale was not there shown. The scale has been recommended to the Secretary of State in a despatch quoted in the explanatory column in the estimates against this item.

30. Nairobi. A new appointment of a Uganda Chief at a salary of £210 p.a., of which one quarter will be contributed by the Uganda Government, is provided for under item 97a. This appointment has been asked for by the Buganda natives themselves with a view to keeping their fellow tribesmen, who are resident in Nairobi, under control, and dispelling the unsatisfactory reputation which they have acquired.

31. Eastleigh Township. Expenditure has been revised and reduced, and is covered by a corresponding item of Revenue under Head IV-16. The Secretary of State has approved of the appointment of a Superintendent of Conservancy (item 106) at £500 p.a., with local allowance in place of an Overseer at £420. The sum of £731 is provided for road construction and maintenance.

entry which is made with a view to intimating that the Revenue realised from the special rate levied in this area shall be devoted to the area, while leaving a loophole for retrenchment if the Revenue is not realised.

32. Nyeri shows increases amounting to £396 due to the separation of Non Native from the Native area, and to the increase of European Settlement in the former.

33. Native Affairs Department provides for certain increases in Staff -

Head Office:

item 170 - 2 Clerks 4th Grade £288.

These are required to cope with increase of work and to provide for absence on leave of existing staff.

Registration:

	£
item 198 - 1 Clerk 3rd Grade	150
item 199 - 9 Clerks 4th Grade	1296
item 202 - 4 African Registration Clerks	216
item 206 - New grade Asiatic Supervisor	<u>12</u>
	1674
item 204 Less 9 Finger Print Takers	<u>216</u>
	<u>£1458</u>

These increases are in order to continue the work of registration which, as it is extended, increases. It does not provide for completion of registration entirely, and for reasons of economy the scheme will be confined to the men of Labour age and the old men who have their reserves. The Chief Native Commissioner estimates that a further sum of £2,610 would be required for complete registration.

34. In the Labour Section retrenchment has been effected by suspending the appointments of item 176, Senior Inspector of Labour, and item 177, 2 Labour Inspectors, involving a reduction of £2,809. A reduction is also made in the scale of salary of the Officer in Charge of the Finger Print Bureau (item 209) concerning which an error was made in 1921. Item 233 of Other

Charges for Compensation to Natives under Crown Lands Ordinance was inserted in 1921 for purposes of acquiring areas on main roads for outspans. It is proposed to find the money, if necessary, out of Stand Premia.

35. Native Area Coast. This Schedule is compiled by amalgamating the estimates of the old Seyidie and Tanaland Province, with the Non-Native Area omitted. Items 234 and 238 to 242 provide new and consolidated salaries for Liwalis, which are approximately equivalent to the combined salary and allowances previously drawn by these officials, and have been recommended to the Secretary of State as personal to the present holders of the posts in a recent despatch numbered 147 and dated the 21st of June, 1921.

36. Ukamba vote contains small increases, amounting to £685, to provide for Taveta Station, which has recently been handed back to the Colony by the Administration of Tanganyika Territory.

37. Kenya shows a small increase of £94 for Hut Counters (item 306), which should result in a fuller collection of Native Hut and Poll Tax.

38. Jubaland. No provision is made for administration of this area. The figures inserted for 1921, which amount to £7,728 and are shown as a saving, are the amount provided for 4 months of the previous year.

39. Masai. Provides small increases amounting to £407 for the new station which has been opened at Laitokitok.

40. Northern Frontier District shows a decrease of £16,368 due to the administration having been handed over to the Military, whose transport amounting to £7,598 is provided for under Head XVII. It is hoped that the provision of £3,360 asked for by the Military to carry out the administrative side of their duties will prove sufficient. The sum of £2,000 under item 449 for Contingencies

contingencies is to allow some latitude in expenditure as these estimates are compiled before the Officers responsible have had much experience of the district.

41. Head VIe. Administration Special Expenditure contains two items, £2,000 for Road construction and maintenance in the Northern Frontier District, which is undertaken by the Military, being out of the range of the Public Works Department, and £300 for a Swahili Newspaper. The latter item has been strongly urged by the Acting Chief Native Commissioner who points out that there is a demand for such a newspaper among Natives, and it is desirable that it should be instituted under Government control forthwith in order that the demand may not be met by an independent and possibly undesirable publication. The sum of £300 should be sufficient to start the paper, which in future should support itself by the proceeds of its sales and advertisements.

42. Head VII. Treasury. A reduction is made under item 6, Female Typist, and an additional post of 4th grade Non-European clerk is substituted therefor (item 15). Under the Revenue Section, which was formerly described as Income Tax Commissioner, provision is made for one additional Assistant Treasurer - £300 p.a. (item 28), two clerks 2nd grade (item 33), and two clerks 4th grade (item 34), in order that the collection of Revenue may be undertaken in a more systematic manner. The Auditor has reported that the collection of Revenue from Non-Natives leaves much to be desired, and has recommended the formation of this Revenue Section whose duties will include collection of Income Tax and Estate Duty. There can be no doubt that the increased receipts will more than justify these appointments. Provision of £400 for expenses of the Estate Duty Commissioners (items 4-40), and, in consequence, been deleted.

43. Head VIII. Customs. A reduction is made in 2 posts of Preventive Officers, 2 Sergeants, 6 Corporals, and

and 6 Watchmen. Provision is made under item 21 for an addition of £60 in the Personal allowance to the Head Clerk with a view to increasing his pensionable emoluments at the end of long and faithful service, the amount being at present payable to him as a non pensionable allowance. This has already been recommended to the Secretary of State in a recent despatch.

44. Head IX. Port and Marine Departments. The scale of salary for Pilots (item 3) has been increased during 1921, with the sanction of the Secretary of State, from £360 by £15 to £400 to £400 by £20 to £500. Reductions amounting to £1,920 are effected in anticipation of the transfer of Zanzibar. The small increase of £47 for upkeep of launches in Tanganyika (item 75) is due to a proper desire to pay natives for fuel for running the launch, for which no payment has been made in the past.

45. Head IXa. Port and Marine Special Expenditure is composed of two small items only amounting to £400, for new engines for boats for the Port and Police work. The old engines are worn out, and the boats, which are absolutely necessary, will be useless without new engines.

46. Head X. Audit Department. The Auditor's estimates are subject to the approval of the Director of Colonial Audit. Increases of £215 under Other Charges provide particularly for inspection of quotations, which, owing to shortage of staff, have not recently been so frequent as is desirable. Of the total expenditure of £16,148 the Railway contributes £5,325, and the Government of Zanzibar £1,298.

47. Head XII. (Police. In this Department there is more variation in the staff than in any other but the changes are not all apparent from the figures in the printed estimates, as in some cases increases are counterbalanced by reductions. In the first place there is a considerable reduction in expenditure on account of Zanzibar, represented by £5,831 in salaries and allowances, and

and the following posts having been deleted viz - 1 Superintendent (item 5), 1 second grade African Sergeant (item 32), 4 third grade African Sergeants (item 33), 7 Corporals (item 34), 16 first grade Constables (item 37), 28 second grade Constables (item 38), 57 third grade Constables (item 39), and 1 fourth grade clerk (item 58). Provision for the Inspector General (item 1), his Staff Officer (items 2 and 6) and 1 fourth grade clerk (item 58) is made for part of the year only, as it is proposed to abolish this post on the retirement of the present holder. The following posts on the establishment are temporarily suspended, and, although they are still included on the strength, no provision is made for payment, and they will not be filled - 2 European Inspectors (item 8), 2 Assistant Inspectors (item 12), 9 third class Constables (item 33), 1 second grade Assistant Sub-Inspector (item 30), 1 first grade Sergeant (item 31), 5 third grade Sergeants (item 33), 7 Corporals (item 34), 7 first grade constables (item 37), 19 second grade Constables (item 38), 39 third grade Constables (item 39). The reductions under Personal Emoluments resulting from suspending these appointments amount to £6,549. Reductions under Other Charges arising out of curtailment of establishment amount to a further sum of £3,716. Saving is effected by the abolition of allowances (items 32, 33, 94) to the Superintendent and Assistant Superintendent for performing the duties of Immigration Officers.

48. Increases in the Police establishment include two Assistant Superintendents (item 6). This is not a parent from the printed estimates, where an increase of one only is shown owing to the reduction of one post, as already mentioned, the holder of which performs the duty of Staff Officer to the Inspector General. One of these Assistant Superintendents is required to perform the duties of Public Prosecutor. The Acting Commissioner of Police has pointed out that many Court cases have to be entrusted to an Inspector, who has not sufficient training or time to present them

them satisfactorily, with the result that miscreants, by employing the assistance of professional defence, are able to defeat the prosecutor by argument or on technical points, and escape from justice. The second Assistant Superintendent is required for Immigration work at Mombasa, where records are falling seriously into arrears. Two additional 4th grade clerks (item 58), which equalise corresponding reductions already mentioned, are required, one for the Commissioner's Office, one for the Immigration Office at Mombasa, where the volume of clerical work has outstripped the capacity of the staff. Under item 9 a new allowance of £30 p.a. is provided for the Inspector in charge of Weights and Measures, the Ordinance relating to which is now being enforced. The duties in connection with the Weights and Measures require special knowledge, which can only be acquired by going through a course of training when on leave, and necessitate a headquarter station, which on account of its expense is not attractive. At present there is one Inspector only in the Department, who is qualified to perform this work, and it is hoped that the allowance will act as an inducement to others to be ready to act as understudies.

49. Head XIV. Medical Departments calls for attention in respect of revised scales of salary and allowances for Medical Officers under items 23, 27, 29, 30, 32, 33 and 34, which have already been introduced with the sanction of the Secretary of State, and the following retrenchments.

item 16.	7 4th grade clerks	£.
		1,008

These were included as new appointments in 1921, but not filled.

item 23.	3 Medical Officers with local allowances, temporarily suspended.	£.
		2,700

item 30.	1 Train orderly do. do.	£.
		345

item 33.	3 Asst. Surgeons temporarily suspended	£.
		900

item 50.	10 Sub-Asst. Surgeons do. do.	£.
		2,400

item 57.	2 Sanitation Officers with local allowance do.	£.
		2,400

item 58.

Item 56. 3 Senior Medical Officers of Health with local allowance temporarily suspended	2,600
Item 48a. Allowances	1,750

A reduction is made of £2,000 under Other Charges chiefly under Medical and Surgical Stores. The increase of £500 under item 41B, for Bush clearing and Malaria preventive measures, is for special work on the lake shore at Kisumu, where there remains at the top of the bay near the Railway station a small area of papyrus and swamp. Measures of this kind have in the past proved most beneficial to the health of Kisumu.

50. Head XIVa. Medical Special Expenditure is made up of £100 for contribution to the Nakuru Hospital Building Fund, and 25,600 being the second instalment of payment for stores taken over from the Military Salvage after the war. It was understood that as payment was to be spread over three years consumption of the stores would suffice for a similar period, but it appears that they have already been used up.

51. Head XVI. Education. Heavy curtailment has been made of the amounts asked for by the Director of Education and the Education Board. Of the items sanctioned in the 1921 estimates the posts of 1 Headmaster (item 17), 1 Headmistress (item 19), and 1 Matron (item 21) under European education have been temporarily suspended. These were intended for the School at Trans-Nzoia, funds for the building of which are not at present available.

52. Item 25. Doctors fees £300. A proposal has been made by the Education Board that the fee should be reduced from £150 to £100 and that the Medical Officer be authorised to charge parents a fee in cases necessitating admission to hospital. The vote provides for 3 Schools, at which the amount paid appears to have been £100 plus local allowance. To carry out the recommendations of the board the local allowance has been reduced.

53. Under Indian Education provision is made for certain

new items, which were shown as special expenditure in 1921, and in addition under item 44 6 new posts of Assistant Teachers are inserted for Nairobi and Mombasa Schools, in order to cope with increase in pupils.

54. Under Native Education the post of 1 Headmaster (item 60) is deleted. This was intended for the Arab School at Malindi, while the 3 posts of Headmasters, on a higher scale of salary, under item 58, were for Machakos, Mombasa and Waa. In order to retrench it is proposed to confine the work at the School at Waa to technical education, suspending the appointment of a Headmaster and putting the School in charge of a Technical Instructor. At the same time it is considered desirable that the Headmaster of the Arab School should not be on a lower scale of salary than that of other Headmasters, and that he should be paid out of item 59 in future.

55. Provision is made under item 59 for 2 new posts of Inspectors, at £500 by £25 to £600, for inspection of Mission and Village Schools. Such inspection is necessary to ensure that the best use is made of the Government assistance and the grants to these schools. This increase, together with other increases for Native Education, included £931 under item 71 for Native Technical Instructors and Teachers, £63 under item 91 for grants to Police Schools, and £300 for Improvement of Village Schools (item 95), is made out of the sum allocated in 1920-21 for native development from the increased Native Hut and Poll Tax, part of which was for only provided for under Special Expenditure for starting and equipping schools with the idea that similar sums would be available for recurrent expenditure in subsequent years.

56. Head XVII. Education, Special Expenditure: £800 is required for Indian Education for the continuation of equipping the new Allidina High School, Mombasa, and for equipping the additions to the Nairobi School. The Grant-in-aid to Buxton High School is discontinued as the Allidina High School will take its place. £900 for Native Education is for furnishing

Village Schools, some of which have been in existence for over a year without equipment. The average cost of equipment for these Schools is estimated at about £40 each. This sum is likewise a part of the increase in Native Hut and Poll Tax earmarked for Native Education.

57. Head VII. Military shows a decrease of £4,765 in the total. Some slight re-arrangements have been made by separation of the depots of the two battalions, where, by substituting a post of Company Sergeant Major for a subaltern, a saving of £304 has been effected; and by including Machine Gun Detachments with the battalions. Reductions are shown under Inspector General and Intelligence, which are due to overestimate of local allowances in 1922. The estimates for the two battalions call for little comment. A small new item of £275 is inserted for Furniture for Officers Quarters, which has not been renewed since the outbreak of war.

58. The K.A.R. Hospital (items 217-224) shows an increase of £1,898, partly on account of items transferred from the Medical Department Vote, and partly because the establishment previously estimated for has not been sufficient to provide attendance for detachments at outstations.

59. Northern Frontier District Transport (items 245-263) shows an increase of £7,598 on account of the K.A.R. taking over the administration of this district. Against this increase set off not only savings of £11,771 on the Military vote for Jubaland Transport, but also £12,809 under the vote for Civil Administration for transport in the Northern Frontier District. A new post of one additional Lieutenant (item 248) has been transferred from Jubaland Transport, and 3 Armourer Sergeants (item 247) at £250 by £15 to £450 to take the place of two Non-Commissioned Officers on the same scale (item 265), and one at £250 by £15 to £310 (item 264) in Jubaland.

60. Defence Force shows revised estimates of salaries for a Staff Officer, Armourer Sergeant, and Store keeper, and a new post of European clerk, all of which have already been introduced with the sanction of the Secretary of State. Increases amounting

amounting to £5,642 appear under Other Charges, consequent upon the advancement of the Defence Force and Territorial Force Schemes.

61. Head XVIIa. Military Special Expenditure. The sum of £7,146 is provided to meet the payment of the second of three equal instalments due to the War Office for equipment purchased for the Defence Force.

62. Head XVIII. Miscellaneous Services calls for no special comment beyond the reduction on item 10, due to the discontinuation of the contribution to Reuters Agency for the special service, and the increase on item 14, due to the proposed cessation by the Railway of the issue of free Railway passes to Members of the Legislative Council, so that refunds of Railway fares of Members when attending Council meetings will then be chargeable to this vote.

63. Head XIX. Post Office and Telegraphs, after deducting the amount provided for house allowances, which has been transferred to the Public Works Recurrent vote, shows an increase of £2,972 in spite of retrenchment. This increase is due to normal increments of salary of the staff, increased Railway charges for haulage of Postal Vans, and the fact that an item of £3,000 was shown in 1921 as a deduction due to savings on vacant posts which has not been repeated. The following retrenchments in the staff are proposed:-

		£
item 15.	6 Postal Clerks and Telegraphists with local allowance	3,700
item 18.	4 Female do. do.	1,200
item 27.	3 Engineering Assistants do.	1,800
item 40.	32 Clerks 4th Grade	1,608
		10,308
Less item 41 - 32 Junior Clerks		7,336
		<u>£ 2,972</u>

The post of Chief Telegraph Engineer (item 5) was reduced during 1921 on the appointment of the Deputy Postmaster General, but provision had to be made in 1921 for payment of salary to the holder of the post while on leave prior to his appointment.

64. Revised scales of salary have been introduced with the sanction of the Secretary of State during 1921 for the Telegraph Engineer (item 21), Assistant Telegraph Engineers (item 22), and Sub-Engineers (item 23).

65. New posts are inserted under item 22, 1 additional Assistant Telegraph Engineer (£2500 by £2600), and 32, 3 second class Telegraph Inspectors (£300 by £35 to £350). The present Assistant Telegraph Engineer is employed almost wholly on wireless construction and maintenance duties, and the rapid development of Telephone and Telegraph lines has resulted in the duties of the Telegraph Engineer becoming unduly heavy, as the scale of salary of Engineering Assistants is not sufficient to attract or retain the services of men of the ability required. As mentioned above, it is proposed to abolish the posts of 3 Engineering Assistants; and the Postmaster General has asked for an additional Assistant Engineer. The Telegraph Inspectors are required for satisfactory maintenance and improved facilities required by the Railway. The increased charges for Railway freight and haulage of the Postal Vans are justified, as at present the work is done below cost price.

66. Head XIXa, Post Office and Telegraphs. The Postmaster General asked for £37,000 to meet his requirements, for which £6,000 only was allowed. He has allotted this sum in the manner he considers best to various items, which are mainly for improvements and extensions of the Telegraph and Telephone facilities.

67. Head XX, Agricultural Department. Retirement has unhappily fallen on this Department more heavily than on any other, partly because there are certain services, which, although highly desirable, it is possible to do without; and partly because opportunity for suspending appointments is afforded by vacancies. The suspension of services includes Experiments in Tobacco and Pig and Dairy Industries, and further development of Eldoret Farm, where it is proposed that the Manager should confine himself to upkeep of the small portion of the farm already developed, and to making agricultural experiments.

experiments in conjunction with local workers. The posts to be suspended temporarily are as follows - item 3 Allowance to Tobacco Officer, item 10 Dairy and Pig Officer, item 11 Allowance to Poultry Officer, item 12 Horticulturalist, item 14 Grader and Inspector (of Maize), item 47 Chief of Division of Tropical Agriculture, item 48 Tropical Agriculturalist, item 51 1st Foreman Instructor, item 62 Chief of Botanical Division (for 6 months), item 71 - 1 Entomologist, item 43 Experimentalist, item 100 Foreman Eldoret Farm, item 110 - 3 Veterinary Officers.

(Note - Information has since been received from the Crown Agents that a second Entomologist has been already engaged, so provision for this appointment will have to be reinserted.)

68. It has further been suggested to the Secretary of State that in view of the financial position the contribution to Arushii Institute in Tanganyika (item 44), and the payment of a share of the salary of the Veterinary Adviser (items 105 and 106) shall be discontinued, but pending decision on this point provision has been left in the estimates.

69. Items 50 and 52 show new scales of salary for the Managers of Mazaras Experimental Farm and Kibos Experimental Station equivalent to the scales sanctioned, when the terms of service for Europeans were recently revised, for Agricultural Instructors. Two Officers have been appointed on these scales, and are being paid under other items, which are included in the list of retrenchments, and in order to effect these retrenchments it is proposed to transfer the present Managers to fill other vacant posts. New appointments of Typist at £200 by £15 to £250 and Junior Clerk at £60 are provided for under items 118 and 119, which are partly balanced by a reduction of 1 clerk under item 117. A new post of Junior Clerk at £60 in the Veterinary Research Division is entered under item 104. These appointments are to enable a better distribution of work to be made and to relieve technical Officers of clerical duties. The Typist is not shown at the minimum of the scale, being already employed temporarily to perform the work of clerks on leave, and paid out of savings.

70. Head IX. Miscellaneous Special Expenditure. No provision is made under this Head. It is proposed to discontinue payment of bonuses for erection of Cattle Dips, which was made when the advantages of dips were not fully appreciated in order to encourage their use. The advantages have now been sufficiently advertised to require no further demonstration and no provision is therefore necessary for the dipping Scheme. The Cochin Trade Ordinance, for expenses of which provision has been made formerly in the past, is not likely to be brought into force immediately, and so provision for both Revenue and Expenditure has been deleted.

71. Head XXI. Forest Department. Increases are provided for under subheads of Other Charges for Protection and Exploitation (item 18), £400, and for Nurseries (item 19) £360, without which orders cannot be fully executed, and the estimated Revenue will not be realised. Increases under Other Charges of Expenditure in Native Reserves (items 337-340) are justified by the fact that the total for Native Reserves amounts to £1,425 only, which is £124 less than the amount set aside in 1920-21, for this purpose, out of increased Native Hut and Poll Tax, with the intention that this should be a recurrent vote.

72. Head XXII. Game Department. Retrenchment is effected in this Department by suspending temporarily the post of Senior Assistant (item 2). Further cutting down can be effected, if necessary, later when the appointments of 2 Assistants fall vacant. The holders of these posts will however have leave due to them, which necessitates making provision for their salaries until the end of 1922. Economy will be effected in Transport by restricting the activities of the Department.

73. Head XXIII. Land Department. One post of Examiner of Titles (item 21); and that of Geologist (item 27), have been suspended temporarily, while Duty Allowances to the Chairman of the Arbitration Board (item 55) of £100, and to the Deputy Chairman (item 56) of £50, have been retrenched. Posts of two Sub Assistants (item 58) have been abolished. The salary of the

the Acting Liwali Daku (item 50) has been consolidated in accordance with recommendations made to the Secretary of State by His Excellency the Governor when dealing with the salaries of other Liwalis as already mentioned. New appointments appear under item 51, for a Printer at Fla.50 p.m., who is urgently required for map work, and under item 52 where £1,273 is provided for temporary staff; this consists of 4 Demarcators who are required for Survey work to expedite the settlement of Coast titles, and 6 Tracers, to get up back work which accumulated during the war owing to the absence of staff on active service, and to cope with extra work resulting from the Soldier Settlement Scheme. Large decreases appear under Other Charges due to reduction of field work and economy. Geological Survey (item 80) is temporarily suspended; and no provision is made for Fees for Licensed Surveyors (item 81), it being the intention to undertake all Survey work departmentally.

24. Head XLIV. Public Works Department. Owing to insufficiency of funds it has not been found possible to make provision for carrying out the recommendations of the recent Commission, which investigated the organization of this Department and advised the creation of a number of new appointments. The following reductions in establishment have been effected:-

- Item 5. Asst. Electrical Engineer at £600 by £25 to £575.
 - Item 26. Mechanical Transport Officer at £500 by £25 to £475.
 - Item 30. Asst. Animal Transport Officer at £250 by £15 to £235.
- These posts are to be abolished. It is proposed that the Electrical Engineer should take over the duties of the first two officers. Provision is made for the Mechanical Transport Officer for 6 months, in order to allow the newly appointed Electrical Engineer to make himself acquainted with local conditions before taking over the Mechanical Transport branch; an amount is left on the estimates to meet the leave salary of the retiring officer during his accumulated leave. The duties of the Assistant Animal Transport Officer have been chiefly in connection

connection with the Northern Frontier District and will be performed by the K.A.R. Transport Officer in future.

75. Three appointments have been temporarily suspended, namely item 25, two Senior Architectural Draughtsmen at £400 to £20 to £500, and item 27, Hydraulic Engineer at £700 by £25 to £800. The control of instruction of African Apprentices has been returned from the Education Department to the Public Works Department and is provided for under items 8 and 63. In 1921 the Instructor was shown in the Education Department vote as a General Superintendent at £550 p.a. only, as against £400 now provided, the revised scale and increments having been apparently overlooked.

76. Expenses of the Coast Agency were provided for in 1921 by a lump sum of £1,000, the last item in the vote. As however it was not sufficient to cover requirements and included pensionable posts and a peculiar allowance, which were shown separately in the estimates of previous years, it has been considered necessary to separate them again. In consequence the following additions have been made:-

item 20.	Personal Allowance	£100
22.	Assistant to Coast Agent	£400
35.	Local Allowances	£250
41.	1 Clerk 2nd Grade	£305
42.	2 Clerks 3rd Grade	£384
43.	5 Clerks 4th Grade	£720
48.	Labour	£900
52.	Non Pensionable Allowances	£175.

The allowance of £100 (item 20) was described in the estimates prior to 1921 as "Allowance to Coast Agent", and has been regarded as personal to Mr C.W. Gregory. Half of this was formerly paid by the Government of Uganda; but now Uganda has its own separate agency and the whole amount falls upon Kenya.

77. Retrenchment is effected under Other Charges, although travelling votes have been increased. These have hitherto proved inadequate, the use of motor transport having clearly demonstrated that increased travelling results in economy through closer supervision.

supervision and better laying out of funds. The sum of £1,000 is provided for work in connection with water control (item 70) which is the abolition of the post of Hydraulic Engineer, and the creation of two posts of Irrigation Engineers.

78. Head XIV. Public Works Recurrent, shows a large increase due to transferring provision for House Allowances from the votes of the Departments concerned for purposes of better checking and control. The vote for Maintenance and Repair of Roads and Bridges have been curtailed to the minimum which will permit of economical upkeep. The increase of £300 for Maintenance of Mombasa Water Supply is for the upkeep of extensions which have been made to the service. The Director of Public Works estimates that the recurrent expenditure on this service, including Interest, Sinking Fund on Loan, Maintenance, and Staff, will amount to £9,729 for the year 1922, while the Revenue is shown under Head VII - 7 as £12,000.

79. Head XXVI. Public Works Extraordinary provides two meagre amounts of £16,700 for Minor and Petty Works, and £10,000 for New Roads and Bridges, which will be reserved for pressing requirements arising during the course of the year. £3,300 is also provided for the second instalment of payment to the War Office for Buildings taken over from the Salvage at the end of the war.

80. Head XXVII. Interest. The sum of £72,000 is a very heavy demand on the Colony and represents 6% the present bank rate, on £1,200,000, the estimated average amount of the Colony's overdraft for the year. If the Imperial Government agrees to pay any part of the Protectorate Share of War Expenses, or, if it is decided to charge the Railways with interest on that part of the overdraft which can be attributed to the large balance of Railway Unallocated Stores, a reduction on this item can be effected.

81. Stand Premia. It has in the past been customary to raise provision in the estimates for capital expenditure out of Stand Premia. In 1921 this was done under a special vote entitled Stand Premia, and prior to that year under Public Works Extraordinary. The sum inserted has been purely a nominal one, equalling the estimate of receipts, and the expenditure is controlled by the

amounts received which cannot be foreseen. The reasons why it is desirable that these receipts should be kept in an account separate from Revenue have been already detailed in dealing with the Revenue, and they apply also to the Expenditure side, namely that the balance of assets and liabilities is otherwise incorrectly shown on the Balance Sheet. The expenditure is more suitably controlled by Special Warrants than by estimates, the programme being thereby dealt with more expeditiously as soon as the receipts are reported. This is the existing procedure, except in so far as separating the account, and it is proposed to continue it, marking the separation of the account by debiting an entry in the estimates relative to it. The Special Warrants authorising the expenditure are reported to the Secretary of State and the Legislature at the earliest possible opportunity, and the Revenue and Expenditure will be fully detailed with reference to the governing authority, in the financial statements for each year.

Ed. W. A. Kempe.

TREASURER.

The TREASURY,

London, 13th July, 1901.

41594
 GOVERNMENT HOUSE,
 NAIROBI.

14th July, 1921.

Sir,

I have the honour to forward herewith copies of the draft Appropriation Bill relating to the Expenditure for the year 1922, together with ten copies of the Draft Estimates for that year.

Appropriation Bill.
Draft Estimates.
Memorandum.

2. Sir Edward Northey has taken with him to England Statements, which give a rough outline of these estimates. A few amendments have been made to the figures before they have been printed, and the estimates as now submitted show Expenditure in excess of the Revenue by £412,617. These estimates do not include provision for Revenue to be derived from increased Customs duties, as negotiations with regard to this matter are not sufficiently advanced to enable an estimate to be framed.

3. It is proposed that, as soon as your instructions are received with regard to the deficit, the Appropriation Bill shall be presented to the Legislative Council together with the proposals for dealing with the deficit. Any amendments which are made during discussion of the Estimates in Council will be communicated to you immediately. This procedure has been adopted, in order that you may

THE RIGHT HONOURABLE

WINSTON CHURCHILL, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET, LONDON, S. W.,

if necessary, discuss the details with Sir Edward Northey while he is in England, and, in view of the unusual difficulties which the budget for 1922 presents, to ensure that the consideration of it may be completed before the beginning of the period to which it relates.

4. A memorandum by the Treasurer of the Colony is attached, in which he deals with the financial position, and explains very fully the differences in the Revenue and Expenditure as compared with the figures of the previous year.

I have the honour to be,

Sir,

Your humble, obedient servant,



ACTING GOVERNOR.