

1933

1933

3173

KENYA

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CO 533/436

Butter Levy Ordinance.

Previous

18062/34
a sub file.

Subsequent

23058/34.

Key 297 18/5

Mr. Christman. 19/5

Mr. Stockdale 16/5

Mr. Hood 18

R 297

1. Exercise, Bygone, 2112

15/1/35

Trans. Report on the operations of the Butterley Advisory Board, together with audited statement showing the position of the Butterley Fund at 31st Dec. 33.

As this report covers the period 12th Dec to 31st Dec 1931 in addition to the year 1932 it is not possible to compare the report figures for 1931 with those for 1932 - but the separate figures for 1932 should be true no doubt to the Agricultural Census Report 1933 which is now due.

In 1931 708,512 lbs of wheat was reported as compared with 873,148 for 1930 the drop being attributed to the damage by locusts to the crop.

? Publ.

Dean
J. H. Hildale

H. R. Porell
15/1/35

J. C. W. G. S.

15

(2)

KENYA.

No. 242



GOVERNMENT HOUSE
NAIROBI.
KENYA

RECEIVED
13 MAY 1953
COL. OFFICE

April, 1953.

Sir,

No 5 }
13062/1/12 }
No 6 }

With reference to paragraph 2 of your despatch No. 812 of the 31st October, 1952, and to Kenya despatch No. 586 of the 8th December, 1952, I have the honour to transmit a copy of the Report on the operations of the Butter Levy Advisory Board for the year 1952, submitted by the Chairman of the Board, together with a copy of an audited statement showing the position of the Butter Levy Fund at the 31st December, 1952. I would invite your attention to the remarks of the Director of Agriculture quoted in the Chairman's Report.

2. It will be observed that the financial assistance rendered from the proceeds of the levy to the export butter trade in 1952 amounted to 27,827/11/4 or 27 cents per lb on 897,582 lbs of butter exported.

3. It will be noted, from the enclosed correspondence from the Kenya Co-operative Creamery Limited and the Treasurer, that the Kenya Co-operative Creamery Limited has recently reduced the local wholesale price of butter f.o.r. factory to Sh. 1/25 per lb.

I have the honour to be,
SIR,
Your most obedient, humble servant,

BRIGADIER GENERAL.
G O V E R N O R.

THE RIGHT HONOURABLE,
MAJOR SIR PHILIP CHUMPHREY-LISTER, P.C., J.B.E., M.C., M.P.
SECRETARY OF STATE FOR THE COLONIES,
LONDON SWINDEN,
LONDON.....S.W.1.

25th March, 1933.

Your Excellency,

A REPORT ON THE OPERATIONS OF THE BUTTER
LEVY ADVISORY BOARD.

The following report on the operations of the Butter Levy Advisory Board is submitted for Your Excellency's information with reference to paragraph 5 of the Secretary of State's despatch No. Kenya 812 dated the 31st October, 1932.

The Butter Levy Ordinance, 1931, was passed by the Legislative Council in the June, 1931 session, and Regulations thereunder were published in the "Official Gazette" of the 24th November, 1931 (Government Notice No. 727). The levy was imposed by Proclamation on the 12th December, 1931. Further Regulations providing for the sale of butter in quantities of less than one pound were promulgated in March, 1932 (Government Notice No. 246).

In May, 1932 a Bill amending the Ordinance was submitted to Legislative Council. This Bill included, inter alia, the amendments suggested in the Secretary of State's despatch No. 717 of the 19th October, 1931.

The Bill was referred to a Select Committee which Committee, in its report, recommended that Clause 4 be deleted as the members were unable to reach agreement thereon. The remaining provisions of the Bill were agreed to and became law under Ordinance No. XIII of 1932. Clause 4 of the Bill dealt with the possibility of exports of butter being so small in some years that the bounty payable might be largely in excess of that intended. The Select Committee recommended that this matter should be further inquired into by the Butter Levy Advisory Board.

The Advisory Board's recommendations in this connection have been submitted to Government.

The Advisory Board.

In September, 1931 Your Excellency appointed the under-mentioned gentlemen to advise you on the administration of the Ordinance.

The Treasurer,
" Director of Agriculture,
" Livestock Officer,
S. Carlin, Esq.,
P. N. Gope, Esq.,
Mervyn S. Ray, Esq.

Chairman.

The Board met on the following occasions, the attendances being as shown :-

30th September, 1931

Full Board
(Acting Director of
Agriculture present
vice Director of
Agriculture).

3rd November, 1931.

Full Board (Deputy
Director of Agriculture
present vice Director).

Deputy Treasurer present
vice Treasurer.

18th December, 1931.

Absent. S. Carlin, Esq.

13th April, 1932.

Absent. F.N. Cope, Esq.
(Acting Livestock
Officer present vice
Livestock Officer).

6th September, 1932.

Deputy Treasurer vice
Treasurer.
Absent H.S. Ray, Esq.,

20th February, 1933

Deputy Treasurer vice
Treasurer.
Absent. H.S. Ray, Esq.,
F.N. Cope, Esq.

In December, 1931, Captain Caswell Long was appointed to serve during the absence from the Colony of Mr. Carlin, and in March, 1932, Mr. C.T. Seanes was appointed to the Board in place of Mr. Carlin, resigned.

As a result of representations in the matter, Captain J.L. Cotter, the member for North Kenya, was appointed to the Board on the 2nd September, 1932 as an additional representative of the non-co-operators.

A Treasury officer has acted as Secretary to the Board since its inception.

Financial.

All the work in connection with the levy is undertaken by Government, and consequently, with the exception of the expenses of two inspections by the Secretary, no management expenses of any description are charged against the fund. The cost of publication of notices, stationery and other incidental expenses is borne by Government.

I submit herewith, an audited statement showing the position of the Butter Levy Fund as at the 31st December, 1932, from which it will be observed that, including the final distribution of Shs. 10,679:36 (which could not be made until the accounts were closed, early in 1933) the bounty on the 897,322 lbs. of butter exported during the period covered by the account amounted to 17 cents per lb.

Exemptions.

All applications for exemption from the provisions of the Ordinance have been carefully considered by the Board, and its recommendations submitted to Your Excellency from time to time for approval.

General.

Although some difficulty was experienced in administering the Ordinance for the first six months following its introduction, it now appears to be generally understood and the correspondence on matters pertaining thereto, although still considerable, has decreased to some extent.

The Director of Agriculture has submitted the following report on the effect of the Ordinance in relation to the export of butter.

"The financial assistance rendered to the export butter trade amounted to Shs. 152,554 and cents 94, or 17 cents per lb. on 697, 382 lbs of butter exported.

"This bounty enabled the Co-operative Creameries to maintain their payment for butter fat at an average figure of 84 cents per lb., and while this figure was undoubtedly low owing to the fall in export prices, dairy farmers in the Colony were able to continue their operations without undue stress.

"In the absence of this bounty the position would undoubtedly have become embarrassing and the young and rapid developing dairy industry would have received a serious check. The levy on local sales therefore has worked to the material advantage of the industry".

H. H. HUNTON.

CHAIRMAN, BUTTER LEVY ADVISORY BOARD.

Imports

Although some difficulty was experienced in maintaining the Government's position in the market for the first six months of the year, it is now generally believed that the Government will be able to maintain its position in the market for the remainder of the year.

The Director of Agriculture has advised that the following report on the effect of the various factors mentioned in the report is being prepared.

"The financial position of the export trade in the first six months of the year was not so satisfactory as in the corresponding period of the previous year. The total value of exports was £1,200,000, compared with £1,500,000 in the corresponding period of the previous year. This was due to a fall in the price of the principal export commodities, and to a fall in the quantity of some of the principal export commodities.

This country has a comparative advantage in the production of certain commodities, and it is generally believed that the Government will be able to maintain its position in the market for the remainder of the year. The Government has taken various measures to improve the export trade, and it is generally believed that these measures will be successful.

In the absence of this position, the Government will have to take various measures to improve the export trade. The Government has taken various measures to improve the export trade, and it is generally believed that these measures will be successful. The Government has also taken various measures to improve the domestic market, and it is generally believed that these measures will be successful.

W. E. H. H.

CHIEF SECRETARY, GOVERNMENT OF HONG KONG

THE TREASURY,
NAIROBI,
KENYA.

22nd February, 1933.

Ref. No. 4509/103.

The Hon'ble,
The Colonial Secretary,
NAIROBI

BUTTER LEVY ORDINANCE.

I enclose, for your information, a copy of a letter No. 17/T/1 dated the 26th of January, from the Kenya Co-operative Creamery, Ltd.

2. At an early meeting of the Butter Levy Advisory Board held on the 3rd of November, 1931, the Board considered that if the Creamery unduly reduced the wholesale local price of its butter the result might be to render ineffective the support of the local butter industry which the Ordinance aimed at achieving. The Board realised that it was difficult to legislate for contingencies of this nature, but decided to ask the Directors to give an assurance that they would not lower the local price of their butter until the Advisory Board had been consulted. The Directors were unable to give an unqualified assurance to this effect, but agreed to the extent indicated in the first paragraph of the letter now enclosed.

3. For the reasons explained in that letter, the Company is now unable to maintain so high a price as Shs. 1/50 per lb. without serious consequences to itself. The two alternatives proposed were examined at a meeting of the Butter Levy Advisory Board on the 20th instant at which the Secretary of the Company explained the position in further detail.

4. The Board was of the unanimous opinion that the proposal to increase the rate of levy to 50 cts. per lb. should not be supported at the present time, but agreed that, in present circumstances, a rate of Shs. 1/50 per lb was unduly high, and felt that there was no alternative to accepting the second proposal, namely that the Creamery might reduce the local wholesale price to Shs. 1/25 f.o.r. the factory.

5. There is, of course, no method by which the Board can in any way impose a condition of this kind on the Creamery, but as the matter may be considered to be of considerable public importance, I take this opportunity of advising you of the conclusion reached.

G.R. SANDFORD.

for TREASURER.

Copy to :- The Hon. Director of Agriculture,
for information.

THE KENYA CO-OPERATIVE CREAMERY, LIMITED

NAIROBI,

KENYA COLONY.

Reference 17/T/1.

28th January, 1955.

The Chairman
The Butter Levy Board,
c/o The Treasury,
NAIROBI.

Dear Sir,

WHOLESALE PRICE OF BUTTER.

In November 1951 we were requested by the Butter Levy Board to give an assurance that we should not reduce our wholesale price, and I was instructed by the Board to inform you that this Company was not prepared to admit that Shs. 1/50 per lb. was necessarily the correct local wholesale price for all time, but that under existing conditions we would not lower the price; should, however, any new factors cause any alteration in the conditions existing this decision may have to be reconsidered.

The Board have given the position very careful consideration and they find that the conditions existing at November 1951 have altered to such an extent that a reconsideration of the position is necessary and urgent.

Firstly, I am to point out that this Company is no longer able to maintain its wholesale market in the Colony simply on account of the large amount of butter offering at much lower prices. Our selling agents are receiving letters almost daily from customers, with whom they have dealt for years, stating that they regret that they can no longer afford to continue purchasing Creamery butter, unless the price is reduced, and that if they were able to do so the only effect would be that they would lose their own trade, since their competitors could undersell them to such an extent.

Secondly, whereas in November 1951 export butter was fetching approximately 70 cents per lb. at the factory, on to-day's quotations it is only worth about 47 cents.

This has had two results :-

- (a) Despite the benefits of the Butter Levy, any person remaining outside the Creamery is probably able to market his butter at a price which works out better than the Creamery pay-out simply because his market is kept warm for him by the Creamery maintaining the wholesale price, and the present amount of the Butter Levy is inadequate to redress the balance.

(b) On the existing wholesale prices in London we estimate that any firm could import good quality butter and land it in Nairobi at approximately Sh. 1/50 per lb. even after paying 30% duty at present in force.

It is therefore apparent, quite apart from comparison with the wholesale price in other countries that we are endeavouring to maintain a price which is too high, in view of the existing price level throughout the world. My Board therefore feel that they are faced with two alternatives :-

- (1) To ask you to recommend to Government an immediate increase in the amount of the Butter Levy to 50 cents per lb. or
- (2) To reduce the local wholesale price to Sh. 1/25 per lb. f.o.r. factory.

As the matter is one of extreme urgency, we shall be grateful if you will let us have your reply at the earliest possible moment.

Yours faithfully,

For KENYA CO-OP. CREAMERY LIMITED.

(Sd.) G.S. HUNTER.