

1935

Kenya

No. 38161

SUBJECT

C0533/459

Report of Select Committee on Economics

Previous

Subsequent

C.S.
Annual.

H. G. Pelling (s.o) (Annual)

13th July 25

Trans. 2 copies of the Report of the Select Committee on Economy
& statistical number of copies are being sent by sea mail.

(Sir Cecil Bottomley has the second copy of the enclosure.)

The Committee's recommendations can be seen at a glance from Appendix 1. The economies to be affected are ^{mainly} ~~limited~~ at the expense of:-

Agricultural Department	£ 15,871
Education Department	9,691
Local Government Contributions	14,500 (mt)
Military	20,112
(Branch line guarantees and railway pensions)	35,515
Public Works Department	8,115

Chapter ^{viii} recommends vague but drastic reductions in Personal Emoluments throughout the Service, and Chapter ^{ix} suggests further large economies as a result of the grouping of departments under administrative heads.

The Report is by no means unanimous, and the Colonial Secretary - the only official member - expressly disassociates himself ~~in~~ ^{from} acquiescence ~~from~~ many of its features (see paragraphs 349 - 352) ~~and~~ Until we have had the Kenya Government's comments, detailed criticism is premature. This is circulated in order that the trend of local unofficial opinion may be seen.

Mr. Acheson.
Mr. Jeffries.

(See especially Chapter ^{viii})

Sir/

Sir T. Stanton.

(Paragraphs 96 - 106.)

Major Cole.

(Paragraphs 106 to 119.)

Major Vischer.

(Paragraphs 64 to 82.)

Major Furse.

(Chapter VII especially paragraph 302 and paragraphs 83 and 84.)

? Put by.

37 Furtive
23/7

Chapter VII seems to be a poor effort from people who are presumably against the masters as opposed to looking at things from the wider aspects.

16/6/35

It is, indeed! It is arguable that there is room for devolution of work on to staff with qualifications below the "unipol service" standard; but it is not arguable that that standard is not required for certain posts or that it can be maintained at lower salaries than obtain at present.

A. Stanton
24.7.35

J. J. Furtive
23.7.35

Then the sanction of the members of Inspection of African Education from 5 to 3 will result in making the work of these three so inefficient that they might just as well abolish all their posts and save more.

Hamm Vivian

Japan with R. J. Affin

A. S. P. 3/5

2. Note of discussion between the S. of S. & Sec. of Agric. on 30 July 35

Placing the Dispatch,

Publicly

L. S.

6.8.35

3. A/B Secretary of the (unsubscribed) 14th July 35

Texas. 12 copies of Report of Select Committee on Economy.

Shaw to Henry

Put by
C. P. Furtive
21/7/35

BM

4 A/Governors Wade 346 ————— 29th July 35
trans. copies of corrigendum slip together with copy
of notes with Major Broadbent. Bantock with regard
to this.

A material alteration indeed!

(file copies amended)

Library with no doubt amend
the spare copies, in view,
the part by
pending the receipt of Grossmills
of the Government's
Comment on the Report. 27/8/35

A. H. H. H.

Library & spare copies
amended.

23/8/35

AM

5. Govt. Payne - No. 125 Conf. — 6.10.35
(Zimber obs. on the Report of the Sub-Com.
on Economy)

The Hon.

If you agree, I will send the
duplicate s-o. to Sir A. Pim. The help
can then be received for examination
at home (Nothing in it calls for an
immediate answer)

A. H. H. H.
15/10

Please send it to Sir A. Pim (The answer

was given the better because the originals will take it as
this last unnecessary effort & assume it is all true)

Sent 9.0.
6/10
C.H.

4

Not

On page 30 of the despatch the Governor says that examination of the report as a whole has, he thinks, clearly shown that any economies possible without material damage to the Colony are insignificant and preliminary examination of the 1936 draft estimates as submitted by Heads of Departments, has revealed that the probability is that most of these economies will be more than counterbalanced by unavoidable increases in certain heads, such as pensions and gratuities, and the Post Office and telegraphs.

6. I have attempted to show in the accompanying Memorandum the various recommendations of the Committee and the Governor's comments thereon. I think that the despatch calls for a reply only in respect of the following points:-

Concurrence in the Governor's views with regard to paragraph 21 of the report. (See page 3 Memorandum).

Consideration of the Committee's recommendation that the Governor's duty allowance be reduced by £1,000.

Paragraph 27 of the report. (Page 5 of the Memorandum).

Approval of the Governor's proposal that the amount reimbursed from Loan Funds in respect of time and incidental expenses of P.W.D. Staff engaged on Loan works, be increased by £2,000, i.e. from £2,100 to £4,100.

(Page 27 of the Memorandum).

Consideration of the Governor's proposal to include in future applications to the C.D.A.C. a proportion of the salaries of P.W.D. Officers (accountants, clerks etc.) as part of the estimated cost of the scheme.

Page 27 of the Memorandum C.H. Brown with 31.10.35

The Committee has been at great pains to present this mass of detail in readily-intelligible form. Beyond the four points listed in his minute on the previous page, I can find nothing that calls for a specific reply. And in any case I feel it would be discourteous (to say the least of it) to Sir Alan Pim if S.F.S. gave any ~~final~~ judgment in advance of his Report.

Tel. as in d.h.

Shawton
1/11

(I suggest a bit more because (a) Sir Alan Pim is already hard at work in Nairobi (b) the 1936 Budget must have reached an advanced state of preparation)

As Mr. Hester says we had better say something now so I do not delay to comment. Mr. Crossmith's memo is quite admirable. He has taken a lot of trouble over it and produced it very quickly.

(The fact is this is nothing in it all)

S.F.S. Hand

4-11

This draft is an interim one and I have judged slightly on it is not a matter on which we should imply that the S.F.S. has studied the document.

W.S.

5.11.35

and

Tel to Gov. Kenya, No 312 Conf. 5/11/35

Review to the Gov
Wardcraft

DESTROYED UNDER STATUTE

C.S.
D.S.
M. Hester
L. P. Hester
W.S. Hand
L. P. Hester

Hammitt
22.5.36

Hester
23.5.36

S.F.S.
25.5.36

16. 11. 36. Hester

Norman
25.5.36

Seen

A.J. Harding
D.C.F.

26/5/36

Seen by me in Nat. the

personal about cost of preparing (D.F. scheme) (p. 27-8 of R. Crossmith's memo.)

has not seen any further. I dislike it very much

S. Camp 29.5

W.S. Hand
R200
A.P. Hester
S.F.S. Hand
S.F.S. Hand
S.F.S. Hand

20. 11. 35

6

The decrease of approximately £35,000 in recurrent expenditure is considerably less than the total of the savings envisaged in the Report of the Select Committee on Economy. The recommendations of that Committee have received careful consideration, and, although effect has been given to many, some have proved either impracticable or unacceptable. The opportunity has been taken, in the Memorandum on the Draft Estimates, to refer to the detailed recommendations and to explain the action taken in each case.

On behalf of the Government I thank the members of the Committee for the valuable work they have performed.

THE REPORT OF THE SELECT COMMITTEE
ON ECONOMY.

Chapter 1. Introductory.

This does not call for comment.

Chapter 2. Expenditure of the Colony.

Para. 12. Report.

The Committee produced figures to show that during the past two years the cash deficiency has risen from £174,720 to £179,947.

Para. 3. Despatch

The Governor points out that in the Committee's cash deficiency figure of £174,720 at the end of 1932, no account was taken of a commitment of £29,800 in respect of the Civil Service Housing Scheme. Taking this into account the cash deficiency at the end of 1932 was £204,520 which was reduced to £179,947 at the end of 1934 and further reduced to £42,980 at the 30th June 1935.

Chapter 3. General Considerations.

Para. 16. Report.

The Committee aimed at making recommendations whereby the total maximum gross expenditure could be limited to £5,000,000 and the estimated net expenditure to a sum not exceeding £2,000,000.

The position as reflected in the 1935 estimates is:-

Gross Expenditure	£ 3,237,529
Estimated Reimbursements and Gross Entries	1,079,759
Estimated Net Local Expenditure.	<u>2,175,770</u>

Para. 17. Report.

The Committee remarked that they felt that their object was to put forward recommendations which would render it possible to reduce Government expenditure to a figure which would ensure ending the year

2
year with a reasonable surplus - not to be used for building up again an extravagant "overhead", but for expenditure on urgently necessary productive purposes.

Para. 4. Despatch.

The Governor denies that the overhead expenditure is extravagant and points out that the report fails to reveal any specific instance of excessive overhead expenditure.

We know that expenditure under departmental heads has been reduced by roughly £500,000 during the past five years.

Paras. 18 and 19. Report.

The Committee considered that to accomplish their aim it would not be sufficient to prune the already considerably reduced heads of departmental expenditure, but that some major reconstructions of the existing departments would be found necessary. They insinuated that they could not induce heads of departments to take such a broad view.

~~The Heads of Departments.~~ Almost all the heads of the departments affirmed that the limit of reduction had been reached, and that any further curtailment would result in very serious loss of efficiency, and adhered to the view that "their department was an immutable structure performing certain inviolate services and that, having made all the obvious reductions they considered possible, somehow or other ways and means must be found to finance their activities".

Paras. 5 and 6. Despatch.

The Governor understands from the Chairman however that requests for information and for proposals for economy as made by the Committee almost invariably receive prompt compliance.

The

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Para. 21. Report.

The Committee stated that heads of departments, however willing, found it extremely difficult to implement at such short notice any general percentage cut owing to the existing Treasury system of accounting. The Committee understood that in certain other territories when similar measures of economy had to be enforced, heads of departments were ordered to cut the expenditure by 5 or 6 per cent and were given complete freedom to carry out such cuts. Their estimated expenditure appeared in the budget as originally put forward with a one-line vote at the end showing less X per cent. subtracted and giving an amended total. The Committee have recommended that heads of departments be given this latitude.

Para. 7. Despatch.

The Governor says that no instance of this practice has come to his notice although he understands that a somewhat similar procedure has been instituted in British Honduras. He points out that the matter is governed by Colonial Regulation 204, and sees no reason to invite the Secretary of State's approval to the temporary relaxation of that Regulation in Kenya. His reasons are stated fully on page 4 of the despatch, paragraphs 8 and 9. The Governor hits the nail on the head when he says that any suggestion that the expenditure under any head of estimates can be reduced by taking account in the framing of estimates of a presumption that there will be savings, obviously cannot lead to any reduction in actual expenditure. The arrangements advocated by the Committee would be extremely difficult to operate. For instance should additional provision be required it would be almost impossible to indicate, with accuracy, savings on other items. In any case the proposal can hardly be regarded as a measure of economy. Subject to the

D.C.A's.

4
D.C.A.'s observation there seems no reason to differ from the Governor's views.

Chapter 4. Departmental Expenditure.

Para. 25. Report.

The Committee ^{was} ~~are~~ satisfied that an efficient service can be maintained by the reduced departmental staff and within the reduced expenditure which they recommend. They ~~feel~~ ^{seem} bound to ~~regret~~ that in Kenya there is a tendency to assist certain senior officers to reach their maximum pension scales by their retention in responsible positions after they are ~~passed~~ their efficiency.

The Governor's observation on this is, that the case of each officer who has attained the age for retirement or who has completed the requisite number of years in the East African Service is carefully considered on its merits at regular intervals in Executive Council.

It has been ruled that in general officers should be called upon to retire on attaining the age of 55. Since 1932 two Provincial Commissioners, the Treasurer and a considerable number of other officers of lesser standing have been compulsorily retired. In the case of the Treasurer (Mr. Rushden) the Elected Members petitioned the Secretary of State that he should serve for a further term, he was then 57.

Para. 27. Report.

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Head I. His Excellency the Governor. The

Committee remark that the total Vote for the Governor is £14,869 and observe that H.E. receives a further £3,145 in his capacity as High Commissioner for Transport while realising that the £3,145 is not derived solely from the Kenya Railway users, the Committee recommend that the total provision be reduced to £15,000 and the savings divided proportionately as between the Govt. and the Railway.

The Committee recommend that Head I in the Colony's Estimates be reduced by £2,300 and make the following suggestions:-

	<u>Saving.</u>
(a) Reduction of Governor's duty allowance by £1,000, i.e. from £2,500 to £1,500	£1,000
(b) Reduction of maximum salary of Chauffeur-Mechanic to £400. Present salary £444; scale £300-500.	£44 (or £144 if present occupant is retrenched & new man engaged at the minimum)
(c) Abolition of post of Superintendent of Government House Gardens	£258
(d) Abolition of post of Carpenter	£156

Note. The Committee suggest that the further savings required could be secured on similar lines.

As regards (a) the Governor refers to the correspondence in 1933 regarding the recommendation of the

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the Expenditure Advisory Committee that the Governor's Duty Allowance be reduced by £1,000. That recommendation applied only to a new appointment to the office of Governor and not to Sir Joseph Byrne's appointment.

As regards
6 (b). The Governor says that the post of Chauffeur-Mechanic has been included in the Local Civil Service on a salary scale of £300x20-420 and any future appointee would be appointed on that scale. It would be inequitable to retrench the present occupant and replace him by an officer on the minimum of the scale.

Or (c) ^{above} the Committee suggested that, should occasional supervision be necessary, it could be carried out as in the past by an officer from the Forest Dept.

Or (d) ^{above} the Committee said that any necessary work could be done by the Public Works Dept. or by contract.

The Governor is personally satisfied that both the posts provide full time employment. As regards (c) he says that when supervision of the grounds was carried out by an officer of the Forest Dept. the officer was seconded to Government House and there was no question of his being required to undertake departmental duties at the same time. Similarly, the retrenchment of the Carpenter would necessitate a corresponding addition to the staff of the Public Works Dept.

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HEAD II.

ADMINISTRATION

ESTIMATES

1935.

Paragraphs 39 -
42 Report.

£222,898.

The Committee considered that the development of motor transport and the simultaneous development of a road system has to a large extent annihilated distances, and consequently some increased measure of economy could be effected.

They recommended:-

Reduction of one District Officer at Kitale saving 350.

Reduction of one District Officer at Kajiado saving 350.

Minor savings from closing Kajiado Station. savings say 200.

Minor savings from closing Kipini Station. 200.

£1100.

The Governor suggests that the Committee overlook the desirability and indeed the necessity of District Officers being readily and continually accessible to the natives living in their areas. The recommendation as regards the removal of a District Officer from Kitale has not proved practicable but the Governor has approved the temporary withdrawal of a District Officer from Eldoret. Pending proof of the satisfactory working of this arrangement, the Governor is unable to agree that it should be regarded as a permanent measure.

Paragraph 40
Despatch.

measure.

After consideration in Executive Council the Governor has reached the conclusion that it would be unwise to accept the recommendations with regard to the closing of the Isialo and Kipini Stations.

Paragraph 43
Report.

The Committee recommend that Government should seriously consider the possibility of effecting a reorganization of the Northern Frontier District. It seemed to them that there was considerable duplication of work between the Provincial Administration and the Military. The remedy they proposed was either withdrawal of the Military or partial withdrawal of the Administration, and they recommended the former. They recommended the closing down of Isialo; the area to be administered from Wajir, but the recommendation was contingent on the completion of a road from Marsabit to Wajir.

Paragraph 43
Despatch.

The Governor points out that in the existing circumstances any reduction in the number of District Officers in the Northern Frontier District would be most undesirable. He may have occasion to write separately about the proposed reorganization, but as at present advised he does not consider that any material economy would be practicable.

Head III

HEAD III - AGRICULTURAL DEPARTMENT.

ESTIMATES - 1935.

£125,871.

Paragraphs 44-
49.
Report.

The Committee recommend a total reduction of £15871 under a reorganization of the Department. They found unnecessary overlapping not only between the different branches of the Agricultural Department itself but between the activities of the Agricultural Department and those of other Departments of the Administration. The Director of Agriculture is said to be largely in agreement with the Committee's views and has undertaken to draw up a scheme to keep his expenditure within the figure of £110,000 without causing any appreciable loss in efficiency.

Paragraph
19
Despatch.

The Governor is sending a separate despatch regarding recommendations under this Head.

HEAD IV - AUDIT DEPARTMENT.

ESTIMATES - 1935.

£19978.

Paragraphs 50-
54
Report.

The Committee recommended that expenditure be reduced by £1,000 in whatever manner the Auditor considers least undesirable. Mr. Parsiya would not approve of any proposal to reduce the number of Clerks.

The

10
Paragraph 25
Despatch.

The Governor says that the Auditor has produced estimates showing the required reduction, which he has effected by proposing a reduction in his clerical staff. The Auditor considers, however, that the adoption of the estimates would necessitate recasting the whole work of the Department "in such a way as best to conceal our complete inefficiency".

The Governor is therefore unable to accept the Committee's recommendation. This report no doubt fall for examination by Sir A. Pim.

HEAD V. COAST AGENCY.

ESTIMATES 1935.

£5,231.

The Committee recommend reduction amounting to £510 by the abolition of the post of Assistant Government Agent. They recognize that this might be offset to a slight extent in every third year by the necessity of paying for a temporary relief.

The Governor is satisfied that two full time officers are the minimum necessity for the efficient working of the agency. He points out that it has been the practice when either the Coast Agent or the Assistant Agent has been on leave, temporarily to supplement the staff by the secondment of an officer from another Department.

Paragraph 55, 56.
Report.

Paragraph 21
Despatch.

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HEAD VII. CUSTOMS.

ESTIMATES 1935:

£48,603.

Paragraphs 57-
63. Report.

The Committee recommend reductions amounting to £1,000 made up as follows:-

	<u>Savings.</u>
(a) Closing the Nairobi Bonded Warehouse except for two mornings a week, thereby doing away with the need for one Examination Officer	400
(b) Abolition of two Asian Clerkships, Arabs or Africans being substituted	
(c) A reduction of £500 in the cost of the Preventive Service	500

Paragraph 22.
Despatch.

The Governor cannot recommend (a). He says that it would entail the complete abandonment of constructive warehousing facilities in Nairobi, and adds that it may safely be assumed that the attitude of the Nairobi Chamber of Commerce would be one of determined opposition to the proposal.

Paragraph 23.
Despatch.

(b) The gradual substitution of African for Asian Clerks is an integral part of the policy of the Department.

Paragraph 24,
Despatch.

(c) The Commissioner of Customs considers that reduction of the Preventive Service will endanger revenue. He is considering ways and means of reorganisation, with a view to increasing efficiency. Meanwhile vacancies occurring among the African staff are being put in abeyance.

HEAD VII. EDUCATION.

ESTIMATES 1936:

£177,855.

Total reduction recommended
by Committee £ 11,291

Less proposed new Services
for Indian and African
education (paragraph 65 of
the Report) 1,800

29,691

Committee's recommendations. Savings.

Abolition of post of
Supervisor of Technical
Education £ 960

The Governor agrees with the
recommendation and the necessary
action is being taken.

Abolition of two posts
of Inspectors of Schools 1,430

The Governor has authorised the
abolition of one post, i.e. the
reduction of the establishment from
5 to 4. Beyond that would be most
detrimental to education and to
African education in particular.

Replacement of 4
European Clerks by
Africans 1,290

Paragraph 29,
Despatch. The Governor says that it is not
possible to find a sufficient
number of suitably qualified
Africans. 1936 Estimates will
provide for the replacement of

two Europeans by Africans and it is
hoped to pursue the policy.

Abolition of the issue of
free books 400

Paragraph 30,
Despatch. The Governor is opposed to the recom-
mendation. A considerable number of

parents pay reduced fees and in some
cases fees are entirely remitted.

Not only would the necessity to
purchase books prove a hardship in
such cases, but the probability is
that a number of parents would refuse
to buy the required books.

Savings effected by closing
of Department's Store
(paragraph 71 of the Report) 500

Paragraph 31,
Despatch.

The Governor agrees with the recom-
mendation, which will be reflected in
the 1936 Estimates.

Savings effected by closing
the European Primary School
at Kilimani 610

Paragraph 32,
Despatch.

The Kilimani suburb of Nairabi is a
growing residential area and the
Governor is of the opinion that to close
the European School would be a retro-
grade movement.

Savings effected by transfer
or closing down the Govt.
African School at Waa 2,026

Paragraph 33,
Despatch.

The Governor considers that the recom-

Savings.

£

400

500

610

2,026

mentation

Savings.

Paragraph 33,
Despatch.

Recommendation may be accepted without detriment to the Colony. Negotiations are proceeding for leasing the buildings to the Holy Ghost Mission.

Adjustment of salary scale of Headmaster of Arab School at Shimo-La-Tewa (i.e. reduction of maximum from £920 to £720)

200

Paragraph 34,
Despatch.

The Governor says that the retirement of the present Headmaster and his replacement by an officer on the scale recommended would not be an economy, as the salary of the new appointee plus the pension of the present holder would be considerably in excess of the present expenditure.

Abolition of one post of Education Officer for Arab Education

475

Paragraph 35,
Despatch.

This has already been approved.

Re-organisation and re-grading of technical staff under African Education

3,000

Paragraph 36,
Despatch.

Proposals of the Director of Education are receiving consideration in connection with the 1936 Estimates.

Abolition of payment by Govt. of Hut and Poll Tax in respect of pupils in African Schools

400

Paragraph 36,
Despatch.

The Governor says that acceptance of this recommendation would result in no net saving, as any reduction in expenditure would be counterbalanced by a reduction of revenue. Moreover, there is an important principle involved in that the exemption of pupils in Govt. Schools would necessarily postulate the exemption of pupils in mission and private Schools, although many of them are of full age and fully able to pay. The matter is receiving consideration by a sub-committee of the Executive Council.

HEAD X. FOREST DEPARTMENT.

ESTIMATES 1935 :

£31,448.

Paragraph 83,
Report.

Reduction recommended by Committee - £4,158.

The general trend of the Committee's recommendation is that the Colony cannot afford to embark on reforestation on any large scale. The Committee considered that all the Colony can afford at present is to maintain its existing ^{land} ~~areas~~ and actively prevent further encroachment and destruction of forest areas.

Paragraph 37,
Despatch.

The Governor is definitely against the reduction of reforestation and nursery votes,

but

16

but he is satisfied that one post of Assistant Conservator of Forests can be abolished without undue detriment to the Colony. Certain other minor reductions can be made in "Other Charges" items. The total decrease approved will amount to £1,200 as compared with the 1935 Estimates.

HEAD X. GAME DEPARTMENT.

ESTIMATES 1935:

£8,596.

Paragraphs 85-86, Report.

The Committee recommend a total reduction of £1,000 in a full year by the abolition of one post of Assistant Game Warden and the post of Temporary Game and Vermin Control Officer, with a consequential reduction of £150 in the Local Transport and Travelling Vote, but in order that the work of vermin control should not suffer, they recommend an increase in the item "Expenses of Game and Vermin Control" from £250 to £500.

Paragraph 38.

In the Governor's view it would be unwise to accept the recommendations. He attaches considerable importance to the value of game as one of the Colony's main assets. No action is being taken on the recommendations pending the receipt of the views of the Game Warden, who is now in England.

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HEAD XV. LOCAL GOVERNMENT LAND AND SETTLEMENT.

ESTIMATES 1935:

£32,288.

Savings

Paragraphs 87-93 Report.

The Committee recommended reductions amounting to £3,917 as follows:-

Abolition of post of Local Government Inspector.

840

Paragraph 39 Despatch.

According to the Governor the substantive post is vacant and it is not certain that a full time officer is required, but the Governor ~~has~~ advised against deletion of the post. He has, however, authorised the part-time secondment to the Department of an Assistant Treasurer. Taking into account reimbursements from Local Authorities, the arrangement will involve annual net expenditure of less than £50.

Abolition of 1 post of District Surveyor

920

Paragraph 40 Despatch.

One post has been abolished and the holder retrenched.

One post of District Surveyor to be put into abeyance

840

Paragraph 40 Despatch.

The Governor agrees that when another vacancy occurs in the cadre of District ~~Surveyors~~ Officers, the opportunity should be taken to put one post in abeyance.

Abolition of 2 posts of Forest Surveyor

987

Paragraph 40 Despatch.

The Governor agrees.

Abolition

Savings.

Abolition of 1 post of Registrar of Titles (at present in abeyance)

Paragraph 40 Despatch.

The Governor agrees.

SURVEY CADETS. (Estimates ~~6 Cadets - £ 960~~
Head XV: Item 29. ~~These~~
~~Cadets equal £960~~.)

The Committee recommended that 2 Cadets should be appointed to the Local Civil Service as Junior Staff Surveyors, Grade I, and 2 others as Junior Draughtsmen, Grade II.

Paragraph 40 Despatch.

The Governor agrees, but considers that the two Junior Draughtsmen should be Grade I instead of Grade II.

On the Committee's recommendation, the Governor will also invite approval in connection with the 1936 estimates for the creation of a new post of Chief Computer. £720 - £30 - £840.

HEAD XVI. LOCAL GOVERNMENT CONTRIBUTIONS.

Paragraph 95 Report.

The Committee recommended that a reduction in the consolidated grants to Nakuru and Eldoret Municipalities amounting to £500 and £300 respectively, be incorporated in the 1936 estimates. £800

£800

Paragraph 41 Despatch.

The Governor says that the proposed reductions have been agreed to by the Local Authorities concerned.

HEAD XVII

HEAD XVII. MEDICAL DEPARTMENT.

ESTIMATES 1936.

£199,817.

Paragraphs 96-105 Report.

The recommendations of the Committee may be summarised as follows:-

(a) The subtraction of an appropriate sum from the total of the estimates of the Medical Department to reduce that total to £194,000:

(b) The transference of the Child Welfare Service in Nairobi to the Municipality, thus saving, in a full year, the sum of £2,600 on the estimates of this Department, with an addition of £13,000 under the head "Local Government Contributions".

Paragraph 42 Despatch.

As regards (a), the Governor refers to Paragraphs 7-9 of the despatch and says that not only is the proposal undesirable for the reasons given there, but it would mean a curtailment of medical facilities to the native population at a time when they are beginning to appreciate their true value. The Governor agrees to the recommendation (b) above, which will be reflected in the 1936 estimates.

The Committee suggested that there are no fewer than 28 officers on basic salaries amounting to £1,000 per annum or more, and no fewer than 48 officers whose salaries, including hidden emoluments, amounts to over £1,000 each per annum. As regards this, the Governor says the salary scale for medical officers ^{cal} formerly proceeded to £1,000 per annum and the officers engaged at that time enjoy that scale as a privilege personal to themselves.

The

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The scale has subsequently been considerably modified and now begins at £600 and ends at £920 per annum.

HEAD XVII. MILITARY.

Para 106-115 Report

General reduction recommended by the Committee.	20,000
Abolition of Kenya Defence Force.	4,112
	24,112
Less increased cost of Police.	4,000
	<u>20,112</u>

The Committee were satisfied that under present circumstances a Detachment of the K.A.R. at Lokitaung is advisable but they came to the conclusion that the ^{reduction} of the permanent military force - apart possibly from Wireless Operators - is under normal circumstances unnecessary in the Northern Frontier Province. (Mr. Hemsted is said to have strongly supported this view).

Were the military force withdrawn, the Committee suggest that the Police should be reinforced by 1 European Officer and 75 other ranks at an additional cost of approximately £4,000.

They considered that the Machine Gun Platoon of the K.A.R. at Meru and the Company at Wajir should be discontinued and, so far as Kenya is concerned, they recommended that the

establishment

21
17
establishment of the K.A.R. be reduced to 1 Depot Battalion stationed centrally, - possibly in Nairobi - and consisting of 2 Depot Companies and 1 Service Company, from which any Detachment required for the assistance of the Administration in Turkana would be found.

Mr. Pandya and Mr. Hemsted consider that further economy could be achieved by the abolition of the Kenya Defence Force. They might, however, be prepared to support expenditure on some form of Volunteer Force.

The Committee say that in making these recommendations they have not overlooked the present situation on the N.E. Frontier and that, therefore, until the Frontier position resumes normality, the question of withdrawing the Wajir Detachment may have to be deferred.

Para 119 Report
The Governor says quite briefly that apart from ~~features~~ ^{features} of Imperial Policy, the present situation precludes the consideration of any suggestions for the reduction of the military armaments of the Colony. He has, therefore, deferred consideration of the relative recommendations.

HEAD XVIII. MISCELLANEOUS SERVICES.

ESTIMATES 1955.

£66,445.

Paragraphs 116-119, Report.

The Committee argued that there is a strong prima facie case for reduction in the amount of the subsidy to Imperial Airways (Africa) Limited, now £15,000, having regard to the fact that the Company was

was

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was able to pay last year a dividend of 6%, absorbing only £29,018 from the balance of profit (£78,571) brought down from the Profit and Loss Account.

Paragraph 45, Despatch.

The Governor says that the whole question of the subsidy will come under review in connection with the Empire Air Mail Scheme, and that he cannot usefully comment on the recommendation at this stage.

The Committee recommended that the contribution (£305) paid to the International Languages Committee should be discontinued as soon as possible.

Paragraph 46, Despatch.

The Governor says that the future of the Committee has been the subject of correspondence between the E.A. Governments and that the matter will be referred to the Governors' Conference.

HEAD XXI. PENSIONS AND GRATUITIES.

ESTIMATES 1935.

£209,150.

Paragraphs 120-150, Report.

The Committee were alarmed at the rapid increase in the vote during recent years although they appreciated that a large proportion of the increase (£113,669 in 1930 to £209,150 in 1935) can be attributed to retrenchments during those years. They appreciated that the recent reduction in the pensions constant from ~~12~~¹⁴ths to ~~11~~⁸~~10~~¹⁰ths is likely to reduce to some extent the continued ~~yearly~~ increases, but felt that the changes made are not adequate.

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The Committee observed that in many cases officers are thrust upon the Colony by the Colonial Office, and in view of the fact that the salaries are fixed externally without any regard to the ability of the Colony to meet the cost, the Committee felt ~~therefore~~ that it would not be inequitable if some proportion of the income tax collected in England on pensions paid out of Colonial Funds were returned to the Colonies concerned as an ex gratia grant.

Paragraph 48, Despatch.

The Governor does not propose to pursue this proposal. Such a request would in his opinion be tantamount to a grant-in-aid. Furthermore, it could not be levied equitably on Civil Service pensions without applying to pensions granted by Banks and other commercial firms.

The Committee also recommended that representations be made to the Imperial Government with a view to instituting further enquiries as to:-

- (a) The inauguration of a contributory pensions scheme for the whole of the Civil Service.
- (b) The revision of the bases of assessment of pensions.
- (c) The proportion of pensionable officers employed.
- (d) The feasibility of some refund being obtained on the lines suggested above.

They recommended the first alternative.

They also suggested the further reduction of the pensions constant to ~~12~~¹⁴ths for future entrants and that no addition should be made to pensionable emoluments on account of house allowance.

They considered that it should continue to be optional rather than compulsory for officers to

commute

Then the next, just the pay up!

ad

de!

24
commute a portion of their pensions, and saw no reason for the payment of invalidment of an officer from the Service.

The Governor says that as the general questions of pensionable emoluments and pensions constant have recently received full consideration, he does not desire to reopen any of these matters now.

HEAD XXIV. PRINTING AND STATIONERY.

ESTIMATES 1935.

£28,511.

*Para 57-143
Report.*
Recommendations made by Major Cavendish-Bentinck and Sir Robert Shaw:- That a reduction to £5,000 be made in expenditure on the grounds that the work could be done cheaper by commercial firms. (They complained about the obstructive attitude taken up by the Government Printer.) They recommended that as an experiment a small amount of work should be put out to contract. Mr. Pandya was not prepared to endorse the definite recommendation as regards the £5,000.

Mr. Hemsted dissented from the above and was satisfied that Government pays very cheaply for the services rendered by the Printing Department. He felt however that the post of Government Printer was somewhat overpaid at a salary of £1,000 and recommended that the scale be reduced to £720-50-840. He also considered that the post of Assistant Government Printer (£800-30-720) should be abolished.

The

*Para 50-53
Despatch*

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The Governor does not consider that any economy would be obtained by putting work out to contract. In a number of instances quotations have been obtained from outside firms but the quotations of the Government Printer have been considerably less. He suggests that the quotations made by outside firms to the Committee were less because the firms were aware of the Committee's investigations.

As regards the Government Printer's attitude to the Committee, the Governor says that Mr. Knightly (Government Printer) is a man of fifty years experience in the printing trade and his attitude was, that his Department was run as economically as possible. While possibly his manner to the Committee may have been irritable the Governor sees no reason to disagree with his view.

When Mr. Knightly retires the Governor proposes to recommend that the salary scale of the Government Printer be reduced to £720-50-840-40-920. As regards the post of Assistant Government Printer, the Governor thinks that the present holder should be promoted on Mr. Knightly's retirement and the post then put into abeyance. He makes no recommendations for the time being.

HEAD XXV. PRISONS DEPARTMENT.

ESTIMATES 1935.

£54,524.

Paragraphs 144-151
Report.

Savings.
2
Committee's recommendations.
Removal of an item of £630
(Detention Camp Overseers) from Prisons to Administration Head with no increase under the ~~same~~ ^{later} Head.

630

Mr. Hemsted

Mr. Hemsted recognises that such a course would be impracticable but expressed the hope that the increase under Administration would be kept as low as possible.

Paragraph 54.
Despatch.

The Governor disagrees with the recommendation. He says that the administration at detention camps is statutorily a function of the Commissioner of Prisons. And in any event there is no economy involved.

Deletion of item £150
"Expenses on Administration of Juvenile Offenders' Ordinance". i.e. remuneration to certain probation officers.

150

Paragraph 55
Despatch.

The Commissioner of Prisons agrees, and the Governor has no comments.

Savings on approved schools, i.e. the proposal ^{for} a Class II school at Eldama Ravine be dropped and a suitable site and buildings acquired elsewhere.

630

Paragraph 55.
Despatch.

The Governor says that the proposal is being pursued.

Reduction on food for prisoners' and detainees' food to be reduced from £12,000 to £11,000 in view of increased cultivation of food-stuffs by prisoners.

1,000

Paragraph 55.
Despatch.

The Governor has no comments.

ESTIMATES 1935.

£82,671.

Paragraphs 152-164
Report.

Recommendations (Mr. Pandya and Mr. Hemsted).

That a sum of £1,904 in respect of automatic reductions in staff, which will materialize in 1936 be incorporated in the estimates.

1,904

That the amount reimbursed from loan funds in respect of time and incidental expenses of officers of P.W.D. engaged on loan works be increased by £2,000, i.e. from £2,100 to £4,100, on the grounds that the value of the services rendered by these officers is not less than 6% of the expenditure on loan works last year, namely £68,296.

2,000

Paragraph 57.
Despatch.

This is in effect put forward by the Director of Public Works and recommended by the Governor.

The matter has been considered in Executive Council when Council endorsed the views of the D.P.W.

? This may be sanctioned.

Committee recommended that the cost of the preparation, accounting and clerical work entailed in connection with schemes submitted to and approved by the C.D.A.C. should appear in the estimates as a reimbursement from the Colonial Development Fund in respect of the services of P.W.D. staff.

*Para Report 5/60
any body would think Kenya was doing a favour to the C.D.A.C. by spending the money!*

Para 58 of Despatch

The Governor does not propose to alter in any way the method of accounting.
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But he considers it would be reasonable when future applications for new works are prepared, should it be evident that the whole or a substantial part of the time of specific officers will be spent on the work, to include a proportion of the salaries of the officers in estimated cost of the work. The amount would appear in the estimates as a reimbursement from the Colonial Department fund.

I should say that the Treasury would view the proposal with extreme disfavour. The Governor, however, asks if the Secretary of State would be prepared to approve the submission of future applications in this manner.

? The answer is no.

Committee recommended economies in the Central Workshops and Timber Seasoning Branch amounting to £511, and the abolition of one post of Inspector of Water Supplies (£500). Paragraphs 161 and 162 of the Report.

The Governor makes no reference to these recommendations in the despatch.

At the request of the Committee the D.P.W. submitted proposals for reductions in stores expenditure amounting to £1,600. These proposals include inter alia the abolition of the sub-stores at Mombasa and the administration of unallocated stores by the Executive Engineer and Divisional Accountant. Committee were unable to recommend the proposals in toto but considered that reductions amounting to £500 per annum should be effected either by the retrenchment of the Chief Store Keeper or the Senior Store Keeper or by some reorganisation in the stores administration. Both the D.P.W. and the

Paragraphs 165-194
Report.

Paragraph 63
Despatch.

Paragraph 60
Despatch.

Paragraphs 195-200
Report.

auditor fear that any reduction in the stores staff will give rise to accounting difficulties and loss owing to works being held up through delay in the issue of stores.

The Governor considers that no action should be taken on the recommendations.

Major Cavendish-Bentinck and Sir R. Shaw consider that substantial further reductions can and should be introduced by delegating work to District Councils and Native Councils. They consider too, that all major Loan Works should be put out to contract.

The Governor mentions, as regards the latter, that during 1929-34, 811 contracts were let, the total value amounting to £405,311.

Various other observations are made by Major Cavendish-Bentinck and Sir R. Shaw on Public Works Recurrent expenditure.

The Governor says that most of the observations are so generalized in character and so ill supported by any statement of the reasons on which the opinions are expressed, that it is difficult for him briefly to comment upon them. He does not, therefore, furnish detailed observations, especially as the whole organisation of the Department will come under review when Sir Alan Pim arrives.

HEAD XXIX. REGISTRAR GENERAL'S DEPARTMENT.

Estimates 1935.

£6,165.

Savings.

Committee's recommendations: Abolition of post of Assistant Registrar General.

720

Savings.

Paragraph 64
Despatch.

The Governor accepts the recommendation and the necessary action has been taken.

Reduction of emoluments of Registrar General. 330

Paragraph 65.
Despatch.

The Governor says that the *question of reducing the salary of the Registrar General* incidence will be examined on the retirement of the present holder.

Abolition of one post of non-European clerk. 100

Paragraph 66
Despatch.

The Governor is unable to commend the proposal.

HEAD XXXI. SECRETARIAT.

LEGISLATIVE COUNCIL AND NATIVE AFFAIRS.

Estimates 1935.

£23,447.

Savings

Paragraphs 201-203
Report.

The Committee considered that the rate of allowance at present paid to non-Official Members of Legislative Council is possibly unduly generous, and recommended that it be reduced to an attendance allowance of £1 together with a subsistence allowance of 15/- for each night spent away from home for the purpose of attending Councils or Committees. 750

Paragraph 67
Despatch.

The Governor is of the opinion that the present scale, amounting in effect to £2 a day, is not excessive. Unless the majority of non-Official Members themselves press for acceptance of the recommendation, he does not

propose

propose to take any action.

The Committee recommended that Government should enter into negotiations with a view to obtaining the reduction of £50 per annum on the rent paid for the Memorial Hall (at present £200 per annum).

Paragraph 68
Despatch.

The Governor says that negotiations are proceeding.

HEAD XXXII. STATISTICAL DEPARTMENT.

ESTIMATES 1935.

£12,503.

Paragraphs 205-
211
Report.

The Committee recommended that Registration of Domestic Servants should be abolished on the grounds that the Native Registration system is as adequate a safeguard as can be devised for protecting employers from engaging criminals.

Paragraph 70
Despatch.

The Governor says that the recommendation for the repeal of the Registration of Domestic Servants Ordinance has been considered in Executive Council and that he concurred in their unanimous advice that the Ordinance should be retained for the present. No economy is involved since the estimated revenue for 1935 is £1,525 and estimated expenditure £1,427.

The Committee also recommended savings under this Head amounting to £2,170 by a reorganisation of the work in the Native Affairs Department.

Paragraph 73
Despatch.

The Governor says that the reorganisation substantially following that recommended by the Committee has been approved.

HEAD XXXIII.

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HEAD XXXIII. EASTERN AFRICAN
TRADE AND INFORMATION OFFICE.

Paragraphs 212-216
Report.

The Committee felt strongly that a reduction of not less than £600 should be made in the combined Kenya and K.U.R. contribution. Alternatively, they considered that the continuation of the present arrangements should be brought under review with a view to establishing a separate organisation for Kenya and the K.U.R. Mr. Pandya was of the opinion that expenditure on this does not confer any appreciable benefit on the Colony as a whole, and that the greater part of the expenditure can safely be saved.

The Secretary of State has recently proposed to the E.A. Governments that Col. C.W.G. Walker, after relinquishing his appointment as Secretary, Governor's Conference, should investigate the possibility of effecting economies in the E.A.T. & I.O.

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CHAPTER V. PUBLIC DEBT.

Pages 57-60
Report.

The Committee strongly urged that, in view of the fall in commodity prices during the past few years, some remedy for this state of affairs by H.M.G., in its capacity as Trustee, is long overdue. They therefore recommended that further recommendations on the subject be made to the Secretary of State. They did not feel competent to make definite recommendations but put forward the following tentative proposals:-

- (a) Inducement to convert all current Colonial Empire Loans into a Consolidated Empire Loan at current interest rate, carrying the attraction of a guarantee by the Imperial Government and unencumbered by any proviso as to sinking fund; 227. It is worthy of note that if relief could be obtained to the extent of 1½ per cent per annum on existing interest and sinking fund charges, such relief would amount to no less than £258,000 per annum.
- (b) If such a general policy is not feasible, the formulation of a scheme whereby the existing onerous loans might be converted into a long term or preferably interminable loan at the current rate of interest. This would, we realize, involve an increase of the nominal capital amount of the Colony's debts. The present crisis, however, as is universally admitted, derives from the excessive value of the money unit in terms of commodities and as it is the expressed policy of the Imperial Government to remedy this appreciation of the money unit by raising the commodity price level, the essential objective is to seek immediate relief from interest and sinking fund payments for the next few years. Future relief will be assured when the Imperial Government implements its declared monetary policy; 228. The easiest, surest, and most effective relief would be provided by the abolition of the sinking fund principle and the release of accumulated sinking funds. There can be no argument for burdening the pioneer generation with the whole charge of elaborating the skeletal system of civilization in these as yet only partially developed countries.
- (c) The release and liquefaction of all accumulated sinking funds and other similar funds, such as the Betterment Fund of the Kenya and Uganda Railway, to be applied to lubricating the seized internal mechanism of the countries which have provided them. For example, by such means a sum in excess of £3,000,000 could be rendered available; 229. Note by Mr. Hemsted: I am in substantial agreement with the general views expressed on the subject of the Public Debt, particularly in regard to the suspension of sinking fund appropriations in cases in which loan capital has been expended on productive works. I consider that any funds so obtained should be devoted primarily to relieving any additional nominal capital burdens arising out of the recommendations outlined in paragraph 226 (a) or (b), and/or to the funding on an actuarial basis of Pensions and Provident liabilities.) 230. Mr. Pandya, while agreeing in principle with the liquefaction of accumulated sinking funds, and other similar funds, considers that they should be used for the purpose for which they have been accumulated.

(Pandya's observations
overleaf)

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The Governor is aware that the question of loan conversion has recently been re-examined and that no scheme has yet been devised which in practice would be to the financial advantage of the Colony.

The Governor observes that the views expressed in paragraphs 228 and 229 of the Report are not practicable, as provision for sinking fund is laid down by law and is an integral part of the prospectus of the loan.

CHAPTER VI. FINANCIAL RELATIONS WITH THE RAILWAY.

Pages 60-63
Report.

The recommendations in this Chapter fall into two parts:-

(a) that the payment by Government of a proportion of railway pensions should cease;

(b) that the payments by Government in respect of losses on railway branch lines should terminate.

As regards (a) the Governor sees no justification for raising with the Railway the question of an alteration in the agreement reached in 1921, in which it was agreed:-

(1) that the proportion of the pensions of officials which relate to the period from the construction of the Railway up to the 1st of April, 1903, should be shared equally by the Colony and the Railway;

(2) that the proportion which refers to the period during which the Railway revenues were absorbed in Colony funds, i.e. from 1st of April, 1903 to 31st of March, 1921, should

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should be charged against the revenue of the Colony;

(3) that the proportion which relates to the period from the 1st of April, 1921 onwards, should be a charge against the Railway.

So far as the Governor is aware, nothing has happened since 1921 which would lead either party to hold that the agreement was inequitable. Moreover, the Committee advance no arguments on which limited negotiations might be opened.

As regards (b) the Governor says:-

"All branch lines constructed or contemplated since 1925 have been examined with due regard to the provisions of Article 22 of the Kenya and Uganda (Transport) Order in Council (1925) On a proposal being made for the construction of a branch line in Kenya, economic surveys have been undertaken and the question has been considered by the Railway Branch Lines Committee and by the Railway Advisory Council. The Railway Advisory Council have advised the High Commissioner as to the attitude the Transport Administration should take on a decision being reached by the Government of Kenya to request the Transport Administration to construct the branch line. On agreement being reached between the Kenya Government and the High Commissioner with regard to these terms, the Legislative Council has had placed before it a motion for the provision of funds for the purpose, accompanied in each case by a guarantee. That guarantee provides that in consideration of the Transport Administration constructing the branch line in question, the Colony will pay to the High Commissioner an amount equal to the losses on the working of the branch line, subject in three cases to a proviso that no such annual payment shall exceed the amount of the loan interest and redemption charges on the capital expenditure involved. In the fourth case, namely, the Narro Moru-Nanyuki extension, the guarantee covers any loss which may accrue as the result of working the Railway extension inclusive of interest and sinking fund charges on the capital expenditure involved. These resolutions, which were passed in the Legislative Council in 1927, 1929 and 1931, were essential preliminaries to the construction of the branch lines and are in consonance with the policy laid down after full discussion by Order in Council. They were a condition precedent to the construction of these branch lines, and there can be no question

of

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of equity involved. It may be that in regard to the construction of some of these branches, experience has shown that Kenya should not have pressed for the construction of the branch against such guarantees; that the economic surveys, conducted as they were at a time of relatively high prices, indicated the prospect of future development greater than has in fact eventuated. But the Government of Kenya, in every case with the unanimous approval of the Legislative Council, gave these guarantees with a full knowledge of their implications, and now that the branch lines have been built there can be no question either in law or equity of withdrawing from these guarantees. It would be interesting to know whether the Committee would hold the view that if the Government of Uganda now wished the Railway to construct a branch line in Uganda which the Railway Council thought would be a losing proposition, it would be inequitable to require the Government of Uganda to guarantee the Transport Administration against loss."

The Committee observed that the prohibition of road transport in competition with the Railway has saved the latter administration from an annual loss in revenue amounting in round figures to £100,000. They point out that such protection is only given at very considerable cost to Government from loss of revenue, particularly from vehicle licence fees and Customs duties on the spare parts of vehicles, but chiefly from tax on petrol.

As regards this, the Governor says:-

"The Committee refer to the benefits conferred upon the Railway by Kenya legislation against road competition. If this is considered as a separate entity not connected, as it is connected in the Committee's Report, with certain other matters of a completely different kind, it amounts to a suggestion that the Transport Administration should be called upon to pay a substantial sum a year to the Kenya Government for protection against road competition. But the history of the introduction of this measure indicates quite clearly that prohibition was introduced as a result of

protracted

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protracted consideration because it was felt that the continuation of competition by road transport against the Railway in certain areas was "wasteful and against the public interests of the Colony". In point of fact, the Railway can adequately protect itself against road competition by an alteration of its tariff. Such an alternative would, however, necessitate increases in the export rates and other low-rated traffic, and rather than jeopardise the industries concerned all responsible parties, including both Governments, have agreed that the best interests of the dependencies are served by protection by legislation against wasteful competition until such time as the higher rates, which alone are vulnerable can be reduced without involving an increase in the lower rates. It will be clear that whichever alternative is adopted will effectively prevent road competition and therefore revenue from such services can never accrue to Government.

For the reasons given in the preceding paragraphs, I see no reason to reopen questions of principle decided a number of years ago. At the same time, I consider that it is possible that some modification, in favour of the Colony, in respect of losses on branch lines and of the contributions by the Railway in respect of Audit and other services may prove to be justified on a detailed examination of the existing situation. I have accordingly appointed a sub-committee of my Executive Council to discuss such matters with the General Manager, and I have also authorised that sub-committee to discuss the possibility of a modification in the rate charged for Card Passes to Unofficial Members of the Legislative Council (vide paragraph 204 of the Report). Their report is awaited."

CHAPTER VII. LOCAL GOVERNMENT IN RURAL AREAS.

Mr. Pandya and Mr. Hemsted submit a case for the abolition of District Councils. They argue that these Councils, although instituted several years ago, have levied no rates, except small rates to finance hospitals at Eldoret and Kitale, and that, apart from the administration of these two hospitals, the sole executive function of the District Councils is to expend, on behalf of Government, funds provided for the maintenance and improvement of certain roads and bridges in several areas. For this purpose they receive basic road grants amounting in 1935 to

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a total of £31,070, together with a contribution estimated at £850 in respect of vehicle licence fees.

The proposal is that the roads at present administered by the District Councils should be taken over by the P.W.D., thereby saving a considerable sum on overhead expenditure and a reduction in the average cost per mile, i.e. the rate per mile could be reduced from £14.9 per mile to £10.83 per mile, the latter being the average obtaining in the "settled" areas.

Allowing for the appropriate increase in the vote for the P.W.D. and Public Works Recurrent, the net savings would amount to £15,000. The D.P.W. is said to have given an assurance that such a saving could in fact be made.

Major Cavendish Bentinck and Sir R. Shaw were in fundamental disagreement with the above views. They are not prepared to accept the statement of the D.P.W. that a saving of £15,000 could be effected. In a very discursive statement of the position, they maintained that District Councils have more than justified their existence. They proposed economies on the following lines:-

(a) An effective fusion between Kasu Gishu and Trans-Nzara Councils. This combination could in our opinion take over all the roads in the neighbourhood which are at present maintained by the Public Works Department. Such a fusion, provided the amalgamated Councils were given a greater mileage of road to look after, would undoubtedly produce very considerable economies as practically the whole of the Public Works Department staff in that area could be withdrawn.

- (b) Naivasha and Nakuru should be united and be increased by the Laikipia District to form a Rift Valley District Council. This should result in a saving of at least £1,000, partly by a reduction in existing Administration charges and partly by savings in the Public Works Department Division.
- (c) Machakos should be brought into the Nairobi District Council area which might then be given a more comprehensive name. This should result in a saving of £300 by reductions in the Public Works Department Nairobi Division.
- (d) Kericho should be brought into the Nyanza District Council area with consequent Public Works Department savings of £200-300.
- (e) The areas of Nyeri, Nanyuki and Timau should adopt Local Government and form a further District Council area.

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The Governor says:-

"While there is no doubt that some duplication exists between the Public Works Department and District Councils and that a reduction in expenditure could be effected by the abolition of the latter, I do not consider that the recommendation is acceptable. District Councils have proved very valuable institutions in that they have enabled local residents to play active and responsible parts in the management of local affairs, and there is no doubt whatever that the roads maintained by them attain a relatively high standard, due largely to the keen local interest taken. To abolish these bodies would necessarily result in the substitution of apathy for interest and would, in my view, be a most unwise and retrograde step. Furthermore, District Councils are very definitely "Local Government" bodies, and their abolition would be tantamount to a constitutional change which would not, in my opinion, be warranted by a somewhat problematic saving in expenditure of £15,000. I am very reluctant to abandon a policy adopted seven years ago as a result of the Feetham Commission, a policy which has been pursued with a considerable measure of success and will doubtless more clearly justify itself with the improvement of economic conditions and the consequent development of the "settled" areas.

I consider that the most acceptable method of effecting economy and avoiding duplication in the administration of the Colony's road system is on the lines indicated in paragraph 276 of the Report and, on my instruction, the Commissioner for Local Government, Lands and Settlement is at present negotiating with District Councils with a view to effecting some reduction in expenditure on those lines. Furthermore, it appears likely that additional economy can be obtained by the transfer of the responsibility for certain main trunk roads to District Councils, and this question is at present receiving consideration."

CHAPTER VIII. TERMS OF REFERENCE.

After giving considerable consideration to the terms of reference governing the Kenya Civil Service, the Committee reached precisely the same conclusions as those reached by the Economic Advisory Committee in 1933, which were:-

(a) that the existing terms of reference are unnecessarily generous now that many of the former hardships of life in the Colony have been removed;

(b) that Civil Servants still enjoy many privileges which may have been justified in prosperous times, but which are so no longer.

A good deal of publicity has been given to this Chapter, particularly to the remark that the percentage of officers drawing, including hidden emoluments, £1,000 per annum or more, of the total number of European Civil Servants (excluding railway staff) is approximately 22.5 per cent. The percentage of officers drawing, including hidden emoluments, over £1,000 per annum, of the total of European and Asiatic Civil Servants is 10.8 per cent. The comparative figure in Great Britain is only 0.86 per cent, or less than 1 per cent.

(See page 19 of this memorandum)

The Committee were of the opinion that Government, in considering its budget, should take into consideration what proportion of the revenues available could justifiably be expended exclusively on salaries. They recommended that this figure should, at any rate for some years to come, be limited to one million pounds per annum as regards permanent establishment.

(former comments on page 48 of the memorandum)

CHAPTER XIX. ORGANISATION.

In a long memorandum, Major Cavendish-Bentinck and Sir R. Shaw put forward a scheme for the reorganisation of the machinery of Government on the lines of a "grouping" of departments as obtains in the Dominions. The new departments would be under non-technical heads, ~~who~~ would control the policy and would be for all practical purposes ministers for their departments in the Executive Council.

It is argued that such a scheme would do away with the existing undue number of extravagant departmental secretariats, and relieve the Colonial Secretariat of a considerable amount of work. The scheme envisages the reorganisation and a reduction in the members of the Executive Council. The future Council would consist of:-

- (1) The Governor.
- (2) The Colonial Secretary.
- (3) Bearer of the Portfolio of Justice and Internal Affairs.
- (4) Bearer of the Portfolio of Finance.
- (5) " " " " " Agriculture and Lands.
- (6) Bearer of the Portfolio of Commerce, Transport, P.W.D. and Mines.

together with two or three unofficial members nominated as at present by the Governor. The "grouping" of departments is shown below:-

TENTATIVE SUGGESTED GROUPING OF DEPARTMENTS
(See CHAPTER IX)

HEAD OF ESTIMATES	1935 Estimated Expenditure			Rough Estimate of Overall Administration Cost of Individual Department
	Gross	Net	Non-Recurrent	
	£	£	£	£
I. HIS EXCELLENCY THE GOVERNOR	14,869	14,869	—	—
I.—COLONIAL SECRETARY				
II. Administration	222,898	222,423	850	4,108
VI. Conference of E.A. Governors	955	955	—	—
XXXI. Legislative Council	4,820	4,820	—	—
Native Affairs	1,450	1,450	—	—
Native Development	—	—	—	—
Foreign Affairs	—	—	—	—
XXXI. Secretariat	17,177	17,177	—	—
	—	—	—	Impossible to estimate
II.—PORTFOLIO OF JUSTICE AND INTERNAL AFFAIRS				
VIII. Education	177,855	176,905	100	14,109
XIII. Judicial	30,960	30,960	—	—
XIV. Legal	8,278	8,278	—	—
XVII. Medical	199,817	193,355	750	9,495
XI. Government Analyst	1,659	1,659	—	—
XVIII. Military	129,522	81,758	—	8,463
XXII. Police	134,773	127,732	78	5,785
XXIV. Printing and Stationery	28,311	28,311	—	3,273
XXV. Prisons	54,524	54,524	1,704	2,463
XXXII. Native Registration (part of)	8,288	8,288	—	—
Registration of Domestic Servants	1,427	1,427	—	900
Probably not less than	—	—	—	44,468
III.—PORTFOLIO OF FINANCE				
IV. Audit	19,978	14,608	—	—
VII. Customs and Excise	48,603	29,039	—	—
XII. Interest and Unfunded Debt	4,224	4,224	—	—
XX. Miscellaneous Services (part of)	25,592	23,826	1,092	—
XXI. Pensions and Gratuities	209,150	208,409	—	—
XXVI. Public Debt Funded	1,043,252	183,275	—	—
XXX. Rent and Interest, Zanzibar	16,000	16,000	—	—
XXXIV. Treasury	27,968	26,176	—	—
XXV. Colonial Development Fund	5,384	906	—	—
Central Revenue Office	—	—	—	—
	—	—	—	Impossible to estimate
IV.—PORTFOLIO OF AGRICULTURE AND LANDS				
III. Agriculture	125,871	125,871	628	18,131
IX. Forests	31,448	31,448	—	1,800
X. Game	8,596	8,596	—	1,300
XV. Survey and Registration	28,532	—	—	—
XX. Rebate on Paraffin for Agricultural purposes (part of)	2,200	—	—	—
Probably not less than	—	—	—	21,234
V.— INTERNAL PORTFOLIO OF COMMERCE, TRANSPORT, P.W.D. AND MINES				
V. Coast Agency	5,234	3,161	—	700
XV. Local Government (part of)	3,756	3,376	—	3,858
XVI. Local Government Contributions	53,171	52,241	—	—
XIX. Mining and Geological	11,990	11,600	—	3,508
XX. Civil Aviation (part of)	17,360	17,300	—	—
XX. Railways Branch Line	—	—	—	—
Guarantees (part of)	21,353	21,353	—	—
XXIII. Post Offices and Telegraphs	226,693	120,994	4,250	13,478
XXVII. Public Works	82,921	80,571	11,640	14,857
XXVIII. Public Works Recurrent	114,752	114,752	—	—
XXXII. Statistical Dept. (part of)	250	250	—	500
XXIX. Registrar-General	6,135	6,135	—	500
XXXIII. Trade and Information Office	4,536	4,536	—	—
Probably not less than	—	—	—	39,201

Mr. Pandya emphatically dissents from the above proposals.

The Governor comments on Chapters 8 and 9, as follows:-

" I do not feel that I can usefully comment in detail on these Chapters. In my confidential despatch No.119 of the 15th of September I recommended to your favourable consideration the appointment of a Financial Commissioner to investigate the cost of Government and the possibility of effecting a reduction by reorganisation. All the matters discussed in these Chapters will no doubt come within his purview, and I do not consider that any decisions can be taken until full examination has been accorded to the proposals.

I will only refer to the proposal, in paragraph 303, that the amount which can justifiably be expended exclusively on salaries should be limited, at any rate for some years to come, to £1,000,000 per annum as regards permanent establishment. In the opinion of the Treasurer, the amount to be spent by Government in 1935 on salaries to the staff providing permanent services, leaving out of consideration the Levy on Salaries and contributions to the Widows and Orphans Pension Scheme, is approximately £998,000, calculated as follows:-

Personal Emoluments, as shown in	
1935 Estimates	£1,203,319
<u>Less</u>	
(a) Reimbursements made to Government	£156,319
(b) Acting and all other allowances, reliefs, labour, etc.	£29,000
(c) Probable savings ..	£20,000
	<hr/>
	£ 205,319
	<hr/>
	£ 998,000

AIR MAIL

KENYA

No. 125



GOVERNMENT HOUSE
NAIROBI
KENYA

CONFIDENTIAL.

6 October, 1935.

G. O. RE-

Sir,

38008/35
With reference to your despatch No. 565 of the 30th of July, I have the honour to inform you that the majority of the recommendations contained in the Report of the Select Committee on Economy have been considered in Executive Council, and I am therefore now in a position to furnish you with my observations on the Report.

2. As I informed you in my confidential despatch No. 119 of the 15th of September, examination of the proposals has shown that many of the most important of them are either impracticable or unacceptable. This possibility was, moreover, foreshadowed in my confidential despatch No. 2 of the 2nd of January.

3. Chapters I and II are almost purely formal. I find myself in complete agreement with the opinion expressed in paragraph 12 of the Report that "the financial policy of the Government should . . . be directed to the acquisition of an adequate cash surplus, a result which can only be achieved at present by a series of substantial surpluses of revenue over expenditure." But it is not true to say, as is said at the beginning of paragraph 12, that "during the past

two/

THE RIGHT HONOURABLE
MALCOLM MACDONALD, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWLING STREET,
LONDON, S.W. 1.

two years, the cash deficiency has risen." The table, showing commitments against the surplus at 31st December, 1934, includes an item for the Civil Servants Housing Scheme which does not appear in the table of commitments against the surplus at 30th November, 1932. The figures given in paragraph 12 are not, therefore, comparative. On a comparative basis, the figures are as follows:- (I have added those for June, 1935, which show a further improvement.)

	30.11.32	31.12.34	30. 6.35
	£	£	£
Agricultural Advances	106,328	108,950	101,059
Unallocated Surplus	61,448	45,774	44,977
Civil Servants Housing Scheme	29,680	19,772	18,917
Loans to Cereal Industries	116,090	116,090	116,090
Loans to Local Authorities	2,169	-	-
	<u>315,715</u>	<u>297,586</u>	<u>281,043</u>
Actual Surplus	<u>211,325</u>	<u>297,632</u>	<u>328,063</u>
Cash Shortage Surplus	104,320	79,947	57,020
Cash required for current Treasury needs	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Cash Deficiency	<u>204,320</u>	<u>179,947</u>	<u>42,980</u>

CHAPTER III.

4. Paragraph 17. I cannot agree with the suggestion that the overhead expenditure of this Government is "extravagant." You are fully aware not only of the economies which have been effected during the past five years, but of the fact that all expenditure receives most careful scrutiny before approval; so that my point of view hardly requires elaboration. I may say, however, that a close examination of the Report of the Select Committee fails to reveal any specific instance in which the members found "overhead" expenditure, as opposed to expenditure on services, excessive.

5. Paragraph 19. Certain members of the Committee insinuate/

insinuate that they received very little co-operation from Heads of Departments. I understand from the Chairman that this was not in fact the case, and that requests for information and for proposals for economy as made by the Committee almost invariably received prompt compliance. Indeed, the demands of the Committee were in some cases most exacting on the time and energy of Heads of Departments and their staffs. This was particularly the case in regard to the Public Works Department. The various memoranda prepared by the Director were exceedingly comprehensive, and furnished all the information demanded by the Committee, although the tone of paragraph 283 of the Report shows that his efforts received scant appreciation.

6. It is, of course, true to say that departmental heads "almost all affirmed . . . that any further curtailment of expenditure would result in very serious loss of efficiency in the activities of their departments." The reason for those affirmations is abundantly clear from the table on page 4 of the Report, and the officers in question would have been failing in their duty had they not expressed their views to the Committee.

7. Paragraph 21. A reference is here made to "the existing Treasury system of accounting" and to a system said to operate elsewhere involving "a one-line vote at the end showing less x per cent cut subtracted, and giving an amended total." No instances of such a practice have come to my notice, although I understand that a procedure, somewhat similar to that advocated by the Committee, has been instituted in British Honduras. The matter is governed by Colonial Regulation 204, and chiefly for the reasons explained below I see no reason to invite your approval to the temporary relaxation of that Regulation in its application to Kenya.

over estimated expenditure. Thereafter, provided revenue expectations are realised and expenditure is kept within the sanctioned votes, the fact that general savings accrue serves to swell the Colony's surplus and lend additional stability to the Colony's financial position. These general savings also provide a most useful set-off against the additional provision which must inevitably be made in the course of a year by Special Warrant.

The recommendation, to my mind, is in no sense a measure of economy.

CHAPTER IV.

10. Paragraph 25. Subsequent paragraphs of this despatch will show that it is not in fact possible to maintain an efficient service with the reduced departmental staffs and within the reduced expenditure recommended. I must join issue with the Committee when they express the opinion that there is a tendency in Kenya "to assist certain senior officers to reach their maximum pension scales by their retention in responsible positions after they are past their efficiency." As you are aware, the case of each officer who has attained the age for retirement or who has completed the requisite number of years in the East African Service, is carefully considered on its merits at regular intervals in Executive Council.

11. Paragraphs 27-27. The general recommendation for a reduction in the appropriation under Head I of the Estimates by £2,300 is entirely impracticable, and in this connection I may say that the only evidence which the Committee had before them on which to base their recommendation consisted of one very short interview with my Private Secretary.

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12. The recommendation of the Expenditure Advisory Committee for a reduction in the Duty Allowance payable to the Governor was referred to in Sir Philip Cunliffe-Lister's despatch No. 876 of the 20th of November, 1933, and no doubt will receive your consideration in due course.

13. The post of Chauffeur-Mechanic has been included in the Local Civil Service on the salary scale of £300 by £20 to £420, and any future appointee would be appointed on that scale. The present holder of the post enjoys a salary of £444 per annum as a privilege personal to himself. He is a thoroughly satisfactory officer, and it would be inequitable to retrain him in order to effect economy by replacing him by an officer on the minimum of the scale.

14. I am personally satisfied that both the posts of Superintendent of Government House Gardens and Carpenter provide full-time employment. When supervision of the grounds was formerly carried out by an officer of the Forest Department, as noted by the Committee, the officer was seconded to Government House, and there was no question of his being required to undertake departmental duties at the same time. Similarly, the retrenchment of the Carpenter would necessitate a corresponding addition to the staff of the Public Works Department, so that acceptance of the Committee's recommendations would not effect any economy.

15. Paragraph 39. While it is true that the rapid development of motor transport had reduced distances to a considerable degree, the Committee appear to have overlooked the desirability and, indeed, the necessity, of District Officers being readily and continually accessible to the natives living in their areas. I know that you will agree with me when I say that too much importance/

importance cannot be attached to the maintenance of close relations between the Administrative staff and the native population.

16. Paragraph 40. The recommendation in this paragraph has not proved entirely practicable in the form submitted, but I have recently approved a temporary modification whereby the District Commissioner has been withdrawn from Eldoret, which is visited at intervals by the District Commissioner at Kitale, while routine work of an administrative character is carried out by the Resident Magistrate. This has enabled one District Officer to be withdrawn from the area. Pending proof of the satisfactory working of such arrangement, I am unable to agree that it should be regarded as a permanent measure.

17. Paragraphs 41 and 42. After careful consideration in Executive Council, I have reached the conclusion that it would be unwise to accept either of these recommendations. The closing of Kajiado would leave the eastern part of the Masai Reserve much too remote from their District Commissioner, who would be at Ngong. In the case of Kipini, no economy would result from the Committee's proposal, as any minor economies effected by the closing of that station would be more than counterbalanced by the necessity of renting a suitable house for the District Officer who would be transferred to Lamu. Furthermore, it is necessary for one officer continuously to tour the Tana River area, and travelling expenses would be increased if his point of departure were Lamu.

18. Paragraph 43. You will appreciate that, in existing circumstances, any reduction in the number of Administrative officers stationed in the Northern Frontier District would be most undesirable. The

Committee's/

Committee's proposal for a reorganization of the existing staff is receiving consideration, and I may have occasion to address you separately in due course. As at present advised, however, I do not consider that any material economy will be practicable.

19. Paragraphs 44-49. The recommendations of the Committee in regard to the Agricultural Department will form the subject of a separate despatch.

20. Paragraphs 50-54. These paragraphs may be summed up as expressing the view that the cost of the Audit Department is excessive and that it should be reduced by not less than £1,000, in whatever manner the Auditor considers least undesirable. The Auditor has, on my instructions, submitted draft estimates showing the required reduction, which he has effected by proposing a reduction in his clerical staff. He has pointed out, however, that the retrenchments proposed would so affect the efficiency of his Department that reimbursements from the Railway Administration and from the other East African territories would be adversely affected, and he considers that their adoption would necessitate recasting the whole work of the Department "in such a way as best to conceal our complete inefficiency."

In view of the Auditor's opinion, I have felt myself unable to accept the Committee's recommendation. The organization of the Department will no doubt be examined in detail by the Special Commissioner shortly to be appointed, and the question of a reduction can be further considered in the light of his Report.

21. Paragraphs 55-56. The Committee base their recommendation for the abolition of the post of Assistant Government Coast Agent on the ground that, in the past, they understood that while the Coast Agent has been on leave his work has been carried on by his Assistant

and/

and vice versa. In this they were under a misapprehension, since it has been the practice, when either of these officers has been on leave, temporarily to supplement the staff by the secondment of an officer from another Department. The whole argument, therefore, falls to the ground, and I am satisfied that two officers are the minimum necessary for the efficient working of the Agency.

22. Paragraphs 57-58. The Committee in framing their recommendation for the abolition of one post of Examining Officer again do not appear to have understood the implications. The abolition of this post would not only necessitate the reduction of facilities in the manner indicated, but would also entail the complete abandonment of constructive warehousing facilities in Nairobi. As such facilities are a great convenience to Nairobi traders, I incline to the opinion that they should be retained. The views of the Nairobi Chamber of Commerce on the proposal have been invited, but at the time of writing this despatch no reply has been received. I may say that it can safely be assumed that their attitude will be one of determined opposition to the proposal.

23. Paragraph 59. The gradual substitution of African clerks for Asians, so far as it can be carried out without loss of efficiency, is an integral part of the policy of the Department, and effect will be given to this recommendation in the 1936 Draft Estimates.

24. Paragraph 60. The Committee remark that they are satisfied that the danger to the revenue of a reduction of \$500 in the cost of the preventive service is very small, but I am unaware of the nature of the evidence on which that statement is based. The Commissioner of Customs disagrees. I may say, however, that the Commissioner is considering ways and means of reorganisation with a view to increasing efficiency and, pending a

final decision, vacancies occurring among the African staff are being put in abeyance.

25. Paragraph 61. The draft estimates submitted by the Commissioner of Customs amount to £848 less than the Sanctioned Estimates for 1935. I am satisfied that, in view of the fact that it is a joint service, the only further reduction which is practicable would be the abandonment of warehousing facilities in Nairobi which, for the reason already given, I cannot recommend.

26. Paragraphs 65-66. The proposals for additional expenditure on certain educational services, to which the Committee offer no objection, are receiving consideration in connection with the 1936 Estimates.

27. Paragraph 67. I agree with the recommendation for the abolition of the post of Supervisor of Technical Education, and the necessary action is being taken.

28. Paragraph 68. I am advised that a reduction in the establishment of Inspectors of Schools from five to three is unduly drastic and would be most detrimental to education generally, and to African education in particular. I have, however, authorized the abolition of one post. It is hoped that the holder can be absorbed in the teaching staff, and on this point I may have occasion to address you further. I am naturally anxious to have as few retrenchments as possible.

29. Paragraph 69. The difficulty about this recommendation is that it is not at present possible to obtain a sufficient number of suitably qualified Africans. The 1936 Estimates will provide for the replacement of two Europeans by Africans and it is hoped that, as and when vacancies occur, to pursue this policy further.

30. Paragraph 70. I am opposed to this recommendation. A considerable number of parents pay reduced fees and in some cases fees are entirely remitted. Not only would

the necessity to purchase books prove a hardship in such cases, but I am advised that the probability is that a number of parents would refuse to buy the required books. The attendance of a child at school, when that child could not be provided with school books, would merely create an impasse, with results which could not fail to be unfortunate.

31. Paragraphs 71-72. I agree with this recommendation, which will be reflected in the Draft Estimates for 1936.

32. Paragraph 73. The Kilimani suburb of Nairobi is a growing residential area, and I am of opinion that to close the European School, a tried institution which has proved its value, would be a retrograde step. The buildings are adequate for a very much larger number of pupils than attend at present and would merely be wasted were the school to be closed.

33. Paragraph 74. I consider, however, that the recommendation in respect of Waa School may be accepted without detriment to the Colony. Negotiations are proceeding for leasing the buildings to the Holy Ghost Mission for use as a school, and I trust that they will shortly reach a successful termination.

34. Paragraph 75. The retirement of the present headmaster of the Arab School at Shimo-la-Tewa and his replacement by an officer on the scale of salary recommended by the Committee would not be an economy, as the salary of the new appointee plus the pension to the present holder would be considerably in excess of present expenditure.

The recommendation for the abolition of one post of Education Officer in Arab Education has already been accepted, vide your predecessor's telegram No. 68 of the 11th of March, 1935.

35. Paragraph 76. Reference is invited to Mr. Wade's

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Wade

confidential despatch No. 110 of the 23rd of August, 1935, 40
The Director's reorganisation proposals are receiving consideration in connection with the 1936 Estimates.

36. Paragraph 77. Acceptance of this recommendation would result in no net saving, as any reduction in expenditure would be counterbalanced by a reduction in revenue. Moreover, there is an important principle involved, in that the exemption of pupils in Government Schools would necessarily postulate the exemption of pupils in Mission and Private Schools, although many of them are of full age and fully able to pay. The question is at present receiving consideration by a sub-committee of Executive Council, and I may have occasion to address you farther when their Report has been received and considered.

37. Paragraphs 83-84. The present staff of the Forest Department is balanced in that it is sufficient to provide simultaneously for a reasonable degree of protection and a reasonable degree of development. The statement that any reductions in expenditure which would jeopardise the preservation of existing forests or which would seriously impede development of the Colony's forest estate would be fundamentally unsound, requires no amplification, and I am advised that a reduction in the expenditure of the Forest Department on the lines advocated by the Committee would have precisely those effects. But I am satisfied that one post of Assistant Conservator of Forests can be abolished without undue detriment to the Colony and action has been taken accordingly, reference your confidential telegram No. 180 of the 16th of July, while certain other minor reductions can be made under "Other Charges" items. The cumulative effect of these reductions is that the 1936 Estimates will show a decrease of some £1,200 as compared with the Sanctioned Estimates for 1935.

38. Paragraphs 85-86. I incline to the view that it would be unwise to accept the recommendation for reductions in the Game Department, because I attach considerable importance to the value of game as one of the Colony's main assets. On the advice of my Executive Council, however, I have ordered that, before taking any decision, the observations of the Game Warden, who is at present on leave in England, should be obtained.

39. Paragraph 87. Since the retirement of the previous holder, the substantive appointment of an officer to fill the post of Local Government Inspector has not been asked because the Commissioner for Local Government, Lands and Settlement is not satisfied that at present a full time officer is required. At the same time, he has advised me against the deletion of the post as, in his opinion, he cannot, without the assistance of a financial officer, properly discharge his duties as Commissioner for Local Government either to Local Authorities or to Government. He has proposed seconding arrangements, involving the part time secondment to his Department of an Assistant Treasurer which, taking reimbursements from Local Authorities into account, would involve an annual net expenditure of less than £50. I have authorised the inclusion of this proposal in Draft Estimates.

40. Paragraphs 88-92. One post of District Surveyor has been abolished, and the holder retrenched. In this connection, reference is invited to correspondence terminating with your confidential (3) despatch of the 19th of August. I agree that, when another vacancy occurs in the cadre of District Surveyors, the opportunity should be taken to put one post into abeyance. I also agree with the remaining recommendations in these paragraphs although, on account of the personal claims of the two officers concerned, I consider that the

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(Lalsham)

cadets appointed to the Local Civil Service post of Junior Draughtsman should be appointed to Grade I rather than Grade II.

I propose, in connection with the 1936 Estimates, to invite your approval to the creation of a new post of Chief Computer, which I am satisfied is necessary.

41. Paragraph 95. The proposed reductions in the consolidated grants to the Nakuru and Eldoret Municipal Boards have been agreed to by the Local Authorities concerned.

42. Paragraphs 96-105. The recommendations of the Committee may be summarised as follows:-

- (a) The subtraction of an appropriate sum from the total of the estimates of the Medical Department to reduce that total to £194,000;
- (b) The transference of the Child Welfare Service in Nairobi to the Municipality, thus saving, in a full year, the sum of £2,600 on the estimates of this Department, with an addition of £1,300 under the Head "Local Government Contributions."

In regard to (a), I would refer to paragraphs 7 to 9 of this despatch. Not only is the proposal undesirable for the reasons given there, but it would mean the curtailment of medical facilities to the native population at a time when they are beginning to appreciate their true value.

I agree, however, to the transfer of the Child Welfare Service in Nairobi to the municipality, and the recommendation will accordingly be reflected in the 1936 Estimates.

43. In regard to the remarks in paragraph 98 of the Report, you are aware of the position. The salary scale for Medical Officers formerly proceeded to £1,000

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per annum, and the officers engaged at that time enjoy that scale as a privilege personal to themselves. The scale has subsequently been considerably modified, and now begins at £600 and ends at £920 per annum.

44. Paragraphs 106-115. It will be appreciated that, apart from factors of Imperial policy, the present situation precludes the consideration of any suggestions for the reduction of the military establishment of this Colony and I have, therefore, deferred consideration of the relative recommendations in the Report.

45. Paragraph 117. The whole question of the subsidy payable to Imperial Airways will come under review in connection with the Empire Air Mail Scheme, and I cannot usefully comment on the Committee's recommendations at this stage.

46. Paragraph 119. The future of the Inter-Territorial Languages Committee has been the subject of correspondence with the Governments of Uganda, Tanganyika, and Zanzibar, and will be referred to the Governors Conference in due course.

47. Paragraph 125. The Committee, when they say that "probably too many posts in the Colonial Civil Service are made pensionable," ignore the fact that any addition to the number of pensionable posts receives full consideration in Executive Council, in Legislative Council in connection with the annual Estimates, and by yourself.

48. I do not know what the Committee mean by the expression "officers are thrust upon us by the Colonial Office," and, in any case, I do not propose to pursue the proposal for an ex gratia refund of a proportion of the income tax collected in England on pensions paid for from Colonial funds. Such a refund would, in my opinion, be tantamount to a grant-in-aid and, furthermore, I do not see how it could be levied equitably on Civil Service pensions without also applying to pensions granted by banks/

banks and other commercial firms.

49. Paragraphs 126-130. As the general questions of pensionable emoluments and the pensions constant have recently received full consideration in connection with the Report of the Expenditure Advisory Committee, I do not desire to reopen any of these matters now. While this Government views with anxiety the growing pension commitments of the Colony and would welcome any means of relief which would be practicable, I cannot see that any further action is possible at the present time.

50. Paragraphs 131-132. I agree with the view expressed by Mr. Hemsted in paragraphs 140 and 141 to the effect that this Government pays very cheaply for the services rendered by this Department.

51. Paragraphs 133-137. I am not aware of the nature of the evidence on which the majority of the Committee formed the opinion that the system of costing adopted by the Department is unsound, nor do I consider that any economy would be obtained by putting printing out to contract save when, owing to congestion at the Press, the Government Printer is unable to comply with departmental requirements. I may say that, in a number of instances, quotations have been obtained from outside firms for printing and in each case the quotation of the Government Printer has been considerably less. That the quotations obtained by the Committee were lower than those submitted by the Government Press may possibly be explained by the fact that the outside firms were aware of the nature of the Committee's investigations.

52. I should, perhaps, refer briefly to the last sentence of paragraph 133. The present Government Printer, Mr. F.W. Knightley, is, as you are aware, an officer of great experience who has been in the printing trade for a period of approximately 50 years. His attitude/

attitude to the Committee was that his Department was run as economically as possible and he was therefore unable to propose further economies. While possibly his manner to the Committee may have been somewhat irritable, I see no reason to disagree with his view.

53. Paragraph 142. I am of the opinion that, when the present holder of the post of Government Printer retires, the salary scale might be reduced to £720 by £30 to £640 by £40 to £920, but I shall address you separately on this subject in due course.

The abolition of the post of Assistant Government Printer depends largely on the personal capacity of the Government Printer. I incline to the view that, should the present holder be promoted on Mr. Knightly's retirement, the post might go into abeyance, but I propose to defer making any recommendation for the time being.

54. Paragraphs 145-146. I disagree with this recommendation. The administration of detention camps is statutorily a function of the Commissioner of Prisons and the necessary financial provision should appear in the estimates of his Department. In any event, there is no economy involved.

55. Paragraphs 147-151. I have no comments, save to remark that the proposal in paragraph 149 is being pursued.

56. Paragraph 157. The reductions recommended in this paragraph are of an automatic character and will be incorporated in the 1936 Estimates.

57. Paragraph 158. I would refer to paragraph 27 of my despatch No. 682 (Reserved) of the 27th of December, 1934, and to Sir Philip Caniffé-Lister's telegram No. 105 of the 28th of April, 1935.

It is the case that since the Loan Staff was

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to all intents and purposes abolished, more and more of the time of revenue officers is spent on loan works. The consideration of loan proposals, the design and estimation of loan proposals, and the control and execution of loan works, at present take up a great deal of the time of the Director, the Superintending Engineer, the clerical staff, the Chief Accountant and the Accounts staff, and certain Executive Engineers and their staff, as well as the storekeeping staff. The cost of the time and incidental expenses of revenue officers is, in the Director's opinion, far greater than is represented by the reimbursement from loan of the salaries of the Architect, Quantity Surveyor, Draughtsman, and one Assistant Engineer. The Director of Public Works is convinced that the value of the services rendered by revenue officers to loan is not less than six per cent of the expenditure on loan works last year, namely, £68,286 or, say, £4,100. Deducting the sum of £2,100 reimbursed from loan, he regards the sum of £2,000 as being a further suitable and proper reimbursement by loan to revenue. In so far as can be foreseen, this position will still prevail in 1936 and probably in 1937. He advocates, therefore, that the salary of the Superintending Engineer, together with his personal allowance, amounting to £1,300, and the salaries of two European clerks, be borne by loan instead of revenue as a set-off against the proportion of the time spent on loan projects by the revenue staff.

The matter has been considered in Executive Council, when Council endorsed the views of the Director of Public Works. I agree with the advice tendered to me, as I consider that it is only reasonable that there should be a fair reimbursement to revenue from loan funds and I am advised that the Director's proposal is, in

fact,

fact, equitable and reasonable. I trust that your sanction will not be withheld.

58. Paragraph 160. If the recommendation in this paragraph receives your approval, it would necessitate the recovery of additional sums, by grant or loan as the case might be, from the Colonial Development Fund. I do not propose to alter, in any way, the method of accounting in regard to works proposals for which have already been submitted to or approved by His Majesty's Treasury, but I consider that it is reasonable that, when future applications for new works are being prepared, should it be evident that the whole or a substantial part of the time of specific officers will be spent on the work, the appropriate proportion of the salaries of the officers in question should be included in the estimated cost of the work and, if sanctioned, should appear as a reimbursement from the Colonial Development Fund in respect of Public Works Department staff employed on Colonial Development Fund works. I should be glad to know if you would be prepared to approve the submission of future applications in this manner.

59. Paragraph 163. In the opinion of the Director of Public Works, a reduction of expenditure in the stores branch can only be effected by some curtailment of activity, as all the officers concerned are fully employed. He fears that if the stores staff is further reduced, not only will accounting difficulties arise but loss will result owing to works being held up through delay in the issue of stores. The Auditor agrees with this view, and points out that seven years ago, when requests for a larger accounting staff had been refused, losses actually appearing in the accounts at that time would have neutralised a much larger saving than that now proposed. In the circumstances, I consider that no

action/

action should be taken on the recommendation.

60. Paragraphs 165-194. Most of the observations in this part of the Report are so generalised in character and so ill-supported by any statement of the reasons on which the opinions expressed by the signatories are based, that it is difficult for me briefly to comment upon them. I do not, therefore, propose to furnish you with detailed observations, especially as the whole organisation of the Department will come under review when the Special Commissioner arrives. I wish, however, shortly to refer to three matters.

61. In paragraph 176, the Committee consider that "precise and specific figures regarding Loan Works and works financed by the Colonial Development Fund should in future be shown quite separately in the Estimates." I am advised that precise valuation on a statistical basis, covering not only salaries but also such incidental charges as leave pay, passages, housing, pensions, travelling, etc., in respect of each individual employee of the Department whose duties are connected with the loan and revenue works, could only be carried out in arrear after great expenditure of time in keeping diaries and computing costs. I agree with the view of the Auditor that the results would be of no significance.

62. In the same paragraph, reference is made to a "considerable sum of money (over £9,000) contributed by Local Native Councils in payment of services rendered by the Public Works Department." No such contribution is made, but no doubt the members of the Committee were referring to the total sums of £8,128 and £1,682 voted by Local Native Councils in 1935 for Roads and Bridges and Water Supplies respectively. You are aware that these sums are in no sense contributed by Local Native Councils to the Public Works Department, but are sums voted for

works in the areas concerned. The Public Works Department is concerned with this expenditure only in so far as advice and supervision may be afforded by its officers.

63. The statements, in paragraph 178, that the Public Works Department shows "a pronounced disinclination to placing contracts, etc., to tender" and that "such contracts as are placed to tender are subjected to unnecessary and over-meticulous supervision" are wholly incorrect. All work which can be performed economically by contract, except such work as is executed through the medium of the Native Industrial Training Depot, is done by contract. During the years 1929-1934 811 contracts were let, the total value amounting to £405,313. The procedure adopted by the Department in regard to the supervision of contracts is, I am informed, precisely that which is adopted by public authorities throughout the world, the object being to ensure that public money is properly spent by contractors whose object is to make a profit from the contracts let to them.

64. Paragraph 196. I am in agreement with the recommendation for the abolition of the post of Assistant Registrar General, and the necessary action has been taken. The Registrar General is not due for leave in the near future; when the time comes I do not anticipate any difficulty in providing a suitable relief.

65. Paragraph 197. The question of a revision of the salary scale appertaining to the post of Registrar General will be examined on retirement of the present holder. As at present advised, however, I am doubtful if any modification can be made, in view of the importance of obtaining an officer of experience and personality.

66. Paragraph 198. I am advised that the non-European clerk in the Bankruptcy section is fully employed, and that his retrenchment would jeopardise the close

collection of revenue. I am therefore unable to commend the proposal. It has also proved impracticable to engage a suitable European learner on the salary scale provided under the Local Civil Service terms, and I have therefore had to authorise the Registrar General to engage a European clerk on the Grade II scale to fill the vacancy in the clerical establishment.

67. Paragraph 202. I am of the opinion that the present scale of allowances to Unofficial Members of Council, amounting in effect to £2 per diem while the Member is absent from his home or, if he lives in or near Nairobi, on days when he attends meetings, is not excessive in view of the fact that generally extra staff has to be engaged for the conduct of farm or business. Unless the majority of the Unofficial Members themselves press for acceptance of the recommendation, I do not propose to take any further action.

68. Paragraph 203. Negotiations are proceeding for a reduction in the rent at present paid for the Memorial Hall.

69. Paragraph 204. It will be convenient for me to refer to this proposal below when dealing with Chapter VI.

70. Paragraphs 205-206. The recommendation for the repeal of the Registration of Domestic Servants Ordinance has been the subject of consideration by my Executive Council, and I concurred in their unanimous advice that the Ordinance should be retained for the present. In the first place, no economy is involved by its repeal. The estimated revenue for 1935 is £1,525, while the estimated expenditure is £1,427. Furthermore, were the Ordinance repealed, a pension would be payable to the Deputy Registrar, so that the Colony's estimates would be affected in an adverse direction.

71. I am not satisfied that the system has been inimical/

inimical to natives and to non-natives as thought by the Committee. I have received representations from the East African Women's League for the perpetuation of the Ordinance, and those representations show that the system is filling a need in so far as employers are concerned. In regard to employees, the possibility of amending the Ordinance in order to safeguard the domestic servant against the issue of an adverse testimonial is at present receiving my consideration, but I am satisfied that the system does in fact serve to protect the good servant, which is what it was designed to do.

72. It is, of course, true to some extent that the application of the Ordinance to some of the more important towns and some of the more closely settled areas has had the effect of driving the undesirable native to seek employment in more remote districts, but the most satisfactory remedy for that, in my opinion, lies in an extension of the Ordinance rather than in its repeal.

73. Paragraphs 207-209. A reorganisation substantially following that recommended by the Committee has been approved.

74. Paragraphs 212-216. In this connection I would refer to Mr. Wade's despatch No. 370 of the 26th of July, 1935. I trust that the results of the enquiry will be forthcoming in the near future and that they will lead to some economy.

46502/pjs
2 apr

CHAPTER V.

75. Paragraphs 219-220. I am aware that the possibility of converting the most onerous of the Kenya Loans has recently been re-examined and that no scheme has yet been devised which in practice would be to the financial advantage of the Colony.

76. The proposal in paragraphs 226-228 for "the release/

release and liquefaction of all accumulated sinking funds" is, in my opinion, impracticable. Half yearly payments into the sinking fund are statutory, and the amount of such payments is determined by the amount specified in the prospectus to each Loan, viz. "not less than one pound per cent per annum." On receipt of these statutory payments the Crown Agents, who are trustees of the sinking fund, are required by law to invest the money in "such securities as may from time to time be approved by the Secretary of State," and they "hold such fund in trust for repayment of the principal monies." In effect, sinking fund payments made by the Colony are payments to trustees, and the Colony ceases to have the further disposal of the money, which is not available for any purpose other than the ultimate repayment of the Loan concerned. This is laid down by law, and is an integral part of the prospectus of the Loan.

77. Whatever view may be held as to the advisability or otherwise of inserting a sinking fund provision in the law governing the authorisation of loans, it is a fact that in Kenya an Ordinance has been passed in common form adopting and legalising the sinking fund principle, and this principle applies to all loans borrowed by the Colony up to date and will continue to apply to those loans, as provided in the prospectus, until those loans are repaid. This does not appear to be open to argument or discussion, and the views expressed in paragraphs 228 and 229 of the Report are not therefore related to a practical issue.

CHAPTER VI.

78. The recommendations in this Chapter fall into two parts:-

(a) That the payment by Government of a proportion of Railway pensions should cease;

(b)/

- (b) That the payments by Government in respect of losses on Railway branch lines should terminate.

In regard to (a), the Committee were apparently informed as to the nature of the agreement reached in 1921, and they must have been aware that the agreement then reached was a permanent agreement not liable to modification at any later date. It was reached in full knowledge of all the circumstances, and so far as I am aware nothing has happened since 1921 which would lead either party to hold that the agreement was inequitable. I can see no justification for raising with the Railway the question of an alteration in the agreement, and it will be noted that the Committee have advanced no arguments on which such negotiations might be opened. The Railway formed an integral part of the Kenya Government services from 1903 to 1921. Railway expenditure was borne on the Colony's budget and Railway revenue was taken to the Colony's general revenue. I can see no force in the contention attributed to the Treasurer of the time that the liability should extend only to officers who had earned pension in respect of service between those dates and who happened to have retired before 1921. Pensions form a contingent liability during the whole of an officer's service, and that contingent liability must, when it matures, be regarded as a liability on the Administration which employed the officer during his service.

79. In regard to branch line guarantees, all branch lines constructed or contemplated since 1925 have been examined with due regard to the provisions of Article 22 of the Kenya and Uganda (Transport) Order in Council (1925). On a proposal being made for the construction of a branch line in Kenya, economic surveys have been undertaken and the question has been considered by the Railway

Branch Lines Committee and by the Railway Advisory Council. The Railway Advisory Council have advised the High Commissioner as to the attitude the Transport Administration should take on a decision being reached by the Government of Kenya to request the Transport Administration to construct the branch line. On agreement being reached between the Kenya Government and the High Commissioner with regard to these terms, the Legislative Council has had placed before it a motion for the provision of funds for the purpose, accompanied in each case by a guarantee. That guarantee provides that in consideration of the Transport Administration constructing the branch line in question, the Colony will pay to the High Commissioner an amount equal to the losses on the working of the branch line, subject in three cases to a proviso that no such annual payment shall exceed the amount of the loan interest and redemption charges on the capital expenditure involved. In the fourth case, namely, the Narro Moru-Nanyuki extension, the guarantee covers any loss which may accrue as the result of working the Railway extension inclusive of interest and sinking fund charges on the capital expenditure involved. These resolutions, which were passed in the Legislative Council in 1927, 1929, and 1931, were essential preliminaries to the construction of the branch lines and are in consonance with the policy laid down after full discussion by Order in Council. They were a condition precedent to the construction of these branch lines, and there can be no question of equity involved. It may be that in regard to the construction of some of these branches, experience has shown that Kenya should not have pressed for the construction of the branch against such guarantees; that the economic surveys, conducted as they were at a time of relatively high prices, indicated the prospect of future development/

development greater than has in fact eventuated. But the Government of Kenya, in every case with the unanimous approval of the Legislative Council, gave these guarantees with a full knowledge of their implications, and now that the branch lines have been built there can be no question either in law or equity of withdrawing from these guarantees. It would be interesting to know whether the Committee would hold the view that if the Government of Uganda now wished the Railway to construct a branch line in Uganda which the Railway Council thought would be a losing proposition, it would be inequitable to require the Government of Uganda to guarantee the Transport Administration against loss.

80. The Committee refer to the benefits conferred upon the Railway by Kenya legislation against road competition. If this is considered as a separate entity not connected, as it is connected in the Committee's Report, with certain other matters of a completely different kind, it amounts to a suggestion that the Transport Administration should be called upon to pay a substantial sum a year to the Kenya Government for protection against road competition. But the history of the introduction of this measure indicates quite clearly that prohibition was introduced as a result of protracted consideration because it was felt that the continuation of competition by road transport against the Railway in certain areas was "wasteful and against the public interests of the Colony." In point of fact, the Railway can adequately protect itself against road competition by an alteration of its tariff. Such an alternative would, however, necessitate increases in the export rates and other low-rated traffic, and rather than jeopardise the industries concerned all responsible parties, including both Governments, have agreed that the best interests of the dependencies are served by protection by legislation against wasteful competition/

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competition until such time as the higher rates, which alone are vulnerable, can be reduced without involving an increase in the lower rates. It will be clear that whichever alternative is adopted will effectively prevent road competition and therefore revenue from such services can never accrue to Government.

81. For the reasons given in the preceding paragraphs, I see no reason to reopen questions of principle decided a number of years ago. At the same time, I consider that it is possible that some modification, in favour of the Colony, in respect of losses on branch lines and of the contributions by the Railway in respect of Audit and other services may prove to be justified on a detailed examination of the existing situation. I have accordingly appointed a sub-committee of my Executive Council to discuss such matters with the General Manager, and I have also authorized that sub-committee to discuss the possibility of a modification in the rate charged for Card Passes to Unofficial Members of the Legislative Council (vide paragraph 204 of the Report). Their report is awaited.

CHAPTER VII.

82. While there is no doubt that some duplication exists between the Public Works Department and District Councils and that a reduction in expenditure could be effected by the abolition of the latter, I do not consider that the recommendation is acceptable. District Councils have proved very valuable institutions in that they have enabled local residents to play active and responsible parts in the management of local affairs, and there is no doubt whatever that the roads maintained by them attain a relatively high standard, due largely to the keen local interest taken. To abolish these bodies would necessarily result in the substitution of apathy for interest and would,

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85. I will only refer to the proposal, in paragraph 303, that the amount which can justifiably be expended exclusively on salaries should be limited, at any rate for some years to come, to £1,000,000 per annum as regards permanent establishment. In the opinion of the Treasurer, the amount to be spent by Government in 1935 on salaries to the staff providing permanent services, leaving out of consideration the Levy on Salaries and contributions to the Widows and Orphans Pension Scheme, is approximately £998,000, calculated as follows:-

Personal Emoluments, as shown in 1935	
Estimates	£1,203,319

Less

(a) Reimbursements made to Government ...	£156,319	
(b) Acting and all other allowances, reliefs, labour, etc. ...	£ 29,000	
(c) Probable savings ...	<u>£ 20,000</u>	
		<u>£ 205,319</u>
		£ 998,000

86. I agree with paragraph 347 of the Report.

87. Examination of the Report as a whole has, I think, clearly shown that any economies possible without material damage to the Colony are insignificant, and preliminary examination of the 1936 Draft Estimates, as submitted by heads of Departments, has revealed that the probability is that most of these economies will be more than counter-balanced by unavoidable increases in certain Heads, such as Pensions and Gratuities, and Post Office and Telegraphs.

I have the honour to be,

Sir,

Your most obedient, humble servant,

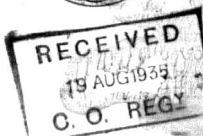
h. J.
BRIGADIER-GENERAL,
GOVERNOR.

KENYA.

NO. 376



GOVERNMENT HOUSE
NAIROBI.
KENYA



July, 1935.

Sir,

A/63

With reference to the Acting Colonial Secretary's Note No.D/Leg.Co.26/3/6/26 dated the 4th of July, 1935, forwarding copies of the Report of the Select Committee on Economy, I have the honour to transmit copies of a corrigendum slip for insertion in the Report.

2. As the correction makes a very material alteration, I consider it desirable to acquaint you with the circumstances in which it has been made. Appendix 4 of the Report as printed follows precisely the typescript draft submitted by Major Cavendish-Bentinck and Sir Robert Shaw to the Secretary. They have explained that they do not know how the word "Unofficial" crept in, and have asked for its deletion. In this connection, I enclose for your information copies of correspondence between the Acting Colonial Secretary and Major Cavendish-Bentinck.

I have the honour to be,

Sir,

Your most obedient, humble servant,

Asst. Gov.
ACTING GOVERNOR.

THE RIGHT HONOURABLE
MALCOLM MACDONALD, P. O., M. P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET,
LONDON, S.W.1.

CORRIGENDUM

REPORT OF THE SELECT COMMITTEE ON ECONOMY

PAGE 105—HEAD V

Delete the word UNOFFICIAL.
and read: PORTFOLIO OF COMMERCE,
TRANSPORT, P.W.D., AND MINES.

(COPY.)

Elected Members Organization,
P.O. Box 825,
Nairobi, Kenya Colony.

61

16th July, 1935.

Reference No.
E/G.1.

The Hon. the
Acting Colonial Secretary,
The Secretariat,
Nairobi.

Sir,

On behalf of Sir Robert Shaw and myself I have the honour to draw your attention to Appendix 4, Page 105, of the Report of the Select Committee on Economy.

The Appendix referred to deals with the tentative suggested grouping of Departments, and under Sub-Head 5 thereof the word "Unofficial" appears which should not be there. We do not know how this mistake arose and can only surmise that we did not go through the galley proofs of the Appendices as carefully as we should have done in view of the fact that the Appendices are not actually signed as is the body of the Report.

In any event we are desirous of having this word deleted.

I have the honour to be,

Sir,

Your obedient servant,

(Sd.) P. Cavendish-Bentinck.

PCB/MS.

The Secretariat,
Nairobi.

D/Cen. 8/20/3/21

17th July, 1935.

Sir,

I have the honour to acknowledge the receipt of your letter No. K/G.1 of the 16th of July, 1935, on the subject of the word "Unofficial" which appears in Appendix 4 of the Report of the Select Committee on Economy, and to inform you that the contents thereof have been noted.

2. I would point out, however, that the word in question appears in the typescript draft of the Appendix which was submitted by you to the Secretary. This typescript is available for your inspection in this office at any time. The galley-proof, therefore, followed your draft report correctly in this respect.

3. I am arranging for a corrigendum slip to be issued to all those who received complimentary copies of the Report. You will no doubt take an opportunity of explaining, in Legislative Council, how the mistake arose.

4. A copy of this letter is being sent to Sir Robert Shaw for his information.

I have the honour to be,

Sir,

Your obedient servant,

H. G. PILLING

ACTING COLONIAL SECRETARY.

Major the Hon. F.W. Cavendish-Bentinck,
Nairobi.

(COPY.)

Elected Members Organization,
P.O. Box 825,
Nairobi, Kenya Colony.

63

18th July, 1935.

Reference No.
E/G.I.

The Hon. the
Acting Colonial Secretary,
Nairobi.

Sir,

I have the honour to acknowledge with thanks your letter D/Com.8/20/3/21 dated 17th July.

I note that you have been good enough to have a corrigendum slip issued to all who received complimentary copies of the Report. I would like to express on behalf of Sir Robert Shaw and myself our appreciation of your action in this matter, and to apologise for the trouble we have been.

I should also like to take this opportunity of again making it perfectly clear that the mistake was entirely mine. I am quite aware that the word in question appeared in the typescript draft submitted to the Secretary, and that the galley proof followed the draft correctly. I can only add that both Sir Robert Shaw and myself realize that a Select Committee of Legislative Council on Economy is not a suitable medium for reflecting any vague vision of a distant future. Neither Sir Roberts Shaw nor myself nor Mr. Hansted, who was present when we drew up this Appendix, even discussed the matter of an "Unofficial" Member of Government, so that I am still at a loss to know how the word got inserted in the typescript draft.

I will see that we take the blame for its insertion in any debate which may take place on the Report in Legislative Council.

I have the honour to be,

Sir,

Your obedient servant,

(Sd.) P. Cavandish Bentinck

2
/

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Discussion between the Secretary of State
and Sir Joseph Byrne on July 30th., 1935.

Economy Committee Report.

Sir Joseph Byrne explained how this arose out of the dispute over the "alternative tax^{es}ation". He did not expect any useful results from the appointment of the Committee and their recommendations are all trivial except as regards defence where the saving proposed appears to be quite out of the question. No decision was taken on this point as we have not yet had the report officially or the Acting Governor's comments upon it.

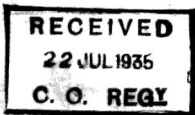
AIR MAIL

WHEN REPLYING
PLEASE QUOTE
No. 8.
AND DATE



65-1
THE SECRETARIAT
NAIROBI
KENYA

13th July, 1935.



Dear Flood,

We sent you the usual number of copies of the Report of the Select Committee on Economy by sea mail on the 4th of July. I am sending you two by air mail now, because I imagine that the Secretary of State will wish to discuss with Sir Joseph Byrns the policy to be adopted in regard to its recommendations and reduction of expenditure generally.

His Excellency is away on tour at the moment, but he has told me that Sir Joseph is discussing financial policy with the Colonial Office, and it is desirable that you should have copies of the Report early in order that you may know how matters stand.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'H. P. King', written over a horizontal line.

J. E. W. Flood, Esq., C.M.G.,
Colonial Office,
Downing Street,
London, S.W. 1.



COLONY AND PROTECTORATE OF KENYA

REPORT
OF THE
SELECT COMMITTEE
ON ECONOMY

Price: Sh. 2/60

NAIROBI :
PRINTED BY THE GOVERNMENT PRINTER
1955

REPORT
OF THE
SELECT COMMITTEE
ON ECONOMY

The expenses incurred in connection with the Committee were approximately £375, and the cost of printing and publishing this Report is estimated by the Government Printer at £78. These figures take no account of the time spent by officers of Government not specially seconded for service with the Committee.

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REPORT OF THE Select Committee on Economy

CHAPTER I. INTRODUCTION.

YOUR EXCELLENCY,

We were appointed by the following resolution passed in the Legislative Council on the 21st December, 1934—

" Be it resolved that a Select Committee of this Council be appointed to make recommendations to Legislative Council for measures of economy which, if adopted, will result in a net reduction amounting to not less than £100,000 in the net annual expenditure of the Colony, and that the following Honourable Members be appointed to serve on the said Committee :—

The Hon. the Colonial Secretary (*Chairman*).

Major the Hon. F. W. Cavendish-Bentinck.

Major the Hon. Sir Robert Shaw.

The Hon. Shamsud-Deen.

The Hon. R. W. Hemsted."

and we have now the honour to submit our report.

1. On the 30th of March, 1935, His Excellency Sir Joseph Byrne proceeded on sick leave, the administration of the Government being assumed by our Chairman, whose place was taken by the Acting Colonial Secretary, Mr. H. G. Pilling. On the 30th of February, 1935, Mr. Shamsud-Deen left the Colony and resigned from the Committee, his place being taken by Mr. J. B. Pandya. On the 1st of May, 1935, Mr. Hemsted left the Colony on leave. At that time, a first draft of a portion of the report was under consideration, and he expressed his views on it. That draft has been considerably amended since, and where Mr. Hemsted has not had an opportunity of examining the final report the fact is stated in footnotes.

3. We have held in all 39 meetings. Written or verbal evidence was received from a number of local residents, from Heads of Departments, Provincial Commissioners, and from other civil servants. In all, 60 memoranda were received and considered. Twenty-nine witnesses were examined, some of whom came before the Committee on several occasions.

4. We wish to express our appreciation of the assistance given to us by those who prepared memoranda for our consideration and by those who appeared in evidence before us.

5. Our terms of reference are clear and explicit. They are —

"To make recommendations to Legislative Council for measures of economy which, if adopted, will result in a net reduction amounting to not less than £100,000 in the net annual expenditure of the Colony."

We have looked on it as mandatory to make such recommendations as will, in our opinion, if adopted, lead to a net reduction in net expenditure of not less than £100,000, and our concern has therefore been to indicate the lines on which we consider that a reduction of expenditure could be effected with the minimum of damage to the machinery of Government and to the Colony as a whole.

*6. At an early stage in our investigations we reached the conclusion that a material reduction in the cost of administration without a corresponding reduction of services would entail drastic alteration in the general structure and policy of Government. It was abundantly clear that no such changes could be, or ought to be, introduced without the fullest possible examination. At the same time, the need for reduction in Government expenditure has been generally emphasized to be urgent. We have therefore, in order to give effect to our terms of reference, made such recommendations for direct economies as we consider will best meet the situation; and at the same time certain members of the Committee have included proposals for the reorganization of the machinery of Government which, while including the reductions upon which we are generally agreed, would in their opinion allow of these, or even greater reductions, being made without involving an undue curtailment of services.

* Mr. Hemsted did not have an opportunity of reviewing the final draft of this paragraph.

*CHAPTER II.

EXPENDITURE OF THE COLONY.

7. Before stating in detail the conclusions to which we have arrived, we feel that it is desirable to draw attention to the expenditure of the Colony for the past ten years, in order that the public may be aware of the true position. We have endeavoured in the table on page 4, not only to show the various rises and falls, but as far as is possible to analyse expenditure, with a view to demonstrating the reasons for the figures of the past few years.

8. The table largely speaks for itself, and we only wish to draw attention to a few points, namely:—

- (a) We have included the proceeds of the levy on official salaries, as, although it appears on the revenue side of the budget, it is, in effect, a reduction in expenditure;
- (b) Port and Marine Department expenditure (which was subsequently transferred to the Railways and Harbours Administration) has been treated in those years as non-recurrent expenditure, in order to maintain strictly comparable figures in the table;
- (c) Pensions and Debt Charges have increased from £517,677 in 1925 to £1,244,308 in 1934, and, according to the Estimates for 1935, show a further substantial increase;
- (d) Net recurrent expenditure, as calculated in the last line of the table, has progressively decreased from £2,062,588 in 1930 to £1,635,213 in 1934. Increased expenditure has therefore been caused by the incidence of Pensions and Debt charges.

9. In order to understand the financial position of the Colony, it is necessary to take revenue into account, and the following table, showing the surplus or deficit at the end of each year, shows that, from 1930 until 1934, the reductions in expenditure have not kept pace with the falling off in revenue.

YEAR	Surplus (+) or Deficit (—) on the Year	Surplus Balances at end of Year
1926	+ 590,513	£149,723
1927	+ 212,642	362,265
1928	+ 330,995	693,260
1929	+ 186,047	879,307
1930	— 171,331	707,976
1931	— 197,274	510,702
1932	— 149,159	361,543
1933	— 109,506	252,034
1934	— 45,539	206,495
1934	+ 2,144	207,639

* Mr. Hemsted did not have an opportunity of reviewing the final draft of this chapter.

	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
a. Estimated Gross Expenditure	2,117,225	2,268,753	2,570,064	2,840,197	3,188,155	3,555,526	3,442,932	3,246,477	3,222,215	2,169,041
b. Actual Gross Expenditure	2,259,890	2,414,981	2,516,115	2,834,647	3,004,073	3,439,874	3,216,089	3,119,723	3,165,035	2,190,795
c. Actual Non-recurrent Expenditure	342,543	161,104	144,317	225,419	517,298	323,862	139,205	94,475	75,303	58,749
d. Actual Recurrent Expenditure	1,897,184	2,263,877	2,370,798	2,609,228	2,897,775	3,114,812	2,076,884	2,025,248	2,094,833	2,123,046
e. Actual Debt Charges	44,148	501,481	580,037	606,036	799,040	832,383	900,443	1,039,045	1,014,304	1,067,872
f. Actual Pension Charges	76,523	68,904	89,133	106,001	117,289	113,660	132,637	147,585	149,504	199,595
g. Total of e. and f.	517,677	668,295	669,170	718,037	916,329	946,052	1,042,080	1,176,580	1,207,348	1,264,906
A. Recurrent Expenditure other than Debt and Pension Charges (d.-g.)	1,479,477	1,676,292	1,761,628	1,888,201	2,071,450	2,168,860	2,034,804	1,846,668	1,887,490	1,877,738
B. Actual yield from Levy on Official Salaries	—	—	—	—	—	—	—	58,815	49,177	49,188
J. Recurrent Expenditure other than Debt and Pension Charges (d.-g.) minus Levy (f.) from other Administrations and from Local Authorities in respect of Audit, Coast Agency, Customs, Legal, Medical, Military, Municipal, Police and Post Office and Telegraph Recurrent Services	1,479,477	1,676,292	1,761,628	1,888,201	2,071,450	2,168,860	2,034,804	1,794,853	1,838,308	1,829,550
K. Recurrent Expenditure other than Debt and Pension Charges (d.-g.) minus Levy (f.) from other Administrations and from Local Authorities in respect of Audit, Coast Agency, Customs, Legal, Medical, Military, Municipal, Police and Post Office and Telegraph Recurrent Services and Recurrent Expenditure on Official Salaries and Recurrent Expenditure under 2(G.-K.)	75,096	68,761	87,638	88,481	114,659	106,277	108,482	97,387	200,558	194,337
L. The Recurrent Expenditure other than Debt and Pension Charges (d.-g.) minus Levy (f.) from other Administrations and from Local Authorities in respect of Audit, Coast Agency, Customs, Legal, Medical, Military, Municipal, Police and Post Office and Telegraph Recurrent Services and Recurrent Expenditure on Official Salaries and Recurrent Expenditure under 2(G.-K.) minus Estimated Net Expenditure as shown in the printed Estimates	1,404,381	1,607,531	1,674,000	1,796,720	1,956,791	2,062,583	1,926,312	1,697,466	1,637,746	1,635,213
M. Estimated Net Expenditure as shown in the printed Estimates	—	—	—	2,844,378	2,317,706	2,539,308	2,498,703	2,340,260	2,178,997	2,111,565

*These figures show Estimated Net Expenditure only, and are neither actual figures, nor necessarily approximations thereto. Actual

10. With regard to the Surplus Balances tabulated above, we wish to stress that the figure of £207,639 takes credit for certain assets which are of a totally illiquid nature, and which are not only likely to remain so for some time to come but which may eventually have to be written off, in part at least. Further, in order to understand the true state of the Colony's finances, the cash position must be taken into account. In this connection, it should be borne in mind that a sum of approximately £100,000 is constantly needed for the day-to-day requirements of Government. This money is at present provided from the excess of deposits over advances, and, when that excess is insufficient for the purpose, loan funds are drawn on temporarily as required.

11. We append below two tables, one taken from Appendix 2 of the Expenditure Advisory Committee's Report, showing the actual cash position on the 30th of November, 1932, and one showing corresponding figures as at the 31st of December, 1934.

ACTUAL CASH POSITION AT 30th NOVEMBER, 1932
(Appendix 2, Expenditure Advisory Committee's Report)

A.—SURPLUS ACCOUNT

	£
Balance on 1st January, 1932	361,543
Less Deficit on 1932 Accounts (11 months):	—
Actual Revenue	2,747,406
Actual Expenditure	2,897,554
Deficit	150,148
Surplus Account at 30th November, 1932	211,395

B.—COMMITMENTS AGAINST SURPLUS AT 30th NOVEMBER, 1932

	£
Agricultural Advances	106,388
Grain Subsidies	116,090
Loans to Local Authorities	2,189
Unallocated Shares	61,448
Actual Surplus at 30th November, 1932 (as above)	296,115
Cash Shortage	74,730
Add Cash Required for Current Treasury Needs	100,000
Cash Deficiency	174,789

ACTUAL CASH POSITION AT 31st DECEMBER, 1934

A.—SURPLUS ACCOUNT

	£
Balance on 1st January, 1934	205,495
Add Surplus on 1934 Accounts	2,144
	207,639
Surplus Account at 31st December, 1934	207,639

B.—COMMITMENTS AGAINST SURPLUS AT 31st DECEMBER, 1934

	£
Agricultural Advances	105,950
Unallocated Stores	45,774
Civil Servants Housing Scheme	19,773
Loan to Maize Industry	111,480
Loan to Wheat Industry	4,305
Loan to Barley Industry	425
	287,586
Actual Surplus at 31st December, 1934 (as above)	207,639
Cash Shortage	79,947
Add Cash Required for Current Treasury Needs	100,000
Cash Deficiency	£ 179,947

12. These tables show that, during the past two years, the cash deficiency has risen from £174,720 to £179,947. Whether this deficiency is met by drawing from time to time upon the running excess of deposits over advances, or from loan funds, seems to us to be immaterial. The money is not there, and until the budget is balanced with a substantial surplus, or series of surpluses, a cash deficiency is bound to remain. While such a deficiency exists, the Colony's finances cannot be said to be in other than a definitely unhealthy condition. The financial policy of the Government should therefore, in our opinion, be directed to the acquisition of an adequate cash surplus, a result which can only be achieved at present by a series of substantial surpluses of revenue over expenditure.

*CHAPTER III.

GENERAL CONSIDERATIONS.

13. Under our terms of reference it was necessary to examine, and take evidence on, the organization of every Government department. We naturally took, as a basis of our investigations, the structure of the Government machine as reflected in the Estimates of Revenue and Expenditure for

* Mr. Hemsted did not have an opportunity of reviewing the final draft of this chapter. Mr. Pandya's assent is subject to his dissenting minute in Part 2 of Chapter IX.

the year 1935, as passed by the Legislative Council on the 31st December, 1934, the date on which this Committee was appointed.

14. These Expenditure Estimates amount to £9,237,529, of which £9,216,387 is estimated to be required for recurrent expenditure and £21,142 for non-recurrent expenditure. Of the recurrent expenditure, a sum of £1,275,068 is required for Debt and Pensions Services.

15. It will be appreciated that this Committee was making its inquiries under peculiarly difficult conditions, in that, owing to the shortfall in revenue which has taken place during five of the last six years, Government had already been forced to adopt all measures of economy which they considered practicable, and, moreover, the Expenditure Advisory Committee, which sat in 1932 and reported as recently as 1933, had made recommendations for further economies and had laid down a programme of expenditure up to and including the year 1936. The Expenditure Advisory Committee's inquiries were, however, conducted under limited terms of reference, which is not the case as regards the deliberations of this Committee.

16. As our terms of reference instructed us to find economies amounting to *not less* than £100,000—possibly a somewhat vague instruction—we felt that it would be advisable to keep some more definite aim in view, and we therefore agreed to endeavour to aim at the proposal which has been urged by the unofficial community for many years past, and to try to make recommendations whereby the total maximum gross expenditure of Government could be limited to a sum not exceeding £3,000,000, and the estimated net expenditure of the Colony, as it appears on the cover of the printed Estimates, to a sum not exceeding £2,000,000.

17. We adopted this line of policy because we felt that, viewed broadly, the object of our Committee was to put forward recommendations which would render it possible to reduce Government expenditure to such a figure as to ensure a probability that we should again be living within our revenue, even should the existing adverse circumstances continue, and that, when the tide did turn, Government would emerge ending the year with a reasonable surplus once again, which would enable the Colony to make a belated start in remedying the very serious cash position, and would afford prospects of some resources, not for building up again an extravagant "overhead", but for expenditure on urgently necessary productive purposes, in return for which the Colony will have some capital assets to show.

18. In order to accomplish the objective referred to in paragraph 16, we realized that it would not be sufficient merely to prune the already considerably reduced heads of departmental expenditure, but that some major reconstructions of the existing machinery of Government, as well as some suggestions with regard to the Colony's loans, and definite recommendations regarding the salaries and terms of service governing some branches of the Kenya Civil Service, would probably be found necessary. In our report we therefore make recommendations on all these subjects.

19. Some of our recommendations have, perforce, been somewhat arbitrary in character. At the commencement of our inquiries we found that with few exceptions we were unlikely to obtain suggestions for further economies from departmental heads, who almost all affirmed that the limit of reduction had been reached, and that any further curtailment of expenditure would result in very serious loss of efficiency in the activities of their departments. We found it almost impossible to induce heads of departments to look upon the question from the point of view of an obligatory reorganization owing to the fact that not more than a given sum could, under existing circumstances, be allocated to their department. They, perhaps not unnaturally, adhered to the view that their department was an immutable structure performing certain inviolate services and that, having made all the obvious reductions they considered possible, somehow or other ways and means must be found to finance their activities.

20. After some fourteen days of possibly somewhat fruitless inquiries, we therefore singled out those departments in which we considered further cuts would have to be made, and we wrote arbitrarily requesting the heads of such departments to submit proposals as to how they would reorganize the machinery of their department were cuts of 5 per cent, 10 per cent or 20 per cent forced upon them. We only took this measure after to some extent making up our minds as to the general lines on which such further reductions were possible, and, having obtained proposals from such heads of departments, we examined them meticulously ourselves, and, in many cases, altered them considerably.

21. In this connection we would point out that heads of departments, however willing, find it extremely difficult to implement at such short notice any general percentage cut in the total expenditure of their departments owing to the existing Treasury system of accounting which is enforced in

this Colony. We are informed that in certain other territories, when similar measures of economy had to be enforced, heads of departments were ordered to cut their expenditure by five or ten per cent, and were given complete freedom to carry out such cuts in any way they thought best during the course of the year. Their estimated expenditure appeared in the budget as originally put forward, with a one-line vote at the end showing less an x per cent cut subtracted, and giving an amended total. Under the system existing in Kenya this would apparently not be permitted. Nevertheless, we have, after consultation with certain heads of departments, agreed to recommend that they should be given this latitude. This matter is referred to when we are dealing with individual departments.

22. The suggestions which are put forward at a later stage for any major reorganization of Government emanate from certain members of the Committee only, but not before some evidence was heard as to their effect.

23. We would like to stress that all the recommendations contained in the following pages, although in some cases to a certain extent arbitrary, have not been arrived at without careful inquiry as to their effect on the Colony.

CHAPTER IV.

DEPARTMENTAL EXPENDITURE.

24. We now pass to the closer consideration of individual departments, and to the formulation of detailed recommendations for economies, for the curtailment of certain services, and for the possible discontinuance of others.

*25. In making recommendations for reduction in staff of the various departments and for the curtailment of services, we have not been unmindful of the necessity of keeping a reasonable Government machine in being proportionate to the financial position of the Colony, and the instructions given to us in our terms of reference. We are satisfied that an efficient service can be maintained by the reduced department staffs and within the reduced expenditure which we recommend. In this connection, however, we feel it our duty to record that during the course of our deliberations we have gained the impression that under existing Colonial Regulations, as interpreted in Kenya, a tendency exists to assist certain senior

* Mr. Henson did not have an opportunity of reviewing the final draft of this paragraph.

officers to reach their maximum pension scales by their retention in responsible positions after they are past their efficiency, thus blocking avenues of promotion for more capable, energetic and, in many cases, younger men.

26. The following represent our detailed recommendations with regard to each department:—

Head 1.—His Excellency the Governor.

27. The total vote under this head amounts to £14,869. We feel, however, that it would not be irrelevant to point out that His Excellency the Governor receives a further contribution towards his expenditure in his capacity of High Commissioner for Transport, which contribution amounts to an additional £3,145. Although admittedly the Railway is a joint service, and therefore this further contribution is not derived solely from the Kenya railway user, the fact nevertheless remains that the Governor of Kenya, so long as he fills both offices, receives in Personal Emoluments, Duty Allowance, and Housing Contributions, £9,500, and his total vote from combined sources amounts annually to £18,014.

28. We have come to the conclusion that the expenditure under this head is more than the Colony can afford. In coming to this conclusion, we have taken into consideration the expenditure incurred under this head in other colonies, and we note that the total establishment charges, including personal emoluments, staff, travelling, entertainment, and motor transport, comparable with Kenya's figure, amount in Southern Rhodesia to £9,727; in Nigeria to £10,543; in Northern Rhodesia to £7,285; in Tanganyika to £11,064; and in Uganda to £9,766; and that the total provision for the Governor General of the Union of South Africa amounts to the comparatively low figure of £24,113.

29. In making the foregoing comparisons we are aware that at present the Governor of Kenya pays Customs duty, whereas the Governor of Uganda is exempt. This arrangement appears to us an anomaly in view of the Customs Union between the two territories, and we feel that if it is customary to exempt the Governor from Customs duties the same procedure should hold good in Kenya.

* Mr. Pandya and Mr. Hemsted are not in agreement with this section of the Report, except that they are prepared to endorse the recommendation in paragraph 32, provided that the reduced rate of Duty Allowance should be applicable only to future holders of the post.

30. We therefore recommend that the total provision be reduced to £15,000, and the savings be proportionately divided as between the Government and the Railway.

31. As suggestions as to lines on which such savings could be effected we propose as follows:—

32. *Item No. 2, Duty Allowance, £3,500.*—Whilst appreciating that the increases in the salary and duty allowance of the Governor from £4,000 to £5,000 and from £1,500 to £2,500 respectively, which took place in 1926, were made partly as a result of a motion moved in Legislative Council on the 8th February, 1925, by the Leader of the Elected Members, and whilst agreeing that at that time an increase in the duty allowance of the Governor may have been justifiable in the light of the then existing circumstances, we feel that under present-day conditions a reduction should be made in the amount of duty allowance to the Governor to the figure of £1,500 at which it stood before 1926. In making this recommendation we would point out that there is no duty allowance attached to the salaries of the Governors of Southern and Northern Rhodesia, and that the duty allowance paid to the Governors of Tanganyika and Uganda amounts to £1,500.

33. *Item No. 7, Chauffeur-Mechanic, £444.*—We feel that a maximum salary of £400 per annum, plus a house, represents adequate remuneration for a chauffeur-mechanic. In making this recommendation, we are aware that the present occupant of the post is on the same incremental grade of salary as the occupier of a similar post in Uganda. We consider, however, that the existing scale of salary is too high.

34. *Item No. 8, Superintendent of Government House Gardens, £258.*—We do not consider that it is necessary there should be a superintendent of Government House gardens. We feel that, should occasional supervision be necessary, this could be carried out, as in the past, by an officer from the Forest Department, who would probably in any event be in charge of the neighbouring Arboretum. At present, without making allowance for convict labour employed in Government House grounds, the expenditure on the Government House garden alone amounts to £766 a year.

We recommend abolishing this post.

35. *Item No. 14, Carpenter, £156.*—We do not feel that the retention of a permanent carpenter in Government House can be necessary. Any necessary work could be done by the Public Works Department or by contract.

We recommend abolishing this post.

36. The further savings required could, we feel, be secured on similar lines.

37. The total reduction recommended in Government expenditure under this head amount to approximately £2,300.

Head II.—Administration.

38. We have given careful consideration to the possibility of effecting economy in the cost of Administration by the closing down of certain stations, enabling the establishment of Administrative Officers to be reduced, and some savings to be made under Other Charges.

39. Generally speaking, it may be said that the rapid development of motor transport during the past few years, and the simultaneous development of a road system which, except during certain times of the year, is reasonably efficient, has to a large extent annihilated distances, and consequently some increased measures of economy can now, in our opinion, be effected without detriment to the Colony.

40. We understand that a temporary arrangement has been made by which the District Officer has been withdrawn from Kitale, and court work there carried out on regular visits by the Resident Magistrate stationed at Eldoret. We recommend that this temporary arrangement should be made a permanent measure.

41. At present there are in the Masai Reserve, which comprises an area of approximately 15,000 square miles, an Officer in Charge at Ngong, District Commissioners at Kajjado and Narok, with a District Officer also at the last named station, i.e. a total of four Administrative Officers in the area, the population of which is in the neighbourhood of 46,000. By way of contrast, Central Kavirondo District has only three officers, with a native population of approximately 370,000. After careful consideration, and consultation with the Acting Chief Native Commissioner, we recommend that Kajjado Station should be closed, and that the area at present administered by the District Commissioner should come under the control of the officer stationed at Ngong. If this proposal is adopted, it may be necessary for the District Officer at

Narok at times to tour the eastern part of the reserve. Our recommendation should enable the establishment of District Officers to be reduced by one.

42. The area administered by the District Commissioner at Kipini comprises part of the basin of the Tana River, while there is also a District Commissioner stationed at Lamu, some 40 miles north of Kipini, who administers the adjacent district. It would, we consider, be advantageous for Kipini Station to be closed, and the officer there transferred to Lamu. This transfer would not enable any reduction to be made in European personnel, but the closing of Kipini should enable some minor economies to be effected.

43. We have given considerable thought to the organization which should obtain in the Northern Frontier District, and, on the evidence which we have had, it seems to us that there is considerable duplication of work between the Provincial Administration and the Military. To remedy this there are, broadly speaking, two alternatives, namely, the withdrawal of the Military, and the withdrawal or partial withdrawal of the Administration. In a subsequent section of this report we recommend the adoption of the first alternative. At the same time, the development of road transport has been such that we consider that one of the stations can be closed. All the evidence which we have heard leads us to the belief that the most suitable reorganization would be the closing down of Isiolo, with the transfer of the Officer in Charge to Wajir, and the administration from Wajir of the area at present controlled by the District Commissioner, Isiolo. This reorganization would be contingent on the completion of a motor road from Marsabit to Wajir, on which we understand work has commenced. We recommend that Government should seriously consider the possibility of effecting such a reorganization, with consequent economy, and possibly with a reduction of a further officer in the establishment of District Officers.

**Head III.—Agricultural Department.*

44. The total estimated cost of this department in 1935 amounts to £125,871. The activities of this department are divided as between Plant Industry and Animal Industry. It is not easy to allocate with accuracy the expenditure on each

* Mr. Hemsted agreed to the definite recommendation in paragraph 40, that the basic expenditure of the Department should be reduced to £110,000, but did not have an opportunity of expressing his views on the draft Report.

side of the department's activities, but according to the Director of Agriculture approximately £58,000 is on account of the Division of Plant Industry and approximately £67,000 on account of the Division of Animal Industry.

45. In the course of our inquiries into this department we came to the conclusion that a reorganization on somewhat drastic lines was necessary, and in the course of several lengthy interviews with the Director and other senior officers of the department it became clear that this need for reorganization was generally accepted in the department itself.

46. During our search for reductions we examined proposals affecting each side of the department separately. On the Veterinary side, a detailed scheme was submitted to us, drawn up on the principle of basing all veterinary activities on research. With this principle and with the scheme submitted, with certain small modifications, we are in substantial agreement. We have not, however, definitely accepted this scheme, owing to the fact that no such detailed proposals were available as regards the Plant Industry, and we felt that definite acceptance of the scheme in its precise form put forward might tend unduly to separate the activities of the department as a whole. We were further informed by the Director that he was in the process of formulating a scheme for the reorganization of the department which would, to a large extent, incorporate the suggestions put forward in regard to the veterinary side without any tendency to split the activities of the department, which are and must remain in many ways interwoven. At the same time it was evident that under present conditions there is unnecessary overlapping, not only between the different branches of the Agricultural Department itself but between the activities of the Agricultural Department and those of other departments and the Administration. As an example of what we mean we would refer to the assumption—entirely false, in our opinion—that instruction of natives in the art of animal husbandry is the function of veterinarians. This work should be carried out by the Administration, assisted by a suitable staff of Agricultural Officers and Instructors in Stock posted thereto for that purpose. Nor do we think it right that veterinary officers should teach reading and writing. (Page 62 of the 1933 Native Affairs Department Report.) We also do not think that the appointment of a special grasslands officer is justified in view of the fact that several agricultural officers have specialized in this subject, and are themselves dealing with grass problems to-day.

47. On the plant side, the evidence submitted appears to indicate clearly the necessity for further co-ordination of research and investigational services. We suggest that the Scott Laboratory, the Plant Breeding Station, such special work as may be required in the interests of the coffee industry, and all other research work should be more definitely placed under the control of one officer of suitable qualifications, who might be described as the Chief Agricultural Research Officer. We strongly urge the adoption of a policy framed on these lines. At the same time we hold equally strongly the view that the actual stimulus of successful agricultural development in native areas must emanate from Administrative Officers, who should be assisted by the necessary technical staff, posted to the Administration for that purpose; and furthermore that such staff should consist, to a far greater extent than is the case at present, of locally engaged men. The engagement of large numbers of highly qualified officers on a permanent and pensionable basis for this work is, in our opinion, entirely unnecessary.

48. To summarize, our ideas are that the much-needed increased agricultural development in the native reserves should radiate via the Administration, assisted by the technical advice of agricultural officers attached to provinces and districts, and by locally engaged development officers. The foregoing should only somewhat loosely be connected with research. Research in general should be more closely co-ordinated and should be carried out by special officers under the Chief Research Officer. At present, research is being carried out in numerous different channels, and there seems to be some lack of co-ordination and control, and the present system appears to be extravagant.

49. It would be difficult for us as laymen to dictate the technical details of any such drastic reorganization as we visualize. Furthermore, in view of the fact that the Director of Agriculture himself seems to be largely in agreement with our views, we feel that the details of any such reorganization would be far better left to the Director himself. We therefore content ourselves with making the definite recommendations, that the basic cost of this department be reduced to £110,000, thus effecting a reduction of £15,000 in a full year, and the Director of Agriculture has undertaken to draw up a scheme to keep his expenditure within that figure without causing, as far as we can see, any appreciable loss in efficiency. In fact, we consider that in the long run this reduction will be conducive to greater efficiency.

Head IV.—Audit Department.

50. We have experienced considerable difficulty in formulating any concrete recommendation in regard to this department. The cost of Audit in Kenya is high compared with other African dependencies, and, in our opinion, hypothecates an excessive proportion of the Colony's revenue. We feel strongly that the cost can and should be materially reduced.

51. The position is, however, somewhat complicated by the fact that the Auditor is, in certain respects, responsible to the Director of Colonial Audit while, in respect of joint services, he is responsible to the Governments of neighbouring territories and to the Kenya and Uganda Railways as well as to the Government of Kenya. Care should therefore be taken that any economies effected should not affect the intensity of the check in respect of joint departments, as any such economy might lead to a reduction in the reimbursements which the Government of Kenya receives.

52. Major Cavendish-Bentick and Sir Robert Shaw do not agree with the last sentence of the preceding paragraph. They endorse the view expressed in paragraph 206 of the Report of the Expenditure Advisory Committee, which reads as follows:—

"206. We have reached the conclusion that the degree of check to which the allocations of Customs receipts between Kenya and Uganda as made by the Commissioner of Customs are subjected, is unduly meticulous in view of the comparatively small adjustments which have to be made in the past as a result of that check. We recommend, therefore, that the Government of Uganda should be approached with a view to obtaining mutual agreement for a reduction in the intensity of the audit check of the allocations of Customs revenue between the two territories".

53. The recommendations of the Expenditure Advisory Committee in respect of this Department were as follows:—

"202. We have come to the conclusion that the cost of audit in Kenya is still too heavy in present circumstances, and recommend that the posts of Deputy Auditor and five clerkships be abolished, even if this entails some diminution in the intensity of the check applied. As a result of our enquiries we are satisfied that in certain departments (particularly self-accounting departments) a

satisfactory system of internal check is maintained, and therefore the intensity of the audit can be relaxed without danger.

204. In recommending the abolition of the post of Deputy Director, we are influenced by the fact that the Auditor is not a member of either Executive or Legislative Council, and seldom serves on committees.

205. We consider that expenditure under this head should be limited to £19,347."

These recommendations have not been accepted by Government.

54. After careful consideration, we have come to the conclusion that it is not possible for a Committee of this nature to recommend any reduction in this Department which is not of an arbitrary character. At the same time, we are entirely convinced both of the desirability and practicability of substantial economies, and we therefore recommend that immediate steps be taken to effect a reduction in expenditure of not less than £1,000, in whatever manner the Auditor considers least undesirable. Although we would not wish to fetter the Auditor's discretion in effecting this reduction, the majority of us feel that the recommendations of the Expenditure Advisory Committee should be reconsidered. We are fully appreciative of the thoroughness of the existing check but we feel that in view of the urgent need for economy some relaxation is possible and we are not convinced that any loss of revenue would result if the Auditor were given discretion as to where such relaxation should be exercised. Mr. Pandya would not, however, approve of any proposal to reduce the number of clerks, as he is of the opinion that, as the clerks are primarily responsible for the carrying out of routine checks, any such reduction would materially impair the efficiency of the Department.

Head V.—Coast Agency.

55. Proposals for reductions of 10 per cent and 20 per cent in this Department have been submitted to us. The proposals for a 10 per cent reduction would eliminate:—

- (a) The transport and clearing services rendered to Government officials of Kenya and Uganda while proceeding on and returning from leave;
- (b) The mechanical transport of Government stores and officials' kit to and from stations in the Coast Province;

- (e) Transport in connection with household removals in Mombasa.

The proposals for a 20 per cent reduction would eliminate the above services and in addition:—

- (a) The control and conveyance of Government stores to and from the Railway station for distribution to and collection from the various Government departments in Mombasa;
- (b) The conveyance of Government stores to and from the docks;
- (c) Transport of currency, specie and ivory.

56. The majority of us feel that we cannot recommend any such drastic reduction of services. We note, however, that there are two European officers in the Department, a Coast Agent and an Assistant Coast Agent, but while the Coast Agent is on leave his work has in the past been carried on by his Assistant and vice versa. For this reason, we are satisfied that there is no real necessity for two permanent officers. We therefore recommend that the post of Assistant Government Coast Agent be abolished, and that arrangements should be made for a suitably qualified officer of the Customs Department to act for the Coast Agent when he proceeds on leave. The annual saving effected by the acceptance of this recommendation would amount to approximately £510, but this reduction might possibly be offset to a slight extent in every third year by the necessity of paying for a temporary relief.

Head VII.—Customs.

57. We have considered the desirability of closing the Nairobi Bonded Warehouse, but, after full enquiries, we are satisfied that it is in the public interest that some bonding facilities should be preserved. At present, the warehouse is open each morning but, on the evidence which we have heard, we have formed the opinion that, in the present financial circumstances, the facilities should be confined to two mornings in each week. We are informed that such a curtailment of activities would enable one post of Examining Officer to be abolished, with an annual saving of £440.

58. We understand that, if the recommendation in the preceding paragraph is accepted, the commercial community may be put to some inconvenience in that demurrage might be chargeable on goods between the time of their arrival at Nairobi Railway Station and their clearance to the Bonded Warehouse, a period which might amount to four days. We

suggest that representations should be made to the Railway Administration asking them to consider waiving such demurrage charges.

59. We recommend the abolition of two Asian clerkships, Arab or African clerks being substituted.

60. We also advocate a reduction of £500 in the cost of the preventive service, the principal function of which is to guard against the illicit landing and shipment of goods and to ensure compliance with the regulations governing the coast-wise movement of cargo. We are satisfied that the danger to the revenue of the reduction which we recommend is very small.

61. The total effect of our recommendations is a reduction in expenditure of £1,382. Our wishes would, however, be met by a reduction of £1,000, and we are content to leave the details of such a reduction to the discretion of the Commissioner of Customs.

62. In Mr. Pandya's opinion, the proposal to keep the bonded warehouse open on two mornings only each week in Nairobi will create a good deal of hardship to the commercial community and will materially reduce the value of bonding facilities.

63. With regard to the possibility of general economy in this department, he considers that in view of the fact that it is a joint department and not a purely Kenya department (Uganda also having a say from the point of view of safeguarding revenue), any reduction in expenditure would be difficult to effect, but it might be possible to make some economies by reduction in the establishment of collectors and such other posts.

Head VIII.—Education.

64. The total cost of this department, as reflected in the 1935 Estimates, amounts to £177,855. Considerable economies have been effected during the past few years, more especially on Other Charges Votes, so that there is little margin for economy, other than that which we will now recommend.

65. There are certain new services in connection with Indian and African Education for which the Director of Education desires to make provision in his 1936 Estimates. They are:—

- A.—Restoration of free grants at £3 per head to Indian Schools in receipt of grants-in-aid: £1,000.

(In the Director's opinion, the present system is most unsatisfactory, and results in considerable hardship to the larger schools, making it practically impossible for them to continue.)

B.—One additional Master, Indian Secondary School, Nairobi, for training of teachers: £300.

C.—One additional Mistress, Indian Girls' School, Mombasa, for training female Indian teachers: £200.

(At present there are no facilities in the Colony for training Indian teachers, while recruiting from India is, in the Director's opinion, expensive and unsatisfactory.)

D.—Payment to Government of Uganda for African teachers-in-training at Makerere College: £100.

(The Director considers that the African staff in Government Schools are very weak, and regards it as important that more highly trained teachers should be obtained.)

66. We offer no objection to the inclusion of these items in the 1936 Budget, and we have borne them in mind in framing our recommendations in reduction.

67. We understand that the system of technical education for Africans has been changed recently, and that technical pupils are now taught entirely at the Native Industrial Training Depot at Kabete, instead of undergoing a period of preliminary training at a Government or a Mission School. It appears to us, therefore, that the necessity for supervision of technical education is not so great as it formerly was, and we therefore recommend that the post of Supervisor of Technical Education be abolished, saving £960 in a full year.

68. Provision appears in the Estimates for five Inspectors of Schools. We advocate a reduction of two posts, which would leave three Inspectors, one for Nyeri, one for Kavirondo and one for Nairobi. Reliefs for Inspectors on leave would be drawn from Government African Schools or from Education Officers in other schools, while the Coast area would be inspected by the headmaster of the Allidina Visram High School, supplemented by occasional visits from the Director of Education and the Chief Inspector of Schools. We realize that this reduced establishment must throw increased work on the balance of the inspector staff, but we are of opinion that it should be given a trial in the interests of economy. The saving would amount to approximately £1,430 in a full year.

69. The estimates contain provision for nine European clerks in the head office. After consultation with the Director, we recommend that four of these posts be abolished, and that the establishment of African clerks should be correspondingly increased by four. The saving which would be effected would approximate to £1,290 in a full year.

70. Under present arrangements, pupils in European and Indian Schools receive necessary books free of charge. The majority of us, Mr. Pandya dissenting, consider that it would be reasonable, in existing circumstances, to abolish this free issue of books—which we understand does not take place elsewhere—and we accordingly recommend that the necessary action be taken, enabling a saving of approximately £400 in a full year.

71. After full consideration, we recommend that the Education Department Stores be closed down. This would involve the abolition of one post of European clerk, and the retrenchment of certain menial staff. The saving in Personal Emoluments would amount to approximately £500 per annum, while in addition the rent of the Stores building, amounting to £100 per annum, would also be saved. If this proposal is adopted, we envisage that existing stocks will be disposed of in the following manner:—

- (a) Blankets, clothing, etc., will be distributed to schools and stored until required for issue;
- (b) Books could either be distributed free to Missions or sold;
- (c) Tools, brooms, brushes, etc., should be transferred to the Public Works Department Stores;
- (d) In respect of other miscellaneous stores, a list should be prepared and circulated to other departments. Any which may not be required could be transferred to the Public Works Department Stores.

72. As regards future stores policy, there seems no good reason why the Government Press should not comply with indents for pens, stationery, etc., as obtains in the case of other departments. Household articles, such as soap, brushes, brooms, etc., should be purchased locally as required through the medium of the Central Tender Board or obtained from the Public Works Department Stores which, we understand, holds stocks of these articles. In the case of such provisions as are not at present included in Central Tender Board lists,

tenders for supplies covering a period of six months, or possibly one year, should be called for. Any requirements of the Native Industrial Training Depot in the way of timber, cement, nails, screws, etc., should be obtained through the Public Works Department.

73. We consider that the European Primary School at Kilimani should be closed. At present only some twenty children attend the school, while the advent of the Kenya Bus Service and the fact that many of the parents go into town, daily by car and can drop the children at the Nairobi Primary School makes it apparent that little hardship would be caused by closing the school, more especially as there is an established private school at Kilimani. The closing of the Government school would involve the abolition of one post of Education Officer, and would effect a total annual saving in the neighbourhood of £610 per annum.

74. There is a Government African School at Waa in Digo District, which is situated on the mainland approximately eight miles to the south of Mombasa. Its original purpose was to train artisans, but it has now become a primary school, and, in the Director's opinion, it is serving little useful purpose because the educational standard is very low, most of the pupils are too old to be still in the primary stage, and great difficulties have been encountered in maintaining discipline. We recommend that the possibility of leasing the buildings to a Mission, or, alternatively, of their being used for training purposes by the Agricultural Department, be examined. If neither of these courses prove practicable, we recommend that the school be closed. The closing of this school would involve the abolition of one post of Education Officer, and would effect a saving of approximately £2,026 in a full year.

75. We understand that the headmaster of the Arab School at Shumo-la-Tewa enjoys a salary of £920 per annum. We consider that a suitable maximum scale of salary for this post would be £600 by £30 to £720 and we recommend that, as soon as practicable, the present holder of the post be retired and be replaced by an officer on the lower scale of salary. The resultant saving, apart from pension commitments, will amount to not less than £200 annually. We also recommend the abolition of one post of Education Officer under Arab Education, saving £475.

76. Under Items 82 and 83 of the current Estimates, provision appears for thirty-two Education Officers and fourteen Technical Instructors, i.e. a total of forty-six posts,

engaged in African Education at a cost of £19,595. The Director of Education is of the opinion that the number of these posts can be reduced by four, and that, by a certain regrading which he has in mind, a total saving in the neighbourhood of £3,000 can be made, if the regrading is approved by the Secretary of State. We understand that these proposals will involve no actual retrenchments, but will merely leave certain existing vacancies unfilled, for which provision has been made in the 1935 Estimates, and we recommend their adoption.

77. We observe that provision appears in Item 92 of the current Estimates for the payment of hut and poll tax out of the votes of the department in respect of certain pupils in Government African Schools. We consider that in cases in which the payment of native hut and poll tax is held to be a charge on public funds, the position should be met by the exemption of the pupils concerned. We recognize that, if this item disappears from the Expenditure Estimates, there will be a corresponding reduction in revenue.

78. The total reduction in the Annual Expenditure of this Department which would result from the complete acceptance of all our recommendations amounts to approximately £9,691. The Director of Education considers that so drastic a reduction, amounting to approximately 5.4 per cent of the total appropriation for the department, cannot be effected without some loss of efficiency.

(79. Note by Mr. Pandya : I wish to record my opposition to the proposal in paragraph 70 regarding the withdrawal of free issue of books in the Government schools. It is assumed that books are issued free because no specific charge is made for such supplies. This is not quite true. The high fees now in force were fixed on the basis of understanding that books would be supplied free of charge by the Government, and the withdrawal of such a free supply should be subject to a corresponding reduction in fees. Without such reduction the proposal would mean, indirectly, an increase in fees which are already very high.

80. In my opinion, if the proposal were adopted, in many cases—due to depression and hard times—it would become more difficult for parents to educate their children because of the increased cost of books, and the poorer classes particularly would be very hard hit.

81. Further, this measure is not a genuine economy. Government expenditure might show a small saving of £400 annually, but it would mean a large additional expenditure to the individual parent. It would thus be an increased burden passed on to taxpayers who are least able to bear it.)

*82. A proposal to close the European Girls' Secondary School, Nairobi, leaving secondary education for European girls entirely to private enterprise, was submitted to us. After full consideration, we are satisfied that any economy which would result from the adoption of this proposal would be extremely small, and entirely out of proportion to the harm which would be caused by closing an institution which has proved its value. We are therefore unable to recommend the proposal.

Head IX.—Forest Department.

83. We note that expenditure under this Head is very much greater in Kenya than in any other comparable territories. The total vote for 1935 in Kenya amounts to £81,448, in Tanganyika to £17,342, in Uganda to £14,928 and in Southern Rhodesia to £11,759. Notwithstanding the revenue earned we therefore consider that the cost to the Colony of the Forest Department is unduly high. A considerable proportion of the expenditure of the department is incurred not so much in the protection of existing forests, which protection we consider to be vitally important, but on the establishment of plantations in comparatively circumscribed areas. Reafforestation is, of course, both necessary and desirable but the areas which are being planted up at present are disproportionate to the extent of the areas which are being destroyed annually by natives, and owing to their comparatively small size such plantations do not contribute adequately to prevention of denudation or conservancy of water. Admittedly, such plantations will in years to come produce good lumber to the benefit of posterity and to the eventual enlargement of the Colony's forest assets. It is questionable, however, whether we can afford to embark on anything more than a somewhat meagre reafforestation scheme in bad times as it might be contended that such expenditure on any large scale is only a fair charge on special supplementary grants in times of prosperity, and we consider that all the Colony can afford at present is to maintain its existing assets and actively prevent further encroachment and destruction of forest areas.

*The proposal referred to in this paragraph was still being examined when Mr. Hemsted departed on leave.

84. As has been pointed out in the previous paragraph the total expenditure of the department amounts to £81,448, and at our request the Acting Conservator of Forests has prepared a draft provisional estimates on a purely maintenance basis totalling £27,290. These will be found in Appendix 2. We recommend that these draft estimates be adopted but would add that should the Government see fit to accept our recommendations, the Conservator of Forests should be instructed to adhere to the policy, outlined in paragraph 83, of maintaining the existing forest estates and to make his reductions in the reafforestation and nursery votes. It is only fair to state that the Acting Conservator of Forests considers the reductions unsound. In his covering memorandum to us he stated —

"In conclusion I would repeat that if the Committee wish to advocate decreased development they may recommend the reduction of the Reafforestation and Nursery Votes, but for the maintenance of the Forest Estate for posterity I would ask that they will record my opinion that I consider the estimates that I have been asked to submit unwise."

Head X.—Game Department.

85. The cost of the Game Department, according to the 1935 Estimates, is £8,596. Although considerable revenue accrues from the issue of Game Licences and from the sale of Ivory and Confiscated Trophies, it is the case that the bulk of this revenue is collected by officers of the Administration, rather than by the staff of the Game Department. Although valuable work is carried out by the Department, notably in connection with the control of poaching and the destruction of vermin, we consider that its cost can and should be reduced without serious detriment to the Colony.

86. We recommend the abolition of one post of Assistant Game Warden and the post of Temporary Game and Vermin Control Officer, with a consequential reduction of £150 in the Local Transport and Travelling Vote. In order, however, that the work of vermin control should not unduly suffer, we recommend an increase in the item "Expenses of Game and Vermin Control" from £250 to £500. The net effect of our recommendations would be a reduction in expenditure of £1,000 in a full year.

Head XV.—Local Government, Lands and Settlement.

87. We are of the opinion that the necessity for a post of Local Government Inspector no longer exists. An inspector was valuable, during the early days of local government, in advising local authorities as to accounting methods and procedure generally. The present system or Municipalities and District Councils has been functioning for several years on well-defined lines, and we consider that the regular audit supplies all necessary check and supervision. The post of Local Government Inspector has been vacant for several months, and there is no evidence that local authorities have suffered through lack of supervision. We therefore recommend that the post be abolished. Our recommendation for the abolition of this post is in no sense contingent on the acceptance of the recommendations in regard to District Councils generally, which appear in Chapter VII of this Report.

88. After careful consideration, we recommend the following reductions in the Survey and Registration Division:—

(a) Abolition of one post of District Surveyor	£920
(b) One District Surveyor post to be put into abeyance	£840
(c) Abolition of two posts of Forest Surveyor	£987
(d) Abolition of post of Survey Records Officer	£600
(e) Abolition of one post of Registrar of Titles (at present in abeyance)	Nil
	£3,947

89. In the event of one post of District Surveyor being abolished, we consider that the Secretary of State should be invited to approve the creation of a post of Chief Computer on a scale of £720 by £30 to £840. If the creation of this post is approved, and one of the present computing staff appointed to it, the increase in expenditure would be approximately £70.

90. We consider that it would be desirable that two of the cadets should be appointed to the Local Civil Service as Junior Staff Surveyors—Grade I, and two others as Junior Draughtsmen—Grade II. If these appointments are made, the total increase in the 1936 Estimates would be £200.

91. The proposals in paragraph 86 above, with the exception of (e), were submitted to us by the Surveyor General, through the Commissioner for Local Government, Lands and Settlement, in response to a request for information as to how

a reduction of 5 per cent could be effected in his estimates with the minimum of damage. He regards the proposals in paragraphs 89 and 90 as being an integral part of his economy scheme, and it is for that reason that we recommend their adoption.

92. The exception referred to in the preceding paragraph is the abolition of the two posts of Forest Surveyor. In connection with the Forest Department, we have recommended its reorganization on a basis of maintenance only, i.e. the preservation of, but no increase in, existing assets. Forest Surveyors are not, in our view, necessary for the preservation of existing assets, for we consider that any survey work, which may be essential, can be carried out satisfactorily by the Assistant Conservators of Forests, and we therefore recommend the abolition of the two Surveyor posts.

93. We do not recommend any retrenchment in regard to proposal (b) of paragraph 88, but we consider that the post should be put into abeyance as and when it becomes vacant. When our recommendations become fully effective, the annual reduction in expenditure, apart from pensions commitments, will be approximately £3,917.

Head XVI.—Local Government Contributions.

94. The Basic Local Grants to District Councils will be discussed in Chapter VII of this Report.

95. In regard to Municipalities, we understand that the Nakuru and Eldoret Municipal Boards have agreed to reductions, amounting to £500 and £300 respectively, in the consolidated grants payable to them, and we recommend that these reductions, amounting in the aggregate to £800, be incorporated in the 1936 Estimates. We understand that it is proposed to place the grant paid to Eldoret Municipality on a statutory basis under the Local Government (Municipalities) Ordinance, 1928.

**Head XVII.—Medical Department.*

96. The total cost of this department as reflected in the 1935 Estimates amounts to £199,817. We note, however, that during 1934 the expenditure amounted to £3,319 less than the sanctioned Estimates. It would, therefore, appear that certain further economies are possible without undue loss of efficiency.

* Mr. Hemsted approved the recommendations in this section, but did not have an opportunity of expressing an opinion on the draft Report.

97. In 1936, however, provision will have to be made for over £2,000 on account of normal increments, of which approximately one half will be balanced by the replacement of casualties amongst senior officers by officers at the bottom of the salary scales. The total cost in the 1936 Draft Estimates may be tentatively placed at £200,817.

98. As is pointed out elsewhere in this Report, we are somewhat perturbed at the general scale of salaries in this department. In the Medical Department alone there would appear to be no fewer than twenty-eight officers on basic salaries amounting to £1,000 per annum or more, and no fewer than forty-eight officers whose salary, including hidden emoluments, amounts to over £1,000 each per annum.

99. As the result of very careful inquiries, we have come to the conclusion that the normal total annual expenditure under this Head can, and should, be reduced to a maximum of £194,000 per annum.

100. We have had several interviews with the Director of Medical Services, who has been at great pains to elaborate schemes under which the necessary reductions could be effected. If, however, we were to adopt any of his different schemes in detail, we are satisfied that it would entail definite recommendations for the abolishing of certain services or the closing of certain hospitals, and we are satisfied that if the Director of Medical Services is given greater latitude the necessary reduction can be found without recourse to the adoption of such undesirable measures. In this connection we would refer to paragraph 21 of our Report.

101. The bulk of the savings envisaged will take the form of small reductions in general expenditure the items of which may have to be varied in the light of experience during the course of the year.

102. The one major recommendation which we have to make is that, in our opinion, the time has now arrived when the Child Welfare Service in Nairobi should be taken over by the Nairobi Municipal Council. In this regard our view is shared by the Commissioner for Local Government, the Director of Medical Services and, in his personal capacity, the Town Clerk.

103. If this recommendation is implemented it would mean that the Municipality would bear the full annual recurrent cost of £2,600, which would be a definite reduction on

the Medical Head of Estimates. The Head "Local Government Contributions" would, however, be increased by £1,300 as one half of the cost would naturally be continued to be paid by Government as a contribution to the Municipality in respect of this service on the same lines as contributions paid by Government in respect of other Public Health Services carried out by the Municipality.

104. We are satisfied that, given the power to exercise his own discretion, the Director of Medical Services will be able to effect the total reductions we recommend without endangering the efficiency of the Medical Department.

105. We should perhaps add that as the maximum figure of £194,000 might leave but little margin for unforeseen emergencies such as an epidemic of smallpox, special expenditure in such emergencies would have to be provided for (as incidentally has been the custom in the past) by special warrant.

*Head XVII.—Military.

106. According to the 1935 Estimates, the cost of Kenya's Military commitments, including the Kenya Defence Force and the Royal Naval Volunteer Reserve, is £81,758. Deducting the cost of these services, as well as that of the King's African Rifles Band, the net cost to Kenya of the Northern Brigade is estimated to be £75,236.

107. This, however, does not include all expenditure on defence for to it must be added the net cost of the Police, which amounts to £127,732. In our opinion the total expenditure on defence is not only disproportionate to the total revenue, but is also in excess of the Colony's actual requirements.

108. We are satisfied that under present circumstances the maintenance of a detachment of the King's African Rifles at Lokitaung in Northern Turkana is advisable, but we have come to the conclusion that the retention of a permanent military force—apart possibly from wireless operators—is, under normal circumstances, unnecessary in the Northern Frontier Province. In arriving at this conclusion, we are influenced by the fact that one of our members, Mr. R. W.

* Mr. Hemsted approved the recommendations in this section, but did not have an opportunity of expressing an opinion on the draft Report.

Hemsted, has served in the area for some time as Provincial Commissioner and that he strongly concurs in this view, as do other Administrative Officers with experience of the Northern Frontier Province. We are also influenced by the fact that we have had it in direct evidence that the maintenance of a military force in Kenya is to be regarded as for purposes of internal security only.

109. It should be realized that in the Northern Frontier Province a very considerable force of Police is maintained and that it is this force, acting in cooperation with the Administration, which undertakes—and successfully undertakes—the whole task of the preservation of internal peace and security in that area. The presence of a military force in the vicinity, however, naturally affects the numbers of police considered necessary and were the military force withdrawn, we consider that a somewhat larger force of police might be required; this situation could certainly be met by a maximum increase of one European officer and seventy-five other ranks at an additional cost of approximately £4,000.

110. Since our present military policy includes the maintenance, in normal times, of a force of one company and a machine gun platoon of the King's African Rifles at Meru and a company at Wajir, it is not surprising to find that in the Estimates under consideration, a sum of no less than £25,000 has to be voted for the Supply and Transport Corps alone. In the light of the above-mentioned considerations, we consider that the maintenance of a military force at these out-stations at so enormous a relative cost in the matter of supply and transport is completely anomalous and should be discontinued.

111. We wish to add here that considerations of the fine traditions and the prestige of this great regiment have influenced us in resisting proposals definitely made and discussed before us for its complete disbandment, and for handing over to the Police, considerably increased by the use of a portion of the savings so effected, the whole task of internal defence and security. After careful consideration, we have come to the conclusion that these traditions are worthy of preservation and that the situation can best be met—at any rate for the time being—by a slight increase in the strength of the Police as mentioned in paragraph 109 above, a reduction in the personnel of the King's African Rifles and their withdrawal from the Northern Frontier Province so that their cost of maintenance may be reduced to a minimum.

112. We recommend therefore that as far as Kenya is concerned the establishment of the King's African Rifles be reduced to one depot battalion stationed centrally—possibly in Nairobi—and consisting of two depot companies and one service company, from which any detachment required for the assistance of the Administration in Turkana would be found. By such reduction and more particularly by a correspondingly very large reduction in the Supply and Transport Corps, we consider that a saving of not less than £20,000 should be effected, against which would have to be offset the cost of increase of the Police (*vide* paragraph 109 above).

113. We understand that the proportions of the expenditure of the Northern Brigade of the King's African Rifles, which are met by Kenya and Uganda, amount to 61.3 per cent and 38.7 per cent respectively and that these proportions were based on the Estimates for 1930, the last year in which provision for the two territories was shown separately. Acceptance of our recommendations would probably entail a revision of the method of computation of the shares of the two Governments and the details of such revision would be a matter for negotiation. Furthermore, the adoption of these proposals would bring into prominence the question of the necessity of the continued maintenance of a brigade staff and would postulate the possibility of further savings in this direction.

114. Mr. Pandya and Mr. Hemsted consider that further economy could be achieved by the abolition of the Kenya Defence Force as at present organized. In this connection they wish to mention that in so far as the Commander of the Northern Brigade had been able to form an opinion since his arrival in the Colony, he inclined to the view that it was of little value as at present constituted. They might, however, be prepared to support expenditure on some form of volunteer force. Mr. Pandya wishes to stress that in his opinion any such force should be recruited on a non-racial basis.

115. In making these recommendations we have not overlooked the fact that conditions on the north-eastern boundaries of the Colony are not normal owing to the tension which exists between Italy and Abyssinia, and that therefore until the frontier position resumes normality, the question of withdrawing the Wajir detachment may have to be deferred. It is, however, questionable whether this abnormal expenditure

should fall entirely on the Colony, in that, from the evidence we have heard we are convinced that the cost of maintaining this advanced post is no longer justified in normal times.

Head XX.—Miscellaneous Services.

116. We propose to touch on only a few of the items for which provision is made under this Head of Estimates.

117. The first such item is "Subsidy to Imperial Airways (Africa) Ltd., £15,000". We recognize that this subsidy is an integral part of the policy of the development of Civil Aviation. At the same time, we note from the Report of the Annual General Meeting held on the 5th of November, 1934, that the Chairman of Imperial Airways, Ltd., is reported to have said:—

"When we commenced ten years ago, we all hoped that this year would see us free, or practically free, of subsidies".

and later:—

"The Board has scrupulously followed the over-riding mandate which the Government gave to the Company in the beginning, which was to use every endeavour to progress towards freedom from subsidies";

while earlier it was said:—

"The balance of profit for the year brought down from the Profit and Loss Account is £78,571 . . . As stated in the Report, the Board recommends the payment of a dividend of 6 per cent, absorbing £29,018".

We therefore consider that there is a strong prima facie case for a reduction in the amount of the subsidy, when the present agreement with Imperial Airways expires.

118. The sums provided for guarantees in respect of Railway Branch Lines will be discussed in a separate chapter of this Report.

119. We understand that the main object of the Inter-territorial Languages Committee, namely, standardization, will have been attained by the completion of a revised dictionary early in 1936. We therefore recommend that the contribution paid by this Government to that body should be discontinued as soon as possible. (Cf. paragraph 311 of Expenditure Advisory Committee Report.)

**Head XXI.—Pensions and Gratuities.*

120. The Expenditure Advisory Committee which sat in 1932 was debarred from commenting on this Head of expenditure by their terms of reference.

121. The rapid increase in the vote for pensions and gratuities during recent years is most alarming. During the last ten years expenditure under this head has increased from £76,532 (in 1925) to £209,150 in 1935. During the years of depression expenditure under this head has increased from £113,669 in 1930 to £209,150 in 1935.

122. We naturally appreciate that a considerable proportion of this increase can be attributed to retrenchments during those years; nevertheless, we feel that a system under which, when owing to bad times colonies are forced to make drastic reductions in expenditure, so large a proportion of the reductions effected must be absorbed in pensions and gratuities cannot be considered satisfactory.

123. Although the reduction in the pensions constant from 1/480th to 1/600th which was recently effected is likely to reduce to some extent the continued yearly increases in this vote, the position nevertheless remains most alarming.

124. The imposition of any levy on pensions analogous to the levy on official salaries would, in our opinion, be extremely difficult in practice. The only alternative suggested has been the imposition of some form of specific tax on pensions, but probably the only equitable method of doing this would be through the medium of an income tax, which, however, raises a contentious issue extraneous to our terms of reference.

125. We realize that an enquiry on the question of pensions as affecting the whole of the Colonial Civil Service has recently taken place, but we, nevertheless, consider that the changes which have been introduced will not prove adequate. Probably too many posts in the Colonial Civil Service are made pensionable. Furthermore, in view of the fact that in many cases these officers are thrust upon us by the Colonial Office, and in view of the fact that the scale of salaries and pensions are fixed externally, without, as far as we can see, any regard to the ability of the Colony to meet the cost, we feel that it would not be inequitable were the suggestion made

*Mr. Hemsley agreed that a levy on pensions was impracticable, but did not have an opportunity of expressing his opinion on the draft Report. He expressed opposition to a reduction in the pensions constant.

to the Imperial Government that some proportion of the income tax collected in England on pensions paid out of Colonial funds be returned to the Colonies concerned as an *ex gratia* grant.

126. We recommend that representations should be made to the Imperial Government with a view to instituting further enquiries as to:—

- (a) the inauguration of a Contributory Pensions Scheme for the whole of the Civil Service;
- (b) the revision of the bases of assessment of pensions;
- (c) the proportion of pensionable officers employed; and
- (d) the feasibility of some refund being obtained on the lines suggested above.

127. We favour in principle the first alternative, which has already been recommended by other committees which have inquired into this matter in Kenya, but feel that any isolated action on the part of this Colony in adopting a contributory pensions scheme may be found to involve many difficulties.

128. We consider that some further reduction in the pensions constant would not be inequitable and would suggest that the pensions constant for future entrants should be fixed at 1/720th of the pensionable emoluments. We are of opinion that a pension based on this constant is not ungenerous in that it will provide an officer, who has had thirty years' service, with an annuity amounting to half his maximum salary.

129. We also recommend that for future entrants to the Service no addition should be made to pensionable emoluments on account of house allowance.

130. We consider that it should continue to be optional rather than compulsory for officers to commute a portion of their pensions, and see no reason for the payment of an enhanced pension in the case of invalidment of an officer from the Service.

Head XXIV.—Printing and Stationery.

Part I.—Draft by Major Cavendish-Bentnck, Sir Robert Shaw and Mr. Pandya.

131. The total expenditure allocated under this Head amounts to £28,311, of which the Government Printer estimates that some £15,000 may be recovered during 1935 from the Kenya and Uganda Railways and Harbours and from the

requirements of the Posts and Telegraphs Department for stationery consumed in and for printing done on behalf of neighbouring territories. In other words, it is claimed that Government printing is being carried out at a cost of about £13,000 per annum.

132. We admit that the above figures include the cost of stationery used by all Government departments. We are, however, not prepared to admit that the revenues referred to in paragraph 141 below in Mr. Hemsted's draft on this department can legitimately be regarded as a true reduction in costs because although admittedly reimbursements are made by the Railways and Harbours and by the Posts and Telegraphs Department, such reimbursements are in fact contributed by the public.

133. We are, furthermore, by no means satisfied that the system of costing adopted by the Government Press is a sound one, nor do we think it improbable that meticulous enquiries might disclose the fact that in some cases these departments were being over-charged in that in the course of our enquiries we obtained costing sheets of the work done by the Government Press for other departments and we have obtained quotations from commercial firms for similar work, which latter quotations were definitely lower than those submitted by the Government Press. We endeavoured to follow up these lines of enquiry but the obstructive attitude taken up by the Government Printer rendered our efforts in this direction abortive.

134. We, therefore, consider that it is no longer economical to retain the Government Press on its present scale and we consider that the time has now arrived when it would be more economical to put out some of the work at present done by the Government Press to contract.

135. It has been argued that much of the work at present carried out by the Government Press could not be put out to contract owing to the fact that local commercial printing firms are not equipped with suitable machinery. We have followed up this line of argument but do not agree with this contention. Many of the local firms are equipped with very up-to-date machinery and were Government contracts obtainable local firms would provide themselves with any necessary additional specialised machinery which might be required.

136. Furthermore, commercial firms are not handicapped by having to provide leave pay and pensions for their staffs as is the case with many employees of the Government Press.

137. Two of us, therefore, recommend that a reduction of £5,000 be made in expenditure under this Head and that a small amount of work should, as an experiment, be put out to contract with a view that should such an experiment prove successful an increased amount of work could be put out to contract year by year and that the Government Press could gradually decrease.

138. As a further measure of economy we agree with the recommendations made in paragraph 142 of Mr. Hemsted's draft on this department.

139. Mr. Pandya, while agreeing that a small amount of work should, as an experiment, be put out to contract, is not prepared to endorse the definite recommendation in paragraph 137 that expenditure should be reduced by £5,000.

Part II.—Draft by Mr. Hemsted.

140. In making my recommendations for immediate reductions under this head of Estimates, it has been borne in mind that the department is, to some extent, a revenue-producing one, in that a considerable amount of work performed on behalf of the Railway Administration, Local Native Councils, and joint services is charged for, and the receipts credited to revenue. It is true to say that the net cost of the department has materially decreased in recent years on account of such revenue; in 1926 it amounted to £20,235, while in 1934 it had gone down to £12,396.

141. It is also the case that the stationery used by all Government departments, amounting to £3,500 in the 1935 Estimates, is a charge on the votes of the Government Press, and this factor tends to give the impression that expenditure on this department, as a printing department, is greater than is actually the case. Taking revenue and the cost of stationery into account, the estimated net cost of printing for Government in 1935 is £9,811. I am satisfied that Government pays very cheaply for the services rendered by this department.

142. I feel that the post of Government Printer is somewhat overpaid at a salary of £1,000 per annum, and I recommend that the scale should be reduced to £720 by £30 to £840. I also consider that the post of Assistant Government Printer should be abolished. In making this recommendation I am influenced by the fact that, when either the Printer or his Assistant is absent on leave, the other can carry on satisfactorily single-handed. Under the reorganization which I contemplate, the foreman would act as Government Printer when the substantive holder of the post is absent from the Colony

143. I have experienced some difficulty in framing any concrete recommendations regarding the Government Press, as the Printer was convinced that no further economy was compatible with efficiency.

Head XXV.—Prisons Department.

144. An increase in crime is a natural concomitant of a financial depression, and the depression of the past few years has been no exception. Efforts to effect economies in this department have been frustrated by the rapid rise in the prison population, which has necessitated more and more expenditure in several directions, notably on food. The real road to economy is a reduction in the prison population.

145. We note that provision exists, in Item 20 of the current Estimates, for £630 on account of the wages of detention camp overseers. The work performed by detainees at all district headquarters has enabled the Provincial Administration to reduce considerably the vote for station hands, and all detainees are in fact under the direct control of the District Commissioner, and work as extra station hands. We therefore consider that this item should be deleted from the Prisons Estimates, and any necessary supervision paid for from Provincial Administration votes.

146. Major Cavendish-Bentinck, Sir Robert Shaw, and Mr. Pandya are of opinion that no increase in the appropriation for the Provincial Administration for this purpose should be made, while Mr. Hemsted, although he recognizes that, owing to the drastic economies in the cost of Administration which have been effected during recent years, such a course will probably be rendered impracticable, expresses the hope that any necessary increase will be as low as possible.

147. Item 59 of the Estimates, "Expenses of Administration of Juvenile Offenders Ordinance, £150," provides for remuneration to certain probation officers, and was inserted in the Estimates in consequence of Recommendation No. 2 of the Committee on Juvenile Crime and Kabete Reformatory. We are of the opinion, which is shared by the Commissioner of Prisons, that, for the present at any rate, the functions of probation officers can be performed reasonably adequately by the employers to whose care the juveniles are committed on discharge. We therefore recommend deletion of this item.

148. The estimates for approved schools provide for a Class II Approved School at Eldama Ravine and for a Class III Approved School at Kabete. Actually, owing to difficulties

137. Two of us, therefore, recommend that a reduction of £5,000 be made in expenditure under this Head and that a small amount of work should, as an experiment, be put out to contract with a view that should such an experiment prove successful an increased amount of work could be put out to contract year by year and that the Government Press could gradually decrease.

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Part II.—Draft by Mr. Hemsted

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148. The estimates for approved schools provide for a Class II Approved School at Eldama Ravine and for a Class III Approved School at Kabete. Actually, owing to difficulties

connected with buildings at Eldama Ravine, the Class II Approved School has not been started, and, as a temporary measure, the two schools have been combined at Kabete.

149. After discussion with the Commissioner of Prisons, we are of opinion that the proposal for a school at Ravine should be dropped, because of the general unsuitability of Ravine for such a school. We understand that negotiations are proceeding for the acquisition of a suitable area of land, with adequate buildings, in the vicinity of Nairobi, for a sum of £800. Should this proposal prove desirable and practicable, we recommend acquisition of the property for that sum, and the removal of the Class II portion of the present Kabete School there.

150. Under the present arrangement, savings on the Estimates in respect of approved schools will amount to approximately £1,200 in a full year. We understand that the additional cost of a Class II Approved School at the place referred to in the preceding paragraph would be not more than £570 per annum. We recommend:—

- (a) That the existing combined school at Kabete be continued for the time being;
- (b) That, should the proposal referred to in paragraph 149 above prove practicable, a separate Class II School be started.

In the event of recommendation (b) being adopted, the total saving on the present Estimates should amount to at least £630 per annum.

151. In view of the increasing cultivation of foodstuffs by prisoners, we consider that the vote for prisoners' and detainees' food can be reduced from £12,000 by £1,000 to £11,000.

Head XXVII.—Public Works Department.

Part I.—Draft by Mr. Pandya and Mr. Hemsted.

152. We believe that there is considerable misapprehension among the general public regarding the cost of this department; the general opinion being that the Colony has a department costing £82,671,* which carries out works costing £114,752,* and that these figures show the cost of overheads

*These figures represent the total appropriations in the Estimates for "Public Works Department" and "Public Works Recurrent" respectively.

as being out of all proportion to the cost of the works. We have gone carefully into the organization of the department, and, so extensive and so little understood are its ramifications, that we feel that it is desirable, before framing any concrete recommendation, briefly to state the position.

153. In addition to expenditure from the three Public Works Heads in the Estimates, the department designs and carries out works and performs services provided for under Loan, Colonial Development Fund, and various extra-departmental sources, such as Local Native Councils, Miscellaneous Services, Famine Relief Allotments, etc.

154. The expenditure which is likely to be incurred by the department during 1935 may be divided up as follows:—

Public Works Department	£72,177
Various Water Supplies	10,494
Public Works Recurrent	114,752
Public Works Extraordinary	11,640
Loan Works	40,000
Colonial Development Fund Works	30,000
Extra-departmental Sources	16,800
	<u>£295,863</u>

The estimated expenditure from Loan Funds during 1935 is considerably below the normal. The revenue collected by the department is estimated at £57,124.

155. It thus might be said that, in respect of works costing £223,686, overheads amounted to £72,177. This is not so, because in addition to the survey, design, quantity surveying, construction and maintenance of works which are carried out directly under the department's supervision, the department is concerned with a number of services on which there is little or no direct expenditure, but which in the aggregate take up a large proportion of the time of the staff of the department and necessitate additional travelling. The cost of these services is borne by the Personal Emoluments and Other Charges sub-heads of the departmental estimates. They consist of:—

- (1) The administration of the Water Law of the Colony, including hydrographic survey.

- (2) The administration (or part administration) of various technical laws, and advice on proposed bills and rules under Ordinances.
- (3) The administration of engineering matters in towns not under local government.
- (4) Advice on engineering projects in towns under local government, scrutinizing proposed by-laws for municipalities, and examining works on which Government grants are expended by municipalities.
- (5) Surveys, estimates, designs, reports, etc., for projects which are either not proceeded with or which, if proceeded with, are carried out by other agencies.
- (6) The administration of the collection of revenue amounting to approximately £57,000.
- (7) Valuation of premises for various purposes, and general administration of Government housing and the house allowance regulations.
- (8) Service on and technical advice to boards and committees by various officers.
- (9) Advice to members of the public on engineering matters, such as dams, cattle dips, strength and suitability of materials, water and drainage projects, etc.
- (10) Government transport in Nairobi, Kisumu, and elsewhere.
- (11) Surveys and advice connected with aerodromes and aviation, together with the maintenance of the principal aerodromes.
- (12) The administration of the furniture regulations of Government and the supply of stores to other departments.
- (13) Advice to Government on important matters of an engineering or building nature as they arise, including such surveys, designs, estimates and reports as will suffice to enable the matters to be apprehended.
- (14) Surveys of roads for future construction, either by Government or by Local Native Councils.

156. We do not wish, however, to convey the impression that we consider that expenditure on the department is not susceptible of any reduction. We have merely sought briefly to explain its activities.

157. We understand that, in the ordinary course of events, the following reductions will materialize in 1936:—

Surveyors	£400
Transport Officer	350
Assistant Engineer, Central Workshops	300
Passages	854
	<hr/>
	£1,904

and we recommend their incorporation in the Estimates.

158. Consideration of loan proposals as well as the preparation of designs for, and control of the execution of, loan works take up a considerable proportion of the time of the Director of Public Works, the Superintending Engineer, the Chief Accountant, the general clerical staff, as well as certain Executive Engineers and their local staffs. We are satisfied that the cost of the time and incidental expenses of revenue officers working on loan works is considerably more than is represented by the reimbursement from loan of the salaries of the Architect, Quantity Surveyor, Draughtsman and one Assistant Engineer, amounting in 1935 to £2,100. The Director of Public Works is fully satisfied, and we endorse his opinion, that the value of the services rendered amounts to not less than 6 per cent of the expenditure on loan works during 1934, which was £68,286. We therefore consider that the approval of the Secretary of State should be invited to an increase in the reimbursement from loan by at least £2,000. We are of opinion that the emoluments of the Superintending Engineer and the salaries of two European clerks should, for the time being, be reimbursed from loan funds as a *quid pro quo* for the general use of the revenue staff. The position should be reviewed as and when there is a material change in the programme of loan works.

159. We recommend that the staff whose salaries are so reimbursed from loan should appear in Estimates separate from the main Estimates of the Department, instead of their position being explained by footnotes.

160. The sum of £100,000 approximately will be expended during the next two years on Colonial Development Fund works, possibly supplemented by loans or grants for other works, such as the Perkerra irrigation scheme, Eldalst meat factory, etc. In our view, the cost of the administration of these works by the revenue staff, consisting of investigating,

estimating and comparing the relative merits of projects, designing the works, clerical work, accounting and general control of execution (apart altogether from the cost of individuals who may be employed on the execution of the work) will amount to at least 5 per cent of £100,000, or, say £2,500 per annum, for the next two years on the works already sanctioned out of the Colonial Development Fund. We are of opinion that it is proper that this sum should appear in Estimates as a reimbursement from the Colonial Development Fund in respect of the services of Public Works Department staff.

161. We have examined the branch of the department which is known by the somewhat high-sounding title of "Central Workshops and Timber Seasoning Branch"; and are satisfied that it is in fact a misnomer. The so-called "Central" Workshops are little more than the divisional workshops for the Nairobi Division, in which there is a timber-seasoning plant where timber is seasoned, largely for private firms. The Assistant Engineer (Item 78 of the 1935 Estimates) automatically disappears in the 1936 Estimates. In addition, we recommend that the post of Timber Seasoning Operator should be abolished, any necessary supervision being exercised by the foreman in charge of the workshops, and that any other expenses be charged to the particular work which is being carried out. We are further of opinion that Item 85, Timber Seasoning Expenses, should be reduced to £250, to cover the cost of seasoning timber for private firms which is paid for and the proceeds credited to revenue. This "branch" should not, in our view, continue to be shown separately in Estimates.

162. We understand that one of the inspector of water supplies is engaged primarily on the maintenance of bore-hole installations in native reserves. This work can, in our opinion, be reasonably well performed by a foreman, and we therefore recommend the abolition of one post of Inspector of Water Supplies.

163. The Director of Public Works has, at our request, submitted proposals for reductions in stores expenditure amounting to £1,600. These proposals postulate the abolition of the sub-stores at Mombasa and the administration of allocated stores by the Executive Engineer and Divisional Accountant. They also connote the divestment by the department of its responsibility in respect of the administration of the furniture regulations, and assumption of these responsibilities by Administrative Officers throughout the Colony in

respect of their individual districts. They also have in mind the abolition of the store for the storage of officers' effects while on leave, and the abandonment of all store-keeping work for other departments of whatever character. We cannot recommend their adoption *in toto*, but we consider that a reduction in expenditure amounting to £600 per annum should be effected either by the retrenchment of the Chief Storekeeper or a Senior Storekeeper or by some reorganization in the stores administration.

164. The total effect of our recommendations will be a reduction in the Estimates of the department by approximately £8,015.

Part II.—Draft by Major Cavendish-Bentineck and Sir Robert Shaw.

165. As has always been the case in the past no department defended its expenditure more vigorously than the Public Works Department during the course of our investigations. We consider that the reductions recommended by the other members of the Committee are inadequate, and we therefore find ourselves unable to subscribe to many of the observations and comments in Part I.

166. We note that in Part I of this section, the activities performed by the Public Works Department have been treated as a whole. We do not consider this method satisfactory in that it draws a convenient fog which renders meticulous enquiry extremely difficult.

167. We also note the imposing list of services, on which it is alleged there is little direct expenditure (other than time of officers and travelling), which is tabulated. We fear, however, that this list leaves us unimpressed.

168. We propose shortly to comment on:—

- (a) The Expenditure shown under Head XXVII—"Public Works Department".
- (b) The Public Works Department's activities in connection with Loan Works and Colonial Development Fund Works.
- (c) The Expenditure shown under Head XXVIII—"Public Works Recurrent".
- (d) On the various services performed by the Public Works Department which it is alleged cannot be included under any of the above Heads, but on which little or no direct expenditure takes place other than a

large proportion of the time of the Public Works Department staff and "travelling". (Similar services are of course rendered by every Public Works Department).

HEAD XXVII.—Public Works Department.

169. We consider that expenditure under this Head is more than the Colony can afford, and that drastic economies could and should be effected in various directions. The possibility of effecting such economies has been demonstrated in Part I of this section. It is contended in Part I of Chapter VII that there is redundancy and overlapping as regards the work of the Public Works Department and of District Councils etc., and whilst agreeing with this contention, we find ourselves at variance with the conception of the cause of such redundancy.

170. During the time of the Colony's infancy, before District or Local Native Councils existed, and before reputable firms of builders, contractors, architects, quantity surveyors, etc. had established themselves, it was no doubt necessary to maintain a comprehensive department which could supply all these services. Times, however, have changed, and the true cause of the redundancy which exists to-day is that Government has never availed itself of the opportunity of reducing the size and cost of the department provided by the normal growth and development of the Colony. We therefore consider that substantial further economies in staff can and should be introduced by delegating work to District Councils and Native Councils, as recommended elsewhere in this Report, by giving out considerably more work to contract, and by handing over to Provincial Commissioners the responsibility for the maintenance and minor improvements of public buildings. The Provincial Commissioners would be provided with the necessary funds on allocation requisition, a system which has been tried in Nakuru and parts of the Rift Valley, and has proved itself thoroughly satisfactory and economical.

171. Were Government, acting on the foregoing lines, to take the opportunity of drastically re-casting the organization of the Public Works Department, we contend that very large savings could be effected under storekeeping, accounting and road staff, etc., as the department would be relieved of responsibility for a very large proportion of the expenditure which is now taking place on roads, and the upkeep of public buildings. In support of this contention, we would refer to paragraph 265 of this Report, and to the statement made by

the Director of Public Works in 1926, to the effect that were he relieved of responsibility for the expenditure of the sum of £58,086 on roads, he could make a saving in his department of some £15,000. Since our present proposals would involve, as pointed out above, relieving the Public Works Department of a very similar or even greater expenditure, it is only reasonable to suppose that a saving could be made similar to that visualized by the Director in 1926. We may reasonably put this figure at not less than £10,000.

172. Before making any more definite recommendations with regard to this Head of expenditure, we must elaborate our arguments regarding Items B, C, and D, of paragraph 168. Our final comments with regard to Head XXVII will be found in paragraph 193.

Loan Works.

173. We note that there is no method in the Estimates of differentiating between the officers (or part time of officers) engaged on Loan Works or on work financed by the Colonial Development Fund, and officers (or the proportion of officers' time) taken up by normal routine duties. This we consider a thoroughly unbusinesslike method of accounting and costing. Furthermore, it is in direct opposition to the recommendations made in the Report of the Public Works Department Committee of Enquiry which was published in 1932.

174. This system, furthermore, tends to permit of the retention of possibly surplus officers on the plea that although reductions have had to be made in the overhead costs of the Public Works Department, nevertheless the services of such officers are required for Loan Works and Colonial Development Fund Works. In other words the Public Works Department whilst appearing in the Estimates as having been cut down is apt to bulge out in other directions unperceived, a tendency which has rendered any effective curtailment of expenditure in the past a matter of some difficulty. As an example see paragraph 158.

175. We have made inquiries as to the proportion of work done by individual officers and the costs incurred on this work, but the Director found great difficulty in giving us any figures, and such figures that he did give us were more in the nature of a guess than claiming any degree of accuracy. We would refer in this connection to paragraph 155 of Part I of this section and would suggest that the very wording of this paragraph tends to show how superficial has been any proper examination of the true cost of these services in the past.

176. We consider that precise and specific figures regarding Loan Works and works financed by the Colonial Development Fund should in future be shown quite separately in the Estimates. We would further point out that a considerable sum of money (over £9,000) is contributed by Native Councils in payment of services rendered by the Public Works Department. This figure does not as far as we are aware appear in the Estimates; whereas it should, of course, be added to the total cost of the department as appearing in the Estimates. This item should, in our opinion, also appear as a separate item in the Annual Estimates in order that expenditure under this Head can be properly checked by the Legislature in the interests of the natives.

177. Before leaving the subject of Loan Works, we wish to stress that in our opinion all major works should be put out to contract. Plans, specifications and bills of quantities should also be put out to tender. During recent years conditions in Kenya have changed nor can they be compared to conditions existing in other colonies with no white settlement. In Kenya now there are a number of competent private architects and quantity surveyors, as is proved by many of the very excellent buildings which have been erected by private enterprise. We need only quote as examples: Shell House, The Standard Bank of South Africa, The National Bank of India; there are many others.

178. At present the Public Works Department shows a pronounced disinclination to placing contracts, etc., to tender and such contracts as are placed to tender are subjected, in our opinion, to unnecessary and over-meticulous supervision. There should be a list of Government contractors, on which list only the names of approved contractors and architects and quantity surveyors should appear. Work carried out by such persons should not require the amount of supervision which might be necessary when contracts are given out to less reputable contractors.

179. We appreciate that the Director of Public Works argues that contractors cannot be trusted and the work of quantity surveyors and architects in private practice has not been found altogether satisfactory. The contention we rebut and are in a position to prove that it is not justified. As an example of what we mean, the examination of the cost of the Law Courts will perhaps be illuminating. We think it not improbable that a calculation made on the lines of adding architect's fees to the contract price, together with quantity

surveyor's fees based on the London method of assessment and subtracting such total from the final cost of the Law Courts would disclose that a very large additional sum indeed was absorbed in overheads (i.e. supervision), which sum would probably prove still larger were a commercial system of accounting adopted as opposed to the Government system. The supervision of buildings put up by private enterprise is normally carried out by the architect, and we do not think that a comparison between such buildings and Government buildings would show that buildings put up by private enterprise were in any way inferior to buildings erected under supervision of the Public Works Department.

180. Both the Expenditure Advisory Committee and the Committee of Enquiry on the Public Works Department have made recommendations on precisely these lines and have expressed conviction that the putting out of practically all the work to tender would, under present conditions, show very large economies in the expenditure of the Public Works Department.

Head XXVIII—Public Works Recurrent.

181. The main items of expenditure under this Head are:—

- (1) Maintenance and improvement of roads and bridges.
- (2) Maintenance and minor improvements to public buildings.
- (3) Rents of Offices and Houses and House Allowance in lieu of Quarters.

182. We refer to item 1 of the foregoing paragraph at some length under our remarks under "Local Government in Rural Areas" (See Chapter VII). As we are, however, at complete variance with the other members of the Committee regarding the manner in which economies can be made under this Head, we must at the risk of reiteration also in this Chapter allude to certain statements made, and figures given, by the Director of Public Works, in that the conclusions come to by other members of the Committee in Part I have been based on such figures and statements, whereas we find it difficult to place complete reliance thereon.

As an example, the Director amongst other remarks has stated:—

- (a) Under Public Works Department the average mileage operated by one foreman is more than 286 miles

- (b) That were the activities of District Councils to be absorbed by the existing Public Works Department no additional travelling would be necessary on the part of the Public Works Department executive engineers.
- (c) That no additional overhead expenditure would be incurred by the Public Works Department in taking over these roads.

183. With regard to these statements we would make the following comments:—

With regard to (a) above we presume that this figure is obtained by dividing the total mileage of road of the Public Works Department by the number of foremen employed, but we contend that such a figure has no relation to facts, as is proved by the circumstance that in 1933 two Public Works Department foremen were employed on the main roads in the Nakuru Area, say, 150 miles, or 75 miles each.

With regard to (b) above we consider that even if no additional travelling were necessitated on the part of the Public Works Department engineers, we feel on the assumption that all such engineers are economically employed to-day they could not carry out adequate supervision and attend to the necessities of all District Roads while on other works. If they can, then there must be some redundancy to-day.

With regard to (c) above we find it very hard to believe that no additional overhead expenditure would be incurred by the Public Works Department. Surely an increased expenditure of approximately £31,000 will necessitate additional clerical work. If the existing staff is sufficient to cope with this very considerable work is not the Public Works Department at present over-staffed?

184. We consider, as we point out elsewhere, that very material savings could be effected in Public Works Department expenditure by a fusion of existing District Councils and by allotting to such enlarged Local Authorities all the roads in the settled areas and all such roads leading therefrom which could be handled by such Local Authorities in adjacent Native Reserves.

185. With regard to the remaining roads we consider some definite road programme is long overdue and some system should be evolved whereby possibly such reduced sums as are

available are expended mainly on roads of importance and that the public should be informed of what are considered main roads and where they lead to. It is high time more reasonable road communications should exist between Kenya and neighbouring territories.

186. We feel that at present moneys are sometimes expended on roads in haphazard fashion and possibly in some cases on roads which are of little practical utility. This might possibly be obviated by giving to the Central Roads and Traffic Board a greater measure of control over general road policy. We, of course, appreciate that from time to time construction of permanent new roads in certain areas becomes an urgent necessity, as for example, in the gold mining areas at the present time, but we consider that such roads should be constructed either by the aid of the Colonial Development Fund or by extraordinary expenditure specially allocated for the specific purpose.

187. Under such a system moneys expended on new roads would be shown separately, and the period of time for the construction of such roads could be limited so that the public may be made aware of what such special roads are going to cost, and will know that when the work is completed such extraordinary expenditure will automatically cease.

188. By the adoption of the foregoing principles we believe that a saving of 5 to 7½ per cent could be made under the combined items "Maintenance and Improvement of Roads and Bridges" and "Basic Road Grants to District Councils".

"Maintenance and Minor Improvements to Public Buildings."

189. We consider that by giving where possible more work out to contract and by delegating to Provincial Commissioners further powers in this respect a saving of at least 10 or 15 per cent could be made both under this Head and under that portion of Head XXVII which meets the cost of staff employed on these services.

190. With reference to Rent of Offices and Houses and House Allowance in lieu of Quarters, we draw attention to paragraph 65 of the Expenditure Advisory Committee's Report, which reads as follows: "We have recorded our recommendation that the right to free quarters, or a house allowance in lieu thereof, should be discontinued and that in regard to future entrants to the Service house allowance should be regarded as consolidated in the salary at which an appointment is offered. We recommend further that officers at

present serving in the Kenya Service should on promotion be offered the higher post at a salary in which house allowance is consolidated."

191. We are aware that this recommendation has been turned down by the Secretary of State but we consider the arguments in favour of a change of policy in this matter are unanswerable, and we therefore see no reason for regarding the Secretary of State's decision as final or unalterable.

192. With regard to the various services rendered by the Public Works Department, of which an imposing list is tabulated in paragraph 155, we consider that the expenditure involved is exaggerated.

193. To summarise, on the assumption that our recommendations in this section and in that which we submit on the "Local Government and District Councils," are accepted we consider that a reduction in the expenditure of the Public Works Department, Head XXVII, should be made of not less than £12,000 and we also consider that reductions in expenditure under Public Works Recurrent, Head XXVIII, and on Head XVI, Local Government, Item 15, Basic Road Grants, could be made amounting to 5 to 7½ per cent or at least £7,290, making a total minimum saving of £19,290 in all.

194. In conclusion we wish to note that we consider the water works accounts shown in Appendix O of the 1935 Estimates are definitely misleading in that no provision is made for a Renewals Fund contribution as is done in the accounts of any water works controlled by a Local Authority. We consider that, as soon as possible, proper provision for a Renewals Fund should be made annually and that such sums should be lodged in a special account with the Treasury. The present system under which so-called profits are taken by Government and treated as General Revenue is utterly unsound. Furthermore, we are not satisfied that further economies could not be effected in the overheads of the water works which are at present administered and kept in repair by the Public Works Department.

Head XXIX.—Registrar General's Department.

195. We have re-examined the proposal, put forward by the Expenditure Advisory Committee, to combine this department with the Legal Department, and after full consideration, we are satisfied that the proposal is impracticable. The two departments have nothing in common. The Legal Department is responsible for all legislation, for criminal prosecutions

and for all suits in which the Crown appears; further, it is the department to which all other departments refer for legal advice. The Registrar General is, as his name implies, the officer responsible for the registration of practically everything which requires by law to be registered, and has in addition executive duties as Public Trustee and Official Receiver.

196. We note, however, that there are at present both a Registrar General and an Assistant Registrar General, and that either can administer the department during the absence of his colleague on leave. The work performed by the department is largely solicitor's work, and we are of the opinion that the post of Assistant Registrar General should be abolished, and that, when the Registrar General is absent on leave, Government should make arrangements, either through the secondment of an Administrative Officer to act as Deputy Registrar of the Supreme Court or otherwise, for the administration of the department to be undertaken by the Registrar of the Supreme Court or by some other suitably qualified officer.

197. We also are of the opinion that, on the retirement of the present holder, the salary scale for the post of Registrar General should be reduced to £720 by £30 to £840 by £40 to £920, which is the same as that enjoyed by the Registrar of the Supreme Court, an officer who carries out somewhat similar work. In view of the fact that the retirement of the present holder has been deferred, we consider that the early adoption of this recommendation would not inflict any undue hardship.

198. We also recommend the abolition of one post of non-European clerk in the bankruptcy section, and the appointment of a European learner to fill the existing vacancy on a lower scale than that contemplated in the 1935 Estimates. We shall, also, in dealing with the Statistical Departments, make a recommendation which will have the effect of reducing expenditure in this department by £534.

199. The effect, during 1936, of our recommendations would be —

Registrar General	£	£
Assistant Registrar General	1,050	
Non-European Clerk	720	
Adjustment in Salary of European Learner	100	
Registration of Births, Marriages and Deaths	63	
	534	
Less Emoluments of Registrar General on New Scale		£ 487
		720
Net Saving		£ 1,747

200. Mr. Pandya dissents as regards the proposed reduction of expenditure on the Bankruptcy section, on the ground that a small saving in this section—which would reduce the attention at present being given to bankruptcy matters—is not desirable, as in his opinion it is very necessary from the point of view, and in the interests of, the commercial community, that proper attention should be given to bankruptcy matters.

Head XXXI.—Secretariat and Legislative Council.

201. We do not consider that any material modification of the present Secretariat organization is possible under the present system of Administration. The real road to economy in this office is some reorganization which will have the effect of reducing the volume of work with which the office has to deal. The European Elected Members have the outline of such a reorganization in mind, and the matter will be elaborated in Chapter IX of this Report. The only recommendation for immediate economy which we have to make is the abolition of one post of European clerk. This recommendation will necessitate provision in the Estimates for a temporary relief from time to time when leave movements demand it.

202. Certain reductions can, however, be made in respect of the Legislative Council. The rate of allowance at present paid to unofficial members of the Council is possibly unduly generous, bearing in mind the financial condition of the Colony, and we recommend that it be reduced to an attendance allowance of £1, together with a subsistence allowance of Sh. 15 in respect of each night the member is necessarily absent from his home for the purpose of attending meetings of the Executive or Legislative Councils or Committees thereof. We understand that this proposal should effect a reduction in expenditure of approximately £750 in a full year.

203. The rent at present paid for the Memorial Hall is £200 per annum, a figure which seems to us to be on the high side. We recommend that Government should enter into negotiations with a view to obtaining a reduction of £50 per annum.

204. Unofficial Members of the Council are provided with Railway Card Passes, which enable them to travel free of charge on the Kenya and Uganda Railway. The Railway Administration charge the Government a sum of £25 per annum in respect of each of these passes. We feel that, as

the prosperity of the Colony is intimately connected with that of the Railway, and as many of the problems which affect the one in some degree affect the other also, it would be reasonable that such card passes should be issued by the Railway Administration to Members of the Legislative Council free of cost.

Head XXXII.—Statistical Departments.

205. We have given careful consideration as to what form of reorganization should be effected in these departments, and we are unanimously of opinion that it is most desirable that the system of Native Registration should remain. After hearing the evidence of the Acting Principal Labour Inspector and of various Administrative Officers, we are satisfied that the system is definitely beneficial alike to the native and to the non-native communities.

206. Although, as we have said, we feel sure that the Native Registration system should remain, we are unanimously of the opinion that the Registration of Domestic Servants should be discontinued. This system has not fulfilled the objects for which it was inaugurated and has conferred little or no benefit on either the native or the non-native community. In regard to natives, the domestic servant who is dismissed has no strong protection against a bad testimonial written by an employer in a fit of temper. In regard to non-natives, the scheme was designed to protect the employer against engaging a criminal. The application of the Ordinance to the more important towns and some of the more closely settled areas has had the effect of driving the undesirable native to seek employment in more remote districts, so that employers on lonely farms have been endangered by the application of the Ordinance to other areas. The Native Registration system is, in our opinion, as adequate a safeguard as can be devised, in that inquiries as to the bona fides of prospective servants can always be made at the office of the Chief Registrar of Natives, and definite replies to such inquiries can be given at once. We therefore recommend that an early opportunity be taken to repeal the Registration of Domestic Servants Ordinance.

207. The total cost of the departments, according to the 1935 Estimates, is £12,503. Of this, the sum of £1,460 represents expenses in connection with the B.E.A. Meteorological Service, to which this Government is committed. This

leaves a balance of £11,043. From this must be deducted a total sum of £924, which has been transferred to the Treasury for Hollerith Services, leaving £10,119. Although, however, provision for the Registration of Births, Deaths and Marriages appears in the Registrar General's Head of Estimates, the work is actually carried out under the supervision of the Chief Registrar of Natives and not by the Registrar General or in his office. For practical purposes, therefore, the Registration of Births, Deaths and Marriages Section must be regarded as a part of this department and its cost (£534) added thereto. This gives as the estimated total cost of the Department a figure of £10,653.

208. At our request the Chief Registrar of Natives has suggested a reorganization, which will effect a reduction in expenditure of £2,170. This reorganization would group the following services: Native Registration, Finger Prints, Compilation of Migration Statistics, and Registration of Births, Deaths and Marriages. It would entail the discontinuance of all work by this department in connection with the Judicial Department's criminal statistics, the Agricultural Census, and Cost of Living Statistics. As this work is carried out on the Hollerith machines, which are almost entirely used for Treasury purposes, we are of opinion that the departments concerned should make arrangements with the Treasury for continuance of this work, if it is considered necessary, and we recognize that some small addition to the staff of the Treasury may be required.

209. We recommend that a trial be given to the scheme, and we subjoin Draft Estimates for the combined department:—

PERSONAL EMOLUMENTS	
	£
Chief Registrar of Natives	750
Assistant Registrar of Natives	520
European Clerk	280
6 Asian Clerks	1,580
11 Asian Finger Print Clerks and Learners	1,728
Migration Clerk (Asian)	162
Registration of Births, Deaths and Marriages Clerk	300
38 African Clerks, Learners and Supernumeraries	1,723
Office Boys	32
Total Personal Emoluments	7,145

OTHER CHARGES	
	£
Passages	217
Electric Light	9
Registration and Finger Print Material	90
Travelling Allowance	65
Local Transport and Travelling	180
Conservancy Fees and Water Rates	33
Uniforms	3
Carriage of Goods	30
Contingencies	48
Telephones	35
Purchase of Metal Containers	643
Hollerith Cards and Material	18
Total Other Charges	1,338
TOTAL	£ 8,483

The saving would be divided in Estimates as follows:—

	£
Registrar General's Department	534
Statistical Departments	1,636
TOTAL	£ 2,170

210. In connection with the scheme, the Chief Registrar of Natives observes: "It would inevitably mean less control being exercised, owing to the loss of one European officer, over Native Registration matters".

211. The posts of Deputy Registrar of Domestic Servants, two Asian clerks (Registration of Domestic Servants), and two other Asian clerkships would be abolished.

Head XXXIII.—Trade and Information Office.

212. We give below a table showing the amounts of the contributions from the various Dependencies concerned:—

	£
Nyasaland	206
Zanzibar	397
Uganda	723
Tanganyika	723
Northern Rhodesia	723
Kenya and Uganda Railways	825
Kenya Government	1,186
TOTAL	£ 4,770

213. The Kenya Government and the Kenya and Uganda Railways each support a separate representative and provide them with special sums for settlement and tourist publicity work to a total of £4,836. Of this sum, £672 is paid to the Central Section for clerical services, making a total contribution to the Central Section, from Kenya and the Kenya and

Uganda Railways, of £2,683, a sum which appears to be out of proportion to the contributions made by other territories.

214. The Committee is informed that Government has already expressed the view that it is not fully satisfied that the Central Section could not be administered more economically or that the special contribution of £672 in respect of Records Staff receives full return in services, and has asked that an inquiry should be made into the possibility of effecting economies in the Central Section by better coordination of the work of the office generally. We trust that the results of this inquiry will be forthcoming in the near future and that they will lead to definite economy. We feel strongly that a reduction of not less than £600 should be made in the combined Kenya and Kenya and Uganda Railways contributions.

215. Alternatively, we consider the continuation of the present arrangements in this office should be brought under review with a view to establishing a separate organization for Kenya and the Kenya and Uganda Railways.

216. Mr. Pandya is of the opinion that expenditure on this Head does not confer any appreciable benefit on the Colony as a whole, and that a greater portion of the expenditure on this Head could safely be saved.

Head XXXIV.—*Treasury.*

217. While, in our opinion, the cost of this department, which includes the Central Revenue Office, is too high, we do not see how any reductions can be effected other than by a revision of salary scales.

218. We do not make any specific recommendations regarding the following Heads of Estimates of Recurrent Expenditure:—

Head

- VI—Conference of East African Governors.
- XI—Government Analyst's Laboratory.
- XII—Interest and Unfunded Debt.
- XIII—Judicial Department.
- XIV—Legal Department.
- XIX—Mining and Geological Department.
- XXII—Police Department.
- XXIII—Post Office and Telegraphs.
- XXX—Rent and Interest to H.H. the Sultan of Zanzibar.
- XXXVI—Colonial Development Fund.

CHAPTER V.

PUBLIC DEBT.

Head XXVI—*Public Debt Funded.*

219. The Public Debt Funded represents by far the largest individual item of expenditure in the Estimates. Indeed the total Debt Charges which have to be met in one way or another by the Colony in 1935 amount to £1,065,918. We therefore consider it of the utmost importance that steps should be taken to ameliorate the present position.

220. The total Public Debt of the Colony is at present £17,205,600, on which the interest and sinking fund charges amount in 1935 to £1,043,252. In other words, we are paying annually in interest and sinking fund on our borrowed money at a rate substantially over 6 per cent, for a number of our loans were raised at a discount.

221. Our loans, with one small exception, were floated in London in times of high prices and at high rates of interest, and the terms on which they were obtained proved for no early date of redemption. (The one exception referred to is the £305,000 Loan of 1933, on which the rate of interest charged is $3\frac{1}{2}$ per cent.) The result is that a very severe burden is thrown on the Colony, which, with the present low level of world commodity prices, can only be met by the export of many times the quantity of produce originally thought to be required to meet the resulting debt charges.

222. We are aware that the annual burden is not entirely thrown on the Colony's budget as such, in that the bulk of the charges are reimbursed by, or covered by the earnings of, the Railways and Harbours Administration, Local Authorities, the Land Bank, Water Supplies, and other sources. In point of fact, according to the 1935 Estimates, of the total sum of £1,043,252, the sum of £859,977 is so reimbursed to Government, and only £183,275 falls on the taxpayer as such. The obvious deduction, namely, that the Government is only concerned with these charges to the extent of £183,275, we consider to be entirely fallacious and misleading. All the money, whether borrowed for the Railway, Local Authorities, or any other service, was borrowed for a public purpose, and the annual charges are found by the general public in some form. In their capacity of taxpayers, they find the £183,275 which falls directly on the Colony's budget; as users of the Railway they pay the charges on moneys borrowed for Railway purposes in the form of higher freight rates; similarly with Local

Uganda Railways, of £2,663, a sum which appears to be out of proportion to the contributions made by other territories.

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Authorities as ratepayers, with Water Supplies as consumers of water, with the Post Office as senders of telegrams, and so on. The plain fact is that, in some form or other, the inhabitants of East Africa have to find the money, and the charges are not, in our opinion, commensurate with ability to pay, owing to the catastrophic fall in commodity prices.

223. Nearly every country in the world which is dependent on primary products for export, has been compelled to seek relief either by a reduction in the external value of their monetary unit, by suspension of sinking funds, by conversion of their loans, or by, in some cases, frank default.

224. The loans raised by this Colony appear to have been raised on exceptionally harsh terms or, perhaps it would be fairer to say, at exceptionally unfavourable moments. We believe that the Kenya £5,000,000 6 per cent Loan of 1921, which was issued at 95 and which is not redeemable before 1946, was the most onerous loan which was ever incurred by any Colony or Dependency controlled by the Colonial Office. From an examination of the details of that loan, it will be seen that of the £5,000,000 borrowed, £423,539 was absorbed in expenses of issue and deduction for discount, £377,955 for payment of interest, and £600,000 in repayment to revenue of advances chiefly connected with alleged war-time military expenditure, so that only £3,598,506 became available for developmental purposes. For this, including sinking fund at 1 per cent, the Colony has been committed to paying not less than £360,000 per annum.

225. It is difficult to make concrete recommendations on this subject because, as has been pointed out, no provision for early redemption exists among the conditions on which the loans were floated. We strongly urge, however, that in view of the fall in commodity prices during the past few years, some remedy for this state of affairs by His Majesty's Government in the United Kingdom, in its capacity of trustee, is long overdue, and therefore we recommend that further representations on this subject be immediately made to the Secretary of State.

226. In view of the many considerations and possible complications which have to be taken into account and also expert knowledge which is required before any adequate examination of this problem can be undertaken, we frankly do not consider ourselves competent to make definite recommendations which we feel should emanate from the financial experts on whose advice the terms were drawn up on which

our existing loans were floated. As only a very tentative proposal, however, we suggest that some remedy might possibly be found on one or other of the following lines:—

- (a) Inducement to convert all current Colonial Empire Loans into a Consolidated Empire Loan at current interest rate, carrying the attraction of a guarantee by the Imperial Government and unencumbered by any proviso as to sinking fund;
- (b) If such a general policy is not feasible, the formulation of a scheme whereby the existing onerous loans might be converted into a long term or preferably interminable loan at the current rate of interest. This would, we realize, involve an increase of the nominal capital amount of the Colony's debts. The present crisis, however, as is universally admitted, derives from the excessive value of the money unit in terms of commodities and as it is the expressed policy of the Imperial Government to remedy this appreciation of the money unit by raising the commodity price level, the essential objective is to seek immediate relief from interest and sinking fund payments for the next few years. Future relief will be assured when the Imperial Government implements its declared monetary policy;
- (c) The release and liquefaction of all accumulated sinking funds and other similar funds, such as the Betterment Fund of the Kenya and Uganda Railway, to be applied to lubricating the seized internal mechanism of the countries which have provided them. For example, by such means a sum in excess of £3,000,000 could be rendered available.

227. It is worthy of note that if relief could be obtained to the extent of 1½ per cent per annum on existing interest and sinking fund charges, such relief would amount to no less than £258,000 per annum.

228. The easiest, surest, and most effective relief would be provided by the abolition of the sinking fund principle and the release of accumulated sinking funds. There can be no argument for burdening the pioneer generation with the whole charge of elaborating the skeletal system of civilization in these as yet only partially developed countries.

(229. Note by Mr. Hemsted: I am in substantial agreement with the general views expressed on the subject of the Public Debt, particularly in regard to the suspension of sinking

fund appropriations in cases in which loan capital has been expended on productive works. I consider that any funds so obtained should be devoted primarily to relieving any additional nominal capital burdens arising out of the recommendations outlined in paragraph 226 (a) or (b), and/or to the funding on an actuarial basis of Pensions and Provident liabilities.)

230. Mr. Pandya, while agreeing in principle with the liquefaction of accumulated sinking funds, and other similar funds, considers that they should be used for the purpose for which they have been accumulated.

*CHAPTER VI.

FINANCIAL RELATIONS WITH THE RAILWAY.

231. The terms of reference of this Committee naturally do not contemplate any inquiry into Railway expenditure, but, at the same time, the number of cross-entries and reimbursements between the Railway Administration and the Colony, which appear in the Colony's budget, is such that the financial relations obtaining between the two is a matter of considerable importance to any Committee searching for possibilities of reducing Government expenditure.

232. A curious state of affairs now exists under which the relationship between the Government and the Railway Administration appears to be looked upon very much as though Government in dealing with the Railway were dealing with some extraneous and foreign power. Situated as Kenya is, with a long railway haul to the coast from its productive centres, it will be admitted the very existence of the country must depend in difficult times both on a reasonable curtailment of Government expenditure and on the maintenance of reasonably low Railway freights. At the beginning of the depression the Railway, owing to losses which it was incurring was obliged to increase its freight charges, but now although the Railway is making substantial profits and is in a sound financial position these charges are still being maintained, in addition to which Government has to subsidise the Railway in various directions. Thus the inhabitants of this country, during a period of depression and low world prices, are contributing to the Railway both as taxpayers and as Railway users.

*Mr. Hemsted agreed in principle with the recommendations in this Chapter, but did not have an opportunity of perusing the Draft Report.

233. In the preceding Chapter, we have given a brief review of the position with regard to Loan Charges, and there shown that Railway Finances would benefit by any easing of the burden of Loan Charges. There are, however, three other very important questions which affect the financial relationship obtaining between the Colony and the Railway, to which we wish to draw special attention:—

- (a) The Government share of pensions to retired Railway Officials;
- (b) The Government guarantee in respect of losses on Railway Branch Lines;
- (c) The protection of the Railway by Government against local competition.

234. In regard to (a), it was agreed at the time of the separation of the Railway finances from those of the Government in 1921:—

(1) That the proportion of the pensions of officials which relates to the period from the construction of the Railway up to the 1st of April, 1903, should be shared equally by the Colony and the Railway;

(2) That the proportion which refers to the period during which the Railway revenues were absorbed in Colony funds, i.e. from 1st April, 1903, to the 31st March, 1921, should be a charge against the revenue of the Colony; and

(3) That proportion which relates to the period from the 1st April, 1921, onwards, should be a charge against the Railway.

235. During the course of the negotiations which led up to this settlement, it was suggested by the then Treasurer that Government's liability should extend only to the existing pensions list at the time. In view of the considerable advantage derived by the Railway from the separation of its accounts from those of the Colony, and the position then accepted that the Railway was to function, more or less, as an independent organization, the late Treasurer's proposal was in our opinion sufficiently generous. Although the arrangement actually made was (acting on the assumption that the Railway and the Government of the Colony were for some obscure reason regarded as entirely separate entities) possibly reasonable, we are not satisfied that it has worked out equitably in practice. During the fourteen years which have elapsed since the 1921 agreement, the sums contributed by Government have been large, and, according to the 1935 Estimates of the Railway Administration, Government's liability has

now reached the figure of £14,162. This figure will, moreover, increase during the next few years.

236. In regard to the second item (b), we are not entirely satisfied as to the equity of the arrangement whereby Government agrees to guarantee the Railway against losses in respect of Railway Branch lines. In a new and partially developed country it is plainly necessary for the Railway to undertake programmes of expansion in its own interests and it is pertinent to note that the Railway administration is empowered to charge specially high rates on branch lines as a protection against undue loss.

237. The question of any main principle involved is of course quite outside the scope of this inquiry, but we are concerned with the working of such principles in practice. It appears from paragraphs 106 *et seq.* of the Gibb Report that, under certain methods of accounting a branch line shows a loss, while under another system, the same branch line will show a profit without any increase in traffic. As an instance of what we mean, provision was made in the Colony's budget for 1934 for the following item under "Miscellaneous Services": "Guarantee in respect of Nanyuki Extension, £500". This item disappeared in the 1935 Estimates, the official explanation (page 22 of the Memorandum on the Draft Estimates for 1935) being: "Owing to a change in the system of accounting, no loss on this branch line is anticipated during 1935". It is therefore evident that the provision made in the Colony's budget for losses in respect of branch lines, which amounts in 1935 to a sum of £21,353, is largely dependent on the particular accounting system used in connection with the branch line in question. The wisdom of disbursing public funds on such an elastic basis appears to us as questionable.

238. In regard to item (c), it has been estimated that the prohibition of road transport in competition with the Railway has saved the latter Administration from an annual loss in revenue amounting, in round figures, to £100,000. The question of the desirability or otherwise of such protection does not fall within our terms of reference. What does concern us, however, is the fact that such protection is only given at very considerable cost to Government through loss of revenue, partly from vehicle licence fees and Customs duties on the spare parts of vehicles, but chiefly from the tax on petrol.

239. We do not wish in any way to minimise or disparage the success achieved by the Railway administration in the rehabilitation of its finances during recent years, but we venture

to point out that that success has been achieved partly no doubt through increased Railway rates, but also partly through the direct contributions under items (a) and (b) by the general taxpayer, and partly by the sacrifice of the revenue sacrificed by Government, mentioned in the preceding paragraph, which has either had to be reflected in economy in Government expenditure or in increased revenue obtained from the general taxpayer in other ways.

240. Viewing the position as a whole it appears to us that the Railway is making substantial profits in spite of the depression, which is in itself the main cause of the difficulty experienced in balancing the Colony's budget; and, moreover, the favourable financial position of the Railway is in no small part due to direct contributions by Government. We consider that this position is no longer tenable and that payments in respect of branch line "losses" should terminate and that the payment by Government of a proportion of Railway pensions should cease. By these means we visualize a direct saving of some £36,000 to Government on the basis of the present estimates, a sum the loss of which we consider the Railway is now well able to bear without resorting to the expedient of reimbursing itself by further impositions on the Railway user.

CHAPTER VII.

LOCAL GOVERNMENT IN RURAL AREAS.

Part 1.—Draft by Mr. Pandya and Mr. Hemsted.

241. At the present time there appears to be a general consensus of opinion that certain services should be unified, and the tendency of modern times is that the construction and maintenance of roads should be a function of the Central Government rather than of local authorities. Formerly, in England, the road system was radiant to market towns and, in such circumstances, could be most suitably administered by local authorities, but of late years, owing to the development of rapid transport, it has assumed a national importance, and we understand that at present legislation to provide for a higher degree of national control is under consideration. A similar tendency has manifested itself in the Dominions, and we cannot but regard it as retrograde that different and independent authorities should be responsible for the upkeep of roads and bridges in a small Colony.

242. In this Colony a system has been set up which, we believe, is unprecedented elsewhere. Under that system there are at present six independent district councils which function

on local government lines under a comprehensive coded law. These councils, although instituted several years ago, have levied no rates, except small rates to finance hospitals at Eldoret and Kitale. Apart from the administration of these two hospitals, the sole executive function of the district councils is to expend on behalf of Government funds provided for the maintenance and improvement of certain roads and bridges in their several areas. For this purpose, they receive basic road grants amounting, in 1935, to a total of £31,070, together with a contribution estimated at £850 in respect of vehicle licence fees.

243. The basic road grants were originally computed on the basis of the direct Public Works Department expenditure on the district roads in those areas in 1927, plus 25 per cent on account of overhead charges. The need for economy in Government expenditure during the past five years has necessitated considerable reductions in the appropriation for maintenance and improvement of roads and bridges, and a *pro rata* reduction has been made, by agreement with the local authorities, in the basic road grants statutorily payable to district councils. These basic road grants were made on a generous scale, because during 1927 the sum on which the basic grants were computed was sufficient to cover not only maintenance, but also such a measure of extension and improvement as might be said to amount to new construction.

244. With the sums provided by Government, the six district councils maintain a total road mileage of some 1,713 miles out of a total public road system of 12,224 miles, the grants received by them amounting to more than double the direct charges paid by Government in respect of all the native reserve roads in the Colony, which amount to 4,860 miles in length. Local Native Councils contribute, according to their 1935 estimates, a total sum of £8,128 for the upkeep of roads in their areas from the rates levied by them, although these roads are used by prospectors, miners, and other non-native travellers as much as roads in settled areas. We thus have the position that in the same Colony certain roads in settled areas are administered by district councils, in an executive capacity, from funds supplied entirely by Government from general revenue, while in native reserves district roads are administered by Government partly from funds hypothecated in the Colony's Estimates and partly from sums voted by Local Native Councils from locally imposed rates.

245. A further point is that in the maintenance of a road system such as obtains in this Colony there are great variations of detail in the types of machinery employed for road-making and in maintenance, in the designs for bridges and culverts, in the loading for which bridges are designed, and in numerous other ways. Standing general specifications and type designs exist, but no standardization is possible, when the control is vested in a number of local government authorities, because each authority and each engineer has different ideas and each engineer is responsible to a different authority.

246. We cannot agree that the abolition of district councils, in so far as their road activities are concerned, would be a retrograde step politically. This Colony cannot regard itself as more advanced in its rural areas than the Transvaal, Natal, the Orange Free State, and Southern Rhodesia, which have no local government in rural areas.

247. So much for general principles. It is now necessary to examine certain facts and figures. Leaving on one side revenue for hospital purposes, according to their own estimates the total sum to be expended in 1935 by district councils is £34,104, all of which has been contributed directly by Government. Of this sum, £8,007 is to be spent on overheads and £26,097 on direct charges. The road mileage of 1,713 miles includes some 164 miles of feeder roads, which are maintained for £3,552, or an average of £21.6 per mile. The remaining district roads, amounting to 1,549 miles, cost £22,545, or £14.9 per mile in direct charges, including foremen, but not including overheads such as the time of the engineer or clerk to the district council. The average maintenance cost per mile of road in settled areas not under local government is £10.88.

248. It may be considered that it is valueless to compare the figure of £14.9 per mile with the figure of £10.88 per mile, owing to the difference as between the cost of maintenance of different roads. The figures are, however, average figures. Both in respect of district council areas and non-district council areas they include roads varying from roads serving a few farms under good climatic and soil conditions to roads serving many farms under bad climatic conditions, and, in our opinion, the comparison between the figures is reasonable.

249. If district councils were abolished and the roads at present administered by them were taken over by the Public Works Department, we are fully satisfied that the whole of

their overheads, namely, £8,007, could be saved. The average mileage operated by each district council is 286, which is considerably less than that operated by one foreman in the Public Works Department. All that would be required would be about six more foremen, and foremen are *not* included in the overhead expenses of district councils. Neither the number of executive engineers nor the provision for their travelling would require to be increased, because the officers of the department frequently travel over district council roads for departmental purposes not connected with those particular roads, and such opportunities could be taken to exercise all necessary supervision.

250. If the transfer of such roads to the Public Works Department is effected, we are of the opinion that the direct charges might be reduced to an average of £10.83 per mile, the average obtaining in other settled areas. This, together with the saving on overheads, and the retention by Government of the £850 in respect of vehicle licence fees, would give, in round figures, a saving to the Colony's budget of £15,000. Despite this reduction in expenditure, the roads in all the settled areas of the Colony would be of approximately the same standard as district roads in the settled areas without local government are kept at present. Admittedly, this may not be quite so high as obtains in district council areas, but we contend that it is sufficiently high for reasonable efficiency, and is certainly as high as the Colony can afford.

251. We therefore recommend that the Local Government (District Councils) Ordinance, 1928, in its present form, be repealed, that Items 15 and 16 of Head XVI should disappear from the 1936 Estimates, and that the appropriation for the Public Works Department and for Public Works Recurrent should be increased by approximately £16,920, thus enabling a net saving of approximately £15,000 to be made. The Director of Public Works has given us a definite assurance that such a saving can in fact be made, and much duplication of work between the Public Works Department and district councils obviated by the adoption of the proposal.

252. It has been suggested to us, as an alternative scheme for economy, that the Uasin Gishu and Trans Nzoia Councils and the Nakuru and Naivasha Councils should be amalgamated, and the areas subject to the jurisdiction of district councils extended, their basic road grants being reduced, the idea being to compel district councils to spread their overheads over a longer road mileage. This scheme is plausible, and

would undoubtedly result in some small economy in so far as amalgamation would reduce overheads. We do not believe, however, that any economy which would be obtained would approach that which would be achieved by the entire abolition of the system.

253. At the same time, although the executive functions of most district councils are confined to road administration, the Trans Nzoia and Uasin Gishu District Councils do administer certain hospitals, and all district councils fulfil certain advisory functions. As regards the former, we consider that the administration of local hospitals is essentially a function which can and should be assumed by a local authority. We therefore recommend that a new Ordinance should be enacted to preserve these powers of the Uasin Gishu and Trans Nzoia District Councils as at present constituted, and to permit of the formation of district councils for similar purposes in other parts of the Colony. We also recommend that, in the remaining areas, the advisory district committees and district road boards which existed before the enactment of the Local Government (District Councils) Ordinance should be reconstituted in order that Government may be in a position to obtain local advice on any problem or problems on which it may wish local opinion to be ascertained.

Part II — Draft by Major Cavendish-Bentinck and Sir Robert Shaw.

254. We are in fundamental disagreement with the views expressed in Part I of this Chapter. We are not prepared to accept the statement of the Director of Public Works that a saving in round figures of £15,000 could be effected in the six areas in which district councils have been established if these councils were abolished and if expenditure on district roads in these areas were reduced to what is said to be the average level which obtains in other settled areas in which district councils have been established.

255. We are convinced that the attitude of the Director of Public Works, and indeed of the Public Works Department as a whole, is one of opposition to the whole system of local government, no doubt because (possibly subconsciously) the very existence of local government institutions is regarded as an infringement of bureaucratic prerogative.

256. This attitude is difficult to understand, in that Government has absolute control of the basic grants made to district councils, and no expenditure out of these grants can

be made until detailed estimates of such expenditure have been approved by Government.

257. We emphatically maintain that district councils have more than justified their existence. A comparison of the road system and condition of roads at present existing with that pertaining in 1929 will prove it. Furthermore, the good work done by the district councils has been the spur by which the Public Works Department have been induced to pursue a higher standard of efficiency and economy in road construction and maintenance.

258. In Part I comparison is made between the system which has been set up in this Colony and the systems which are adopted in Great Britain, and in rural areas in the Transvaal, Natal, Orange Free State and elsewhere. In the first place, we would point out that comparison between a partially developed and young Colony with "earth" roads and the conditions pertaining in the British Isles is fatuous. On some of the main roads running through county council areas in the British Isles there is one continual stream of traffic all day long emanating from the metropolitan areas or other big towns. As examples, we would suggest the London to Brighton road, the Great North Road, etc. Some of these high-speed traffic roads have been constructed at enormous cost, running in some cases to over £60,000 per mile. In this Colony there are a few trunk or backbone roads, which connect centres such as Nakuru, Eldoret and Kitale, which roads are used for intercommunication and might be construed as of general strategic importance. In the vicinity of the centres (such as those enumerated above) they form part of a reticulation system radiating from the centre, and are used more by the inhabitants of the area fed by the centre than by through traffic, more especially since the virtual prohibition of road haulage to Uganda. This reticulation system is the particular concern of the inhabitants of the areas, and, moreover, such systems carry the vast majority of all the transport of the Colony. Equally, the parallel between the Union of South Africa and the Colony of Kenya is not apposite. Taxation is on an entirely different basis, and district councils can afford to raise considerable road funds by taxation, and yet leave the total burden on the taxpayers much below the total *per capita* taxation experienced in Kenya Colony. Moreover, the roads departments do give reasonable satisfaction in the Provinces of Natal, Transvaal, and Orange Free State—not on

funds from the Union Government, but from local taxation—and the provincial authorities are controlled by the electorate, just as are the divisional authorities of the Cape Province.

259. Before dealing with the suggestions put forward by the Director of Public Works in detail, we would point out that the Feetham Commission, after careful investigation, assessed the basic grant to district councils on what they considered to be a fair and reasonable basis for the maintenance of the roads to be taken over by the district councils in the condition in which they were in 1928. It is, however, a definite established fact that in many districts there were no roads. There was a series of tracks over the countryside, impassable in wet weather, and used jointly by motor and wagon traffic. In the Trans Nzoia and Eldoret districts not one single so-called road was even dedicated as a line of public travel, nor had they even been surveyed, and Public Works Department machinery work was conspicuous by its absence. The system of maintenance then employed by the Public Works Department was giving out to farmers and contractors work, such as building causeways, putting in culverts, etc., in portions of the road that had become impassable. If the financial provisions by Government during 1925, 1926 and 1927 for the maintenance and improvement of roads in many districts was generous, it can be asserted that such provision, as expended by the Public Works Department (prior to the arrival of the road engineer, whose services have now been dispensed with) produced lamentable results. In antithesis, and largely owing to the interest taken by local residents, the state of the roads controlled by district councils is now excellent, and this has been accomplished in spite of the fact that the basic road grants have in recent years been greatly reduced.

260. We admit that from the standpoint of economy the suggestion put forward by the Director of Public Works and in Part I of this Chapter might, at first sight, be regarded as attractive. The savings claimed are said to be composed of: (a) £8,007, which is the total of the administration and general charges of district councils; and (b) £6,338, which is obtained by reducing direct charges on all district roads (i.e. including loan feeder roads) from an average of £14.5 to an average of £10.63 per mile.

261. The proposal can well be compared with a proposal on the same lines which the Director of Public Works made in 1932 in connection with certain remarks in Lord Moyne's

Report. He then intimated that, if he resumed control of these district roads, it would be necessary to increase his staff by three overseers and three clerks, and to provide travelling and "other charges appurtenant to administration"; but Government would save in administration charges £8,777. He also indicated that "by better organization and methods of performance involving the use of the Department's standardized methods, a reduction in the number of foremen at present employed by district councils" the direct charges on roads could be reduced by £2,000 "without reduction of the standard of maintenance and improvement of those roads now in being". Alternatively, he thought the basic road grants should be reduced by 50 per cent so as to force Councils to one of the following alternatives: (i) to carry on on a purely maintenance basis with strict economy, (ii) to raise additional funds for improvement work or more staff by local rating, (iii) to withdraw voluntarily and agree to the Public Works Department taking over control. These quotations are taken from a letter from the Director of Public Works to Government dated the 15th of July, 1932. The disparity between the foregoing estimates and those submitted to this Committee indicates that one or other of the estimates is wholly unreliable.

262. As regards administration charges, as far as we can see his present proposal is only to employ six more foremen, additional to his existing staff. No increase in clerical staff is now required, apparently, so all the accounting and clerical work in connection with roads will presumably be absorbed into the Department: one District Council Engineer can also be absorbed apparently without cost into the Department. All the other clerical work now performed by Councils' staff will be taken over without demur by the Administration.

263. Incidentally we note that although in paragraph 261 above it is recommended that the Local Government (District Councils) Ordinance, 1928, in its present form should be repealed, and that items 15 and 16 of Head XVI should disappear from the estimates, a further recommendation is made in paragraph 253 that a new Ordinance should be enacted to preserve the powers of the Uasin Gishu and Trans Nzoia District Councils to administer local hospitals, and to permit of the formation of District Councils for similar (very limited) purposes in other parts of the Colony. District Councils will no doubt be much moved at the trust to be reposed in them by allowing them to continue to assume responsibility for the thankless and profitless task of managing

hospitals in competition with Government hospitals run at a loss in neighbouring areas. We can only presume that this recommendation is made for the sole purpose of preventing the rates at present imposed from being sacrificed. As regards the Capital Funds which have been built up by Councils as Reserves out of Revenue, their plant, etc., these no doubt are to be appropriated by Government.

264. We note that the Director of Public Works does not specifically state that there will be no loss of efficiency in the upkeep of roads, but remarks that they will be maintained to as good a standard as the public road system in the rest of the Colony is maintained. This is a somewhat vague statement. The maintenance of main Trunk Roads is naturally to a much higher standard than less important roads whether in settled areas or in Native Reserves. The system in vogue in respect of roads in settled areas before 1929, which we presume is still in vogue in settled areas where District Councils have not been established is described on page 17 in Volume 2 of the Local Government Commission Report, 1927. In 1929, when the Director of Public Works was explaining why, on the establishment of District Councils, he could not make savings equivalent in amount to the 25 per cent allowance made to these Councils for overhead charges he stated:—

"Practically the only technical work involved in respect of District roads in European areas is the letting of contracts in the early part of each year. These are administered by the Chairman of the Road Area Committees as Departmental Representative. Apart from interviews and occasional correspondence almost the only work subsequent to the arrangement of the contract falling on the Executive Engineer is attendance at District Road Board Meetings (an average of one per month for each Board) to advise the Boards and maintain touch with the Chairman of the Road Area Committees, together with the passing through the account of the 'remittance between chests' vouchers for payment to the contractors as they come in. It is to be remembered also that in the contracts contractors' overheads are included for the contractor supplies his own tools, supervision, labour, material, etc."

265. District Councils may be expected to express some surprise that even their road activities could be absorbed so readily as the Director of Public Works now indicates. They might refer to pages 165/167 of Volume 2 of the Local Government Commission Report which prints a memorandum

written by the Director of Public Works in 1926. In it he states that, if his department were relieved of the responsibility for the expenditure of £26,032 on District and Township Roads or £53,086 on Main District and Township Roads in certain defined areas, he could save £8,200 or £15,020, as the case might be. Actually the figure of £8,200 might have been reducible because Councils were not set up in Kericho and Machakos and in any event it became £5,016 when six Councils were established. It must, therefore, occur to Councils as extremely odd that, having saved £5,016 by establishing them, Government can now save a further £5,757 by abolishing them and replacing them by six foremen.

266. The second saving of £6,338 is to be obtained by equalising the rate of road expenditure in all settled areas by the simple expedient of bringing it down to the lowest rate. As a matter of principle the course proposed, paying as it does no regard to comparative traffic, climatic and topographical considerations, appears to be at variance with the following remark which occurs in the Director of Public Works' letter No. A.1055/7/1/46/1 of December 17th, 1934: "The principal factor influencing the cost of road maintenance is the traffic over the roads". There is no reason to suppose that before 1929 more road expenditure was incurred in certain settled areas as compared with others, than was justifiable. If it were advanced that development in these other areas had increased to such an extent as to justify an addition to their road maintenance allotments the argument would be perfectly intelligible, or if it were urged that the general rate of expenditure on roads was more than the country could afford and must be reduced, then the rival claims of trunk road and the produce carrying feeder roads could be examined so as to spread the burden of reduction equitably. In short there seems to be little logic in the present proposal. Expenditure on roads and supervision costs must vary with the conditions in different areas. You cannot achieve equality of standard by equality of expenditure.

267. The Director of Public Works states that the average cost per mile of roads under the Public Works Department, viz. 10,511, works out at £5.5 and the average mileage of public road per staff foreman is much greater than the 286 miles which is stated to be the average for District Council foremen. It is therefore arithmetically correct to say that if 10,511 is divided by 32 the resultant figure will be larger than 286. We have no doubt of the similar accuracy or rather "inaccuracy" of the figure of £5.5 per mile. But, of course, the Director

of Public Works is well aware that the main Trunk Roads have spent on them in direct charges as much as, or more than, £50 a mile in some sections, and that on these heavily traffical roads his foremen supervise under fifty miles apiece. There are thousands of miles of so-called roads, included in the figure of 10,511, on which we would venture to assert a foreman never treads, and which are constructed and maintained entirely by Administrative Officers, and many hundreds of miles on which (since they are mere tracks) an allotment of £1 per mile would be generous. A simple division sum dividing the total mileage of roads no matter what their importance by the total expenditure gives a result which we suggest has no practical importance.

268. We submit from the economy standpoint these proposals may then be summed up briefly. The abolition of District Councils has certain repercussions which have not been taken into account. We are unable to accept the implication that the road work can be maintained as efficiently as at present unless expenses are incurred (such as Executive Engineers' inspection, clerical and accounting work—plant, etc.) which appear clearly in District Councils' accounts, but which are obscured in the Government system of accounting.

269. Now the main gravamen of the Director of Public Works' contention is:—

Rural Local Government in Kenya is anomalous because the Councils do not rate themselves. The Councils got too much road money from Government in 1929 and so can show more for their work than the Public Works Department can in non-local-government areas; and in fact the grants are so large as to make local rating for road purposes quite unnecessary. But whether they rate or not, the whole system of decentralizing road control must be uneconomic and has disadvantages in respect of lack of uniformity and standardization: in fact unless District Councils replaced the Public Works Department *vis-à-vis* all roads over the whole Colony they would be uneconomic.

270. We imagine it is hardly required of us to justify the policy of Local Government which this Government put in effect in 1929, and still maintains. The general arguments in favour of Local Government are based on administrative, financial and political grounds. It is a form of government familiar in the Empire, and one which incidentally this Colony was advised in the Hilton Young Commission Report to

prosecute vigorously. It has not failed in its application to rural communities in Kenya because as yet they have not introduced local rates for the purpose of reducing Government Grants to them for recurrent road maintenance. There is no set of principles anywhere in the British system of Local Government upon which the ratio of financial liability for works between the taxpayers and the ratepayers can be decided. In different colonies it will be found that different expedients are adopted and, of course, it will also be found that in all colonies, no less than in the United Kingdom, the taxpayer makes very large allocations to the ratepayer. It would set at rest a great amount of argument if taxes and assets could be distinguished from their intrinsic character as national and local; and if, instead of the State keeping all such revenues in its own hands and compensating Local Authorities by way of grants, the local taxes and assets could form an endowment for local authorities. This course of perfection is, however, not possible anyhow at present in Kenya. But there is a maxim which is often heard, namely that those who use the roads should pay for them.

271. District Councils might retort to the Director of Public Works' charge that they are merely spending agencies on behalf of Government, by asking what exactly is meant by Government money? Where did it come from? A great deal of money is contributed yearly in the form of taxes on motor and other vehicles and on petrol. If the residents in settled areas contributed their fair share to these taxes which are then placed at their disposal for road maintenance purposes what substance is there in the charge that they made no direct contributions themselves? We venture to suggest that there is something in this argument. We have compiled and attach in Appendix 3 a statement which shows the revenue derived from road users and the expenditure incurred on roads from 1929 to 1933. The figures are taken from the Treasurer's and Customs' Reports for those years. They show that in 1931, 1932 and 1933 revenue exceeded expenditure by £123,222 or an average of £41,074 per annum. In 1929 and 1930 the Colony went in deliberately for heavy extraordinary expenditure, and in 1930 also had to make large special provision for flood damage; in these two years therefore the expenditure exceeded the revenue by £94,514 per annum. Nevertheless over the whole five-year period revenue exceeded expenditure by £28,737. Now in 1931 District Councils were asked to assess their motor licence contributions in respect of rural local government areas. The answer was £19,403. Calculating on

a proportionate basis their share of this and of the Drivers Licence fee, the Petrol Tax and the Customs Revenue, the sum arrived at is £80,413. Assuming the same motor licence fees in 1933 their total contribution in that year works out at £71,800. In these two years the total Government grants for District Roads amounted to £44,648 and £38,018 respectively, so that so far from being the charitable recipients of Government dole they paid for the dole, and made an extra contribution to Government Revenue of £15,765 and £58,782 or £37,273 per annum towards the cost of Main Trunk Roads and general Colony revenue. We suggest that these figures, unless they are disproved, speak for themselves.

272. When District Councils were established they took over the road functions of the Public Works Department. They also took over certain duties hitherto carried out by the Administration. They have, in two areas, become hospital authorities and they are empowered to become public health authorities and to contribute towards educational costs. It has, however, seemed to become a question of Public Works Department versus District Councils. This, to our mind, is a false antagonism. District Councils should, we consider, take over more roads in their areas from the Public Works Department, but they probably cannot, as yet, displace the Public Works Department entirely for the reason that the functions of Local Government (as localized in a Public Works Department Division) must remain to some extent distinct and separate. This point is made in the report of what is known as the Logan Committee. We are not aware what savings the Director of Public Works made by handing over the maintenance of the main trunk road from Gilgil to Mau Summit and the Nakuru-Ravine-Mokataka road to the Nakuru District Council, but it is possible that, in regard to Administration charges, there is no spectacular saving. Of the Director of Public Works' figure of £15,020 to which we referred above in paragraph 265 no details are available to us, but, if he thought that sum could be saved in 1926 something very close to it could presumably be saved now if Kericho, Machakos and Laikipia were brought into Local Government and if all the main trunk roads in all the areas were handed over to the District Councils.

273. There are certain comparatively small, but nevertheless useful, savings in administration charges by District Councils which could be made as economy measures. The framework set up in 1929 is not perfect. The District units were fitted on to units which had already attained a certain

cohesion and unity under district administration. The units are, however, not irrefragable. Of course units must not be too large or local interest will be lost. In normal times it would be difficult, owing to local prejudices, to carry through with agreement a policy of fusion of units and normally any savings effected by fusion in overhead administration costs could rightly be claimed by the local authorities themselves. We think, however, that the present stringent need for economy would justify fusion of certain units and the retention by Government of such savings as resulted from fusion.

274. In paragraph 272 we have pointed out that the time appears to have arrived when the country must choose between a system of Local Government or a reversion to complete control by the Public Works Department. Furthermore we believe that a phase whereby part of the settled areas have adopted Local Government whereas other portions have so far declined to do so is uneconomical. We consider that the whole of the area delineated by the Carter Commission as "White Highlands" should adopt Local Government and that District Councils in these areas should administer and be responsible for all roads. Furthermore, there are many roads running out of this area into Native Reserves which may be looked on as "feeder roads" the upkeep of which (as is done in some cases already) should be done by the District Councils either as contractors to Government or otherwise.

275. It will be argued that under such a system there would be a complete lack of standardization. We submit that the unification and standardization bogey has been stressed out of all proportion to its true importance. In any case, however, Councils have been told that Public Works Department's standard designs are available to them and all have agreed to adopt them for permanent work.

276. We, therefore, visualize —

- (a) An effective fusion between Usisu Gishu and Trans Nzoi Councils. This combination could in our opinion take over all the roads in the neighbourhood which are at present maintained by the Public Works Department. Such a fusion, provided the amalgamated Councils were given a greater mileage of road to look after, would undoubtedly produce very considerable economies as practically the whole of the Public Works Department staff in that area could be withdrawn.

- (b) Naivasha and Nekuru should be united and be increased by the Laikipia District to form a Rift Valley District Council. This should result in a saving of at least £1,000; partly by a reduction in existing Administration charges and partly by savings in the Public Works Department Division.
- (c) Machakos should be brought into the Nairobi District Council area which might then be given a more comprehensive name. This should result in a saving of £500 by reductions in the Public Works Department Nairobi Division.
- (d) Kericho should be brought into the Nyanza District Council area with consequent Public Works Department savings of £200/300.
- (e) The areas of Nyari, Nanyuki and Timau should adopt Local Government and form a further District Council area.

277. In the matter of Feeder Loan Roads, the present minimum expenditure was fixed on the advice of the Director of Public Works. We agree that these roads could now be lumped in with other district roads. If this were done and each was allotted the average direct charges applicable to district roads the total saving would be approximately £500.

278. Thus as against the possible saving of £5,757 or £8,007 as claimed by the Director of Public Works which, in our view cannot possibly be obtained without loss of efficiency and which in any event leaves out of account all activities of District Councils except roads: pre-supposes an only partially employed Administration and Public Works Department staff to deal with clerical and accounting work; involves serious difficulties in respect of hospitals and invites a political setback of no little importance: we suggest that greater genuine savings would be obtained through the medium of fusion and (if need be) coercion of areas in which Local Government has not yet been established: and further savings, the extent of which we cannot estimate (as partly owing to the fact that Public Works Department Divisional Areas do not coincide with Administrative Areas and partly owing to the fact that most officers of the Public Works Department are said to be engaged on a diversity of activities) as we have been unable to obtain the precise amount which the Public Works Department are at present spending on roads in these areas, but which on the Director of Public Works' own showing, ought not to be inconsiderable if Councils are given the maintenance of main trunk roads passing through their areas.

279. As regards the further saving proposed by the Director of Public Works of £6,338 on Direct Road Charges in respect of roads in District Council areas, the premises on which this proposal is based are in our view un sound for the reasons which we have stated. Roads expenditure generally will we fear have to be curtailed and Council roads will have to take their fair share in such a reduction.

280. According to the Director of Public Works some £57,000 is spent annually on the bare maintenance of roads. By the adoption of our recommendations with regard to the fusion of certain District Council Areas and the adoption by the whole of the White Highlands of the principle of Local Government, this sum could probably be reduced by at least 5 per cent which, together with the economies we have already suggested shows a saving of £4,850, which recommendation is already included in recommendations under Heads XXVII and XXVIII.

281. As has been pointed out, over and above such minimum savings under Head XVI "Local Government Contributions to Local Authorities", further very considerable reductions could be made under Heads XXVII and possibly XXVIII—"Public Works Department" and "Public Works Recurrent".

282. We would also point out that substantial contributions are made to the Public Works Department by Local Native Councils towards the expenditure incurred on roads in the Native Reserves. These sums are not apparently disclosed in the Colony's Estimates. We are of the opinion that enquiries should be instituted by a Committee into these payments as we feel that in some cases Native Councils may be paying for or contributing towards expenditure incurred on roads which are not primarily necessary for the natives themselves. As an example we would mention roads in the gold mining areas.

283. In conclusion, although owing to the impossibility of our obtaining exact information as to the allocations of Public Works Department's expenditure on roads, road machinery and staff in the different areas, we are unable to make a precise estimate of the savings which, in our opinion, could be made. We are, however, satisfied that a total and genuine saving could be made to a figure in excess of the figure of £15,000 suggested by the Director of Public Works. We have referred to the subject when dealing with Head XXVII—"Public Works Department".

*CHAPTER VIII. TERMS OF SERVICE.

284. The cost of departmental services rendered by Government is divided in the Estimates into "Personal Emoluments" and "Other Charges".

285. Under "Personal Emoluments" is included provision for the salaries of departmental officers and for personal duty, entertainment and other similar allowances to which they may be entitled. The remainder of the departmental expenditure appears under "Other Charges".

286. Examination of the departments' estimates for 1935 (as passed by the Legislative Council) discloses that provision for Personal Emoluments alone totals no less than £1,205,106; of this sum, some £46,000 is returned from the levy on official salaries.

287. This amount represents the estimated prime cost of the salaries and allowances (other than house allowance) of the departmental officers of Government. To arrive at the true total cost of these officers, it is necessary to take into account provision for passages and the cost of providing such privileges as free medical attendance, free quarters, house allowances, and the future cost of pensions and gratuities payable to such officers. Owing to the terms on which the majority of the officers of Government hold their appointments the annual cost to the Colony is considerably greater than the cost of their salaries. In the case of pensionable officers, the cost to Government of "hidden emoluments" is said to equal a further 40 per cent addition to their salary figures.

288. As regards the cost of "passages" referred to in the preceding paragraph, we would point out that no less a sum than £56,979 has had to be provided for passages only for the year 1935.

289. We have given careful consideration to the terms of service governing the Kenya Civil Service, and have reached precisely the same conclusions as those reached by the Expenditure Advisory Committee which was appointed in 1932 and which reported in 1933, and can be found in paragraph 37 of their Report. The two main conclusions are:—

- (a) That the existing terms of service are unnecessarily generous now that many of the former hardships of life in the Colony have been removed; and

* Mr. Hemsted has not had an opportunity of expressing an opinion on the recommendations in this Chapter.

(b) That the Civil Service still enjoys many privileges which may have been justified in prosperous times, but which are so no longer.

290. As an example of what we mean, we would draw attention to the scale of salaries laid down for European teachers, which we would go so far as to say is quite unreasonably disproportionate to the scale of salaries paid for similar posts in the United Kingdom or in any Dominion.

291. We understand that the argument is put forward by the Colonial Office that in order to get the best men for teaching it is necessary to bring the salaries of the teaching staff up to a parity with those paid to administrative officers. We consider this argument totally absurd. Can it for instance be seriously suggested that in order to secure a man to teach a few Arabs in Mombasa it is necessary to place him on a salary scale of £840 to £920? This figure, of course, with 40 per cent added in "hidden emoluments", passage, housing, etc.

292. We do not in the least desire to suggest that departmental officers are not extremely capable, conscientious and hard-working. Least of all do we wish to cast aspersions on individual medical and other officers in the Medical Department. But viewing the Colony's salary list as a whole we cannot admit that it is reasonable for a small Colony like this to have no fewer than 28 officers in one department alone, i.e. the Medical Department, drawing basic salaries of £1,000 and over (again, of course, with 40 per cent added for "hidden emoluments"), and no less than 48 officers whose salary including "hidden emoluments" amounts to over £1,000 per annum. These remarks apply equally to the Agricultural Department, in which there are 31 officers, and to the Education Department, in which there are 20 officers drawing over £1,000 per annum including "hidden emoluments".

293. The percentage of officers drawing, including hidden emoluments, £1,000 per annum or more of the total number of European civil servants (excluding, of course, the Railway) employed by Government is approximately 22.5 per cent. The percentage of officers drawing, including hidden emoluments, over £1,000 per annum of the total of European and Asiatic civil servants is 10.8 per cent. The comparative figure is Great Britain is only 0.86 per cent, or less than one per cent. This we feel is noteworthy.

294. We attach hereunder a list of salary scales as they existed in 1914 and as they exist to-day, from which it will be seen that salaries have increased by 100 per cent, and in some cases by 140 per cent. "Hidden emoluments" have also increased.

295. As compared to these increases we would stress that in accordance with the recommendations of the Royal Commission on the Civil Service, which sat from 1929 to 1931, salaries of the civil servants in Great Britain have been stabilized on the basis of the current operative index number of 50. This basis was to be reviewed in 1934, when the consolidated rates of pay were finally determined in relation to general wage levels then prevailing in outside industries, a principle which has been completely disregarded in this Colony.

296. Furthermore, the basis adopted in Great Britain does not involve an all-round 50 per cent addition to pre-war scales of pay, as only civil servants in receipt of basic pay of 35/- per week or less are at present receiving the full bonus addition of 50 per cent. For higher salaries, the addition is tapered off so that the civil servant who was in receipt of a basic salary of £500 per annum pre-war, receives to-day with bonus only £625, or an addition of about 25 per cent. The civil servant receiving £1,000 per annum pre-war receives to-day only approximately £1,150, or an addition of 15 per cent. A pre-war salary of £1,800 receives to-day £1,950, or a percentage increase of 8.3 per cent. The pre-war salaries of £2,000 or over have remained unaltered. In giving these figures we have of course disregarded the cuts which were in operation in Great Britain, but were restored this year.

297. We are aware that in 1920 many of the scales of salaries were even higher than they are to-day. This, however, in no way alters our contention, i.e. salary scales in Kenya, viewed as a whole, are unnecessarily generous.

298. The history of the immense increases in the salary scales in this country is as follows:—

The salary scales which obtained before the war were subjected to examination by a Civil Service Commission during 1918. That Commission, influenced no doubt by the extravagant incongruity of standards resulting from wartime conditions, recommended considerable increases which, with certain modifications, were approved by the Secretary of State in 1920. These scales were entirely new, and unrelated to the pre-war scales, but envisaged the abolition of the war bonus which had been paid on a sliding scale.

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300. At the time when these new scales of salary were introduced, the rupee, the rate of exchange in respect of which had hitherto been 1s. 4d. (i.e. 15 to the £), was fixed at 2s. (i.e. 10 to the £), having previously risen as high as 2s. 10d. At the time of stabilization, the name of the standard local coin was changed to the florin, and the sterling value of a salary, previously paid in rupees at 15 to the £, and now paid in florins at the same rate, became increased by 50 per cent, although the same number of local standard coins were paid into the officers' banking accounts. For some unaccountable reason, it was held to constitute a hardship to the civil servant not to permit this 50 per cent increase, as it was alleged that the purchasing power of the local coin was less than when its value had been 15 to the £. The 50 per cent increase in sterling value was therefore allowed to remain, but in the form of a local allowance, which was intended gradually to disappear as the purchasing power of the florin in East Africa increased. The local allowance was, in fact, reduced during 1922 and 1923. Salary scales were again revised in an upward direction in 1926, when the opportunity was taken to abolish the local allowance.

301. The following table shows the history of the salaries paid to certain officers:—

	*1914	1920	1922	1923	1926
	£	£ plus local allowance,	£	£	£
Colonial Secretary	1,000	1,800 plus 900 local allowance, 2,700	2,250	1,960	2,300
Chief Justice	1,000	2,000 plus 1,000 local allowance, 3,000	2,500	2,170	2,400 (now 2,300)
Attorney General	900	1,500 plus 750 local allowance, 2,250	1,875	1,645	1,800
Treasurer	708	1,300 plus 600 local allowance, 1,900	1,500	1,330	1,450
District Commissioner (Maximum of Scale)	500	700 plus 350 local allowance, 1,050	876	805	920

*Rate in Rupees at 15 to £1.

301. We are convinced that technical officers of experience must be available to advise Government with regard to various departmental activities, and that such officers should be well paid in order that we shall secure the services of able men, but instead of having a reasonable number of such officers we seem to have acquired far too many officers who draw what, under present-day conditions, are very high salaries.

302. We are told that in many cases officers are thrust upon us by the Colonial Office on the plea that, having advertised the fact that they require a certain type of man for the Colonial Civil Service, they have got to find jobs for applicants somewhere, or suitable men will cease coming forward. We can only say that the sooner the Colonial Office ceases viewing this position from a Utopian point of view and realizes that on earth certain hard facts have to be faced, such as the capacity of small Colonies to pay for such over-ambitious services, the better it will be for the Colonial Empire as a whole.

303. We consider in view of present-day conditions, the history of the past few years, and present-day prices of primary products (on which, after all, the country's capacity to pay largely depends), that an arbitrary revision of existing salary scales, similar to that which took place in Great Britain, is considerably overdue. Civil servants' scales of salary have been drastically reviewed both in England and in the Dominions. The salaries paid, for instance, in the Union of South Africa are considerably lower than those paid in Kenya for positions which must entail far greater responsibility. We are further of the opinion that Government, in considering its Budget, should take into consideration what proportion of the revenues available can justifiably be expended exclusively on salaries. We recommend that this figure should, at any rate for some years to come, be limited to £1,000,000 per annum as regards permanent establishment. We must remember that 40 per cent must be added to a considerable proportion of this figure to defray the cost of "hidden emoluments", and that the cost of passages constitutes no small item of expenditure. The country cannot afford to expend an undue proportion of its revenue purely in salaries; moneys are required for productive developmental expenditure.

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CIVIL SERVICE SALARIES—1914 AND 1935

304. CIVIL SERVICE SALARIES—1914 AND 1935.

	1914 Rate in Rupees Converted at 15 to £1	1935
H.E. THE GOVERNOR:		
H.E. The Governor	£1,000 + *1,000	£5,000 + *2,500
Aide-de-Camp	£250	£400
Clerk to H.E. The Governor	£120-180	£600
ADMINISTRATION AND SECRETARIAT		
Colonial or Chief Secretary	£1,100	£2,200
Senior Assistant Colonial Secretary or Deputy	£600-700	£1,200 or 1,350
Provincial Commissioners	£500-700	£1,350
District Commissioners	£400-500	£400-920
Assistant Secretaries	£250-400	£720-920
AGRICULTURE:		
Director of Agriculture	£900-1,000	£1,500
Chief Veterinary Officer	£600-700 + *60	£1,200
Agricultural Instructors now	£250-300	£372-720
Agricultural Officers	£200	£300-600
Stock Inspectors		
AUDIT:		
Auditor	£550-700 + *50	£1,150
Senior Assistant or Deputy	£400-500 + *50	£950
Assistant Auditors	£250-400	£425-720
CUSTOMS:		
Commissioner of Customs	£800-700	£1,400
Deputy	£400-500	£1,000
Collectors of Customs	£250-400	£380-720
EDUCATION:		
Director of Education	£550	£1,500
Arab School, Mombasa	£200	£920
Practically no Education Officers in 1914—Comparison not possible.		
FORESTS:		
Conservator of Forests	£500-700 + *20	£1,200
Assistant Conservators	£250-300	£420-840
Foresters	£120-200	£300-500
JUDICIAL:		
Chief Justice	£1,000 + *100	£2,200
Puisne Judges	£700-800 + *80	£1,450
Magistrates	£400-500 + *40	£720-920
Registrar of High Court	£400 + 50	£720-920
Deputy Registrar	£300-350	£600-720
LEGAL:		
Attorney General	£800 + *80	£1,800
Assistant Attorney General, now		
Solicitor General	£450	£1,200

*Allowance

	1914 Rate in Rupees Converted at 15 to £1	1935
SURVEYS:		
Surveyor General	£900	£1,000
Office Superintendent	£345-270	£284
Surveyors	£315-250 + *36	£480-720
District Surveyors	£360-400 + *60	£720-840
Chainmen	£250-350	£480-720
Draughtsmen	£160-280	£372-600
Principal Registrar of Titles	£400-600 + 50	£720-840
MEDICAL:		
P.M.O., now Director of Medical Services	£700-850 + *75	£1,500
Deputy	£600-700	£1,200
Senior Medical Officers	£600-600 + *50	£1,000-1,100
Medical Officers	£400-500	£600-1,000
Dispensers	£200	£390
Sanitary Inspectors	£200-250	£372-600
Medical Officer for Bacteriology, now Senior Bacteriologist	£600	£1,100
POLICE:		
Inspector General of Police, now Commissioner	£600-800	£1,350
Assistant Commissioner	£400-500 + *40	£1,000
POSTS AND TELEGRAPHS:		
Postmaster General	£500-700 + *50	£1,000
Deputy Postmaster General	£200	£1,180
Assistant P.M.G.	£250-450	£290-840
1st Class Postmasters	£200-350	£250-720
Electrical Inspectors	£200-300	£600-840
Telegraph Engineers	£200-450	£720-840
Sub-telegraph Engineers	£200-300	£500-600
PRINTING:		
Government Printer	Not comparable	
PRISONS:		
Inspector of Prisons, now Commissioner of Prisons	£300-400 + 30	£1,000
PUBLIC WORKS:		
Director of Public Works	£700-800 + 70	£1,350
Deputy D.P.W.	£500-700 + 50	£1,000
Executive Engineers	£400-500 + 40	£640-820
Assistant Engineers	£200-400	£480-820
Architects	£200-400	£240
Chief Accountant	£400-500	£250
Chief Storekeeper	£300-400 + 30	£720-840
TREASURY:		
Treasurer	£600-720 + 60	£1,450
Deputy Treasurer	£500-600 + 50	£1,000 + 125
Assistant Treasurers	£250-400 + 50	£425-840

*Allowance

305. From the foregoing it will be seen that the rises in salary scales between 1914 and 1935 have not been uniform. In some cases the increases have been comparatively moderate; in others from 100 per cent to 150 per cent.

CHAPTER IX.

REORGANIZATION.

Part I.—Draft by Major Cavendish-Bentinck and Sir Robert Shaw.

306. During our deliberations evidence was adduced to the effect that it was doubtful whether the strict system of Crown Colony Government could indefinitely continue to be economically and efficiently applied to the Colony of Kenya.

307. Most Crown Colonies are virtually Native States, and the problems of Government in such dependencies are not complicated as in Kenya by the presence of a strong white settlement. The dislocation occasioned by a strong white settlement on the type of Government machinery existing in this Colony to-day is very considerable.

308. We are also doubtful whether the departmental system has not overgrown, as it appears to us that there now exist an undue number of extravagant departmental secretariats. The cost of "administration" of the various departments is very great, and we consider there is too much inter-departmental correspondence and an unnecessary number of letters written by the technical officers in the field to departmental headquarters.

309. We also consider that it is probably unwise to entrust to too great an extent executive authority to technical men.

310. Furthermore, the existing system throws too much work on the Secretariat, which has now become a big department in itself, members of which are, admittedly under existing conditions, overworked.

311. Bearing these considerations in mind, we therefore venture to suggest that a reorganization of the machinery of Government on the lines of a "grouping" of departments under a non-technical head would be conducive to both economy and efficiency. This system is, of course, adopted in all Dominions and in Southern Rhodesia. Such a system would

* Mr. Hemsted had left the Colony before this Chapter was drafted, and the recommendations therein are not necessarily endorsed by him.

also have the additional advantage of offering further avenues of promotion for deserving officers in a Colony in which at present there are only four Provincial Commissioners.

312. We venture to suggest that the satisfactory introduction of such a system would entail a reorganization and a reduction in members of Your Excellency's Executive Council. In such a scheme, we envisage that Your Excellency's Executive Council would consist of the holders of the five portfolios enumerated below, together with two or three non-technical members nominated as at present by Your Excellency.

313. In Appendix 4 will be found a tentative outline of the type of reorganization we have in mind. We have also stated as approximately as can be ascertained under each head the estimated gross, net and non-recurrent cost as provided for in the 1935 Estimates, and where possible we have also inserted the existing approximate "Overhead Cost of Administration" of each head of expenditure, as we contend that by the adoption of the "grouping" system outlined considerable savings could be made in the present "administration charges" of many departments.

314. We, of course, presuppose that the holders of these portfolios would be officers of experience, who would be capable of taking decisions and who would be prepared to assume a considerable measure of responsibility. The present Crown Colony system of Government discourages senior officers from assuming responsibility for decisions which it should be their prerogative to make. Under the system we recommend a very large proportion of the queries which now go to the Secretariat would be dealt with direct by bearers of these portfolios, and far less would be referred to the Colonial Secretary or to Your Excellency, although naturally the bearers of these portfolios would have access to Your Excellency and could if necessary discuss any problems with Your Excellency direct.

315. Such a system of "policy control" by non-technical men would inevitably, when times are better, ensure that any general advance of developmental services would be made on a more evenly balanced basis than in the past. We feel that hitherto, owing to the personality of certain technical heads of departments, the progress of certain services has tended to unduly outstrip other developmental activities upon which the former must depend for full fruition. The present tendency to the overlapping of departmental activities could also be more easily obviated. As examples of what we mean in this

regard we would mention the Public Works Department and local government authorities, between whose activities, as we shall show later in the report, considerable overlapping and duplication takes place; as a further example, we would draw attention to pages 60, 61, and 62 of the 1933 Native Affairs Report, in which examples are quoted of very similar activities being undertaken by (a) the Missions, (b) the Education Department, and (c) the Veterinary Service. By such a system as we suggest a proper co-ordination and grouping of institutions could also be more readily achieved. We cannot believe that the existing system can be conducive to economy whereby in the Masai area it has been possible for the schools under the Education Department to be constructed at Narok and Laitokitok, whereas the veterinary school is at Ngong; or whereby in the Nandi area the school is at Kapsabet, and the veterinary school at Barotong.

316. The adoption of our suggestions would further ensure that the Secretariat would again revert to its proper status, i.e. Your Excellency's business office for the conduct of Your Excellency's correspondence and correspondence with H.M.'s Secretary of State and the neighbouring territories, and the Colonial Secretary would revert to being, as he should, Your Excellency's deputy and the head of the Administration, and it would relieve him of the burden of trying to be jack-of-all-trades and head of all departments in a Colony the administrative machinery of which has grown to such proportions as to make it quite impossible for any one man to do the work the Colonial Secretary is endeavouring to do under existing conditions.

317. Last, but not least, the public could get prompt and definite decisions from the bearers of these portfolios, who would practically be Ministers, instead of as at present frequently having to await the results of protracted inter-departmental correspondence, and frequent unnecessary references to the Colonial Secretary and to Your Excellency.

318. The economies such a system would produce are not easy to assess at the moment. We are confident that they would be very considerable, and we are equally confident that the despatch of business would be enormously expedited.

319. We realize that the objection would be made that but few economies could be made in the existing departmental machinery, and that the bearers of the portfolios would require

high salaries and some clerical assistance, all of which would probably entail extra expenditure superimposed on that already taking place. We admit that the bearers of the portfolios would have to have clerical assistance, but we contend that not only could this easily be provided but considerable economies made by a reasonable curtailment of the existing extravagant departmental headquarter staffs. Although it would probably be impossible to assess precisely the present cost of administration alone of Government departments, as at present constituted, it must amount to not less than £125,000 per annum. It will be noted, for instance, that the present cost of administration alone of the groups of departments tentatively allocated to the portfolio of Justice and Internal Affairs probably amounts to at least £45,000. The present cost of administration of the group of departments tentatively allocated to the portfolio of Commerce, Transport and Mines cannot be less than £39,000; and the present cost of administration of the departments tentatively allocated to the portfolio of Agriculture and Lands is possibly not less than £21,000. We feel that these figures speak for themselves, and economies in these unproductive administrative costs are long overdue. Under the present system, in order to "administer" the Government, we are paying under such votes as The Governor, The Secretariat, Legislative Council, the Conferences of East African Governors, and the Administration over £258,000, and yet over and above this sum we have to find a further £125,000 in order to "administer" executive, service and technical departments, and we feel that of this £125,000 a very large proportion could and should be expended on direct services and not on the salaries of a largely non-productive sedentary staff.

320. As a footnote to these remarks, we would like to add that even under existing conditions considerable savings both in time and expenditure could be obtained if the practice of dictating letters to competent stenographers were generally adopted. From the evidence we have had it would appear that many officers who are drawing high salaries and who must of necessity conduct a considerable amount of correspondence never dictate letters but laboriously draft same in long-hand. Many of the lady clerks employed by Government have a thorough knowledge of shorthand, but it would appear that Government officers do not take advantage of their qualifications.

Permanent Establishments.

321. The foregoing suggested reorganization, even if adopted, would not of itself solve the question of how recurrent expenditure can be best controlled and kept within reasonable limits in the future.

322. Whilst being aware of the complications peculiar to Kenya as regards overseas commitments, reimbursements from other territories, etc., we consider that adequate control will never be exercised over recurrent expenditure until a recognized and rigid "establishment" is adopted as regards staff. Even should world conditions improve, for many years to come this Colony must be administered on lines whereby overhead staff and overhead recurrent expenditure are kept down to a minimum. As and when surplus balances become available, productive expenditure can be incurred for special purposes, but such expenditure should be looked on as temporary and not recurrent. Thus, when world conditions or circumstances in Kenya are not favourable we should have the minimum to carry, and when things are better we can afford to launch out on expenditure which will give us some capital asset in return without building up a permanent millstone round our necks.

323. This can only be provided for under a system whereby we recognize as *permanent* only the minimum establishment which is required to administer the Colony in difficult times. All employed, over and above this establishment, on temporary developmental works should be employed on a temporary non-pensionable basis. We need scarcely add that we regard the Local Civil Service as coming within the "establishment". We understand that a similar system is now adopted by the Kenya and Uganda Railways and Harbours. It is also adopted in other dependencies.

324. We do not look upon the existing type of three-year contracts, with provisions for leave and passage, as being altogether satisfactory. Under these contracts, which are made on behalf of the Colony by the Crown Agents; officers are engaged for periods of three years, and in many cases such officers (who should only be engaged for special temporary work) are not required for so long a period. Admittedly a three months' notice of termination of employment clause is provided for in these standard agreements, but this clause is never used by Government, who appear to regard the exercise of the rights for which provision has been carefully made by the Crown Agents as constituting something dishonest.

325. We are at a loss to understand this contention, as the contracts to which we refer are drawn up on similar lines to the usual contracts which exist as between employers and employees in civil life. Most commercial contracts contain a similar clause, providing for "notice of termination by either party", of which provision the employer has to avail himself when under adverse circumstances he can no longer afford to continue paying the employee. The employee equally can avail himself of this provision when it is to his advantage, and he therefore cannot regard the exercising of a legal right under such circumstances as being in the least unreasonable.

Decentralisation.

326. In the proposals for the reconstruction of the machinery of Government which we have outlined in the foregoing paragraphs, we have urged the grouping of departments under non-technical heads in order to reduce overhead expenses and to achieve at the same time a more rapid and efficient transaction of business, and we have further recommended the adoption of an "establishment" system in order to obviate the swelling of departmental staffs by the constant addition of further highly paid and pensionable technical officers, who, however capable they may be, rapidly present a financial burden which the Colony cannot carry.

327. In order, however, to complete the picture of reconstruction which we wish to recommend, it becomes necessary to obtain a fresh outlook on the activities of some of the main spending departments, e.g. Medical, Education, Agricultural and Public Works, etc., and we may perhaps best describe our meaning by the expression "decentralization", or the more definite partial transfer of the activities of these departments from a departmental to an administrative basis.

328. It is sometimes forgotten that, for any time which we need now take into consideration, the Administrative Officer must remain the spearhead of the attack on native backwardness and ignorance of all those matters covered by the activities of these departments. As mentioned above, the development of these services has not in the past proceeded on an evenly balanced basis; ill-considered expenditure has been incurred, unnecessarily large staffs employed, and sense of proportion lost as the result of relying to too great an extent on the enthusiastic advice of the technical experts rather than on the necessarily more balanced judgment of the trained administrator.

329. Moreover, we feel that the administrator, who of necessity must be held primarily responsible for the advancement and general betterment of the natives of whom he is in charge, is insufficiently in control of the various educational and developmental methods employed for that purpose. This has led to lack of co-operation, duality of control, overlapping, and dissipation of effort, as described in paragraph 325 above. (If the language of exaggeration may for a moment be employed to emphasize the point, one visualizes a swarm of technical advisers and instructors, each section in their special capacity to too great an extent a law unto themselves, loosed upon the unfortunate native from every direction, with the administrative officer, on whom quite wrongly a whole-time job of tax-collecting and office work has devolved, endeavouring with insufficient powers to introduce some sort of coherence and continuity of effort.)

330. We have furthermore had it stated in evidence that the Provincial Commissioners, on whom the responsibility of the proper co-ordinated administration of the Provinces should rest, have no knowledge of what is being spent on various services in their Provinces. Were Provincial Commissioners taken into the confidence of the Central Government, as they should be, we are convinced that further economies would be suggested, and also that plans for a more co-ordinated developmental programme would be forthcoming.

331. We are aware that instructions have been and are from time to time issued by Your Excellency insisting upon the fullest co-operation between departmental and administrative officers, and we have no doubt that the officers of the Service endeavour, as far as is humanly possible, to carry out such instructions; but we are also convinced that under the existing system these are counsels of perfection, and that in fact there is a real and serious loss of both efficiency and economy in the present dual system of departmental and administrative control.

332. We therefore recommend that all technical officers engaged in field work should be posted direct to Provincial Administrations, and that Government should seriously consider whether the funds necessary to enable them to carry out their functions should be budgeted for provincially, thus giving to Provincial Commissioners the necessary financial authority for the execution of their work. Such a system would give Provincial Commissioners and District Officers a fuller measure of control, as should be the case, of the departmental activities in their respective provinces and districts. We do not

for a moment suggest that Provincial Commissioners should endeavour to instruct an engineer how to build a bridge, a doctor how to perform an operation, or an agricultural officer how to grow crops, but we do urge the necessity, if order and progress is to be achieved and maintained, of co-ordinating the work of these and other technicians under the control of the officers responsible for the administration of provinces and districts.

333. We further visualize the senior officers of each department as posted to provinces, in addition to the normal performance of their professional work, becoming to a greater extent than is the case at present the Provincial Commissioners' principal technical advisers on the work of their departments in the provinces.

334. Although in paragraph 332 above we recommend the consideration of some extension of the principle of provincial budgeting, we wish to make it clear that we would regard it as inadvisable that this extension should proceed beyond the point necessary to give the Provincial Commissioners the necessary financial authority for the performance of the departmental activities which the adoption of our proposals would bring under their control. To go beyond this point might possibly result in the building up of extensive provincial secretariats, thereby merely transferring the heavy overheads, which we are so anxious to reduce, from the departmental to the administrative head.

335. In this connection we wish to make it clear that our recommendations do not suggest that "research" should be carried out under the provincial system. Officers engaged on research problems should not endeavour to combine research with instructional or developmental work. We are convinced that research, so important in a new and only partially developed country, must be centrally co-ordinated. Thus, the adoption of our proposals would still leave such matters as central hospitals, research institutes, the agricultural board, etc., under the direct control of directors of departments. But it will be plain that the combined effect of our proposals would be to relieve technical directors and heads of departments almost entirely of their present very onerous burden of administrative duties and release them for the work of inspection of the services, co-ordination of policy, and advising Government on technical matters, which is their proper function.

336. As has been already stated, it would be difficult to assess precisely what reduction of expenditure would result from the adoption of these proposals, since their repercussions

would open up the possibility of economy in so many different directions. It must be remembered, however, that the attitude of the technical expert towards increased developmental work must of necessity be the finding of more technical work to be performed by an increased technical staff; while the attitude of the administrator, on the other hand, will be to make use of any funds available for actual development work while employing the minimum possible staff—an aspect of the matter which coincides precisely with our proposals for the adoption of a minimum establishment system for the personnel of technical departments.

337. We are confident, therefore, that the net result would be not only the more efficient and smoother working of the whole machinery of Government but also the reduction of the expenditure of Government to well within the £3,000,000 mark referred to in Chapter III above.

Part II—Comments of Mr. Pandya on Part I.

338. I wish to record my emphatic dissent from the viewpoint expressed in Part I by other members of the Committee. It is contended that reorganization by grouping departments under non-technical heads, or ministers would lead to economy. I am convinced that the reverse would be the case; instead of reducing expenditure such a reorganization would increase expenditure. It would be necessary to continue to employ technical heads of various departments and over a group of such departments would be placed an administrative officer or a public man under the title of minister or portfolio holder, who would require his own secretariat to coordinate the activities of the departments under him and to keep him in touch with the activities of those departments. The reports which the technical heads now submit to the Secretariat would be submitted to the minister who may again have to submit the same to Government and in this way it is clear that expenditure would be increased.

339. If it is contended that such a non-technical head could effect economies in various departments, in my opinion exactly the same economy could be effected now by any officer or committee detailed for that purpose. What is proposed to be done by a portfolio holder at a future date, could, if it is possible to be done, be done forthwith. If existing staffs are fully employed now, they cannot be reduced without curtailment of services; if they are not fully employed they can and should be reduced now without awaiting any grouping of departments.

340. It is suggested that such portfolio holders would be responsible heads who could, and would, take independent decisions without reference to the Colonial Secretary or the Governor. If this is the case it is natural that the scales of salaries for such officers would be high and at the same time technical officers under them would have to be maintained at the same level of pay as they are drawing to-day. It should be remembered that these technical heads are being paid to-day on their technical qualifications rather than on their administrative ability and because the administrative work is taken out of their hands it does not by any means follow that their scales of salary could be reduced. If the scales are to be lowered the reductions could be done even to-day without engaging extra staff to act as heads of groups of departments.

341. If work could be materially reduced by allowing individual heads of departments to take independent decisions, I can see nothing to prevent that system being put into force even at present with certain safeguards provided their powers were clearly defined.

342. These and other arguments against the proposal for a reorganization of Government on the lines suggested are so obvious that I do not think it is necessary to deal with them at any length, but, in my opinion, the real reason at the back of this proposal for portfolio holders is to facilitate a further political advance for the European Unofficial community. If this is really the case it should not be advanced in the guise of an economy measure which it most definitely is not. A case for such a political advance should be advanced independently by European political institutions so as to allow it to be discussed on its own merits. In my opinion the country is not yet ready for any type of further political advance. As far as the views of the Indian community are concerned, they are definitely opposed to any such political advance which would confer greater power on the European unofficals in this country, and I agree with them.

343. With regard to the portions of Part I dealing with permanent establishments and decentralisation in the form of a greater degree of provincial control of technical departments, I am in general agreement with the views expressed therein. If these measures are taken there would be no necessity to have any reorganization scheme involving grouping departments under ministers.

CHAPTER X.
CONCLUSION.

344. The total effect of the reductions recommended by the majority of us in Chapters 4, 6 and 7 is to reduce expenditure, on the basis of the sanctioned Estimates for 1935, by a sum of £133,423, but this does not include any increased expenditure on pensions and gratuities which is a necessary corollary of reductions in the number of pensionable officers.

345. We find it impossible to give an accurate estimate of the increase which would be attributable to our recommendations as distinct from and in addition to the increase in the Pensions Vote which will normally take place. As an instance of the difficulty involved in estimating, where a reduction in the establishment of any post is made, the pension payable to the retrenched would vary considerably according to whether the officer selected for retrenchment was on the maximum or minimum of the salary scale of his post. We consider, however, that it is reasonable to state, as a guess, that the immediate capital expenditure on commuted pensions should not exceed £20,000, and the annual increase in the Colony's pension commitments should not exceed £7,500.

346. We have to the best of our ability completed an arduous and unenviable task. We wish to point out, however, that we do not consider that the reductions which we have recommended represent all the reductions which ever can or should be effected in the expenditure of the Colony. Adjustments must be made from time to time, so that expenditure may be brought and kept within the Colony's spending capacity both now and in the future.

347. The important need to-day, as we have pointed out in paragraphs 12 and 17 is the immediate adoption of measures which will ensure the early restoration of the very unsatisfactory cash position, and which will also ensure that there shall be available a margin of revenue for urgently needed production purposes. The Colony cannot indefinitely rely solely on applications to the Colonial Development Fund or on the flotation of loans for all developmental work. Furthermore, as times improve, any tendency for expansion of expenditure with expanding revenue must be rigorously checked, so that, when another depression comes the surplus shall be such as not only will avoid the necessity for the imposition of additional taxation, but will afford some assistance to the struggling community through reduction in taxation.

348. We desire to record our high appreciation of the services of Mr. Troughton as Secretary of the Committee. He displayed great assiduity and capability in the preparation of memoranda, and his valuable assistance in all matters has materially lightened the task of the Committee.

F. CAVENDISH-BENTINCK.
ROBERT DE V. SHAW.
J. B. PANDYA.

Note by the Acting Colonial Secretary.

349. Although I attended and presided over all the meetings of the Select Committee subsequent to the 20th of March, the Report does not bear my signature for the reason explained below.

350. In regard to the major issues dealt with in the Report, such as the Colony's Public Debt, Terms of Service, Reorganization, Financial Relations with the Railway, etc., I consider that it would not be consonant with my official position to express any opinion at this stage or until the issues have received much fuller examination than the Committee has been able to give them.

351. Speaking generally, I consider that of the many proposals considered by the Committee those recommended for adoption in Chapter IV would effect least damage to the machinery of Government and the minimum curtailment of services.

352. In regard to the alternative recommendations in Chapter VII, "Local Government in Rural Areas", I am of the opinion that the reduction of £15,000, which the Committee was unanimous in recommending should be made in the present expenditure on the Colony's roads, is more likely to be achieved by the adoption of the proposals in Part I, viz. to centralize the control of such roads under the Director of Public Works, than by the adoption of the proposals in Part II.

353. I most cordially endorse the Committee's commendation of the valuable services of Mr. Troughton as Secretary of the Committee.

H. G. FILLING,
Acting Colonial Secretary.

J. F. G. TROUGHTON,
Acting Clerk of the Legislative Council.

Nairobi,
22nd June, 1935.

APPENDIX I

SCHEDULE SHOWING THE FINANCIAL EFFECT OF THE COMMITTEE'S DEFINITE RECOMMENDATIONS

	Reduction
	£
HEAD I.—HIS EXCELLENCY THE GOVERNOR:	
Total reduction recommended (paragraph 37)	2,300 (1)
HEAD II.—ADMINISTRATION:	
Reduction of one District Officer at Kitale (para. 40)	350
Reduction of one District Officer at Kajjado (para. 41)	350
Minor savings from closing Kajjado Station (paragraph 41), say	200
Minor savings from closing Kipini Station (paragraph 42), say	200
Total reduction recommended	1,100
HEAD III.—AGRICULTURE:	
Total reduction recommended under Reorganization Scheme (paragraph 40)	15,871
HEAD IV.—AUDIT:	
Total reduction recommended (paragraph 54)	1,000
HEAD V.—COAST AGENCY:	
Total reduction recommended (paragraph 56)	510
HEAD VII.—CUSTOMS:	
Total reduction recommended (paragraph 61)	1,000 (2)
HEAD VIII.—EDUCATION:	
Abolition of post of Supervisor of Technical Education (paragraph 67)	960
Abolition of two posts of Inspectors of Schools (paragraph 68)	1,430
Replacement of four European Clerks by Africans (paragraph 69)	1,290
Abolition of issue of free books (paragraph 70)	400 (3)
Saving effected by closing of Department's Store (paragraph 71)	500
Saving effected by closing European Primary School at Killimani (paragraph 73)	610
Saving effected by transfer, or closing the Government African School at Was (paragraph 74)	2,026
Adjustment of salary scale of Headmaster of Arab School at Shimo-la-Tewa (paragraph 75)	200
Abolition of one post of Education Officer in Arab Education (paragraph 75)	475
Reorganization and re-grading of Technical Staff under African Education (paragraph 76)	3,000
Abolition of payment of Hut and Poll Tax in respect of pupils in African Schools (paragraph 77)	400
Total reduction recommended	11,291
Less Proposed New Services (paragraph 65)	1,600
Net reduction recommended (paragraph 78)	9,691
<i>Carried forward</i>	£ 31,472

(1) If Mr. Pandya's and Mr. Hemsted's recommendations are accepted, the reduction would be £1,000 only, and would only take effect on the appointment of a new Governor.

(2) This figure would be modified, to an indeterminate extent, by adoption of Mr. Pandya's suggestion.

(3) Mr. Pandya dissents from this recommendation. If his views are endorsed, the total reduction must be decreased accordingly.

APPENDIX I—Contd.

SCHEDULE SHOWING THE FINANCIAL EFFECT OF THE COMMITTEE'S DEFINITE RECOMMENDATIONS

	Reduction
	£
<i>Brought forward</i>	31,472
HEAD X.—FOREST DEPARTMENT:	
Reduction recommended under Revised Estimates in Appendix 2 (see paragraph 83)	4,158
HEAD XI.—GAME DEPARTMENT:	
Abolition of one post of Assistant Game Warden (paragraph 85)	600
Abolition of post of Temporary Game and Vermin Control Officer (paragraph 85)	500
Reduction in Local Transport and Travelling Vote (paragraph 85)	150
Total reduction recommended	1,250
Less increase under "Expenses of Game and Vermin Control (paragraph 85)	250
Net reduction recommended	1,000
HEAD XV.—LOCAL GOVERNMENT, LANDS AND SETTLEMENT:	
Abolition of post of Local Government Inspector (paragraph 86)	840
Abolition of one post of District Surveyor (para. 87)	920
Putting into abeyance one further post of District Surveyor (paragraph 87)	840 (1)
Abolition of two posts of Forest Surveyor (para. 91)	987
Abolition of post of Survey Records Officer (para. 87)	600
Total reduction recommended	4,187
Less increases recommended (paragraphs 88 and 89)	270
Net reduction recommended (paragraph 92)	3,917
HEAD XVI.—LOCAL GOVERNMENT CONTRIBUTIONS:	
Reduction in consolidated grants to Nakuru and Eldoret Municipalities (paragraph 94)	800
Abolition of District Councils in their present form (paragraph 251)	31,920 (2)
Less increased expenditure on Public Works Department and Public Works Recurrent (paragraph 251)	32,720
Less one-half the cost of Child Welfare Work in Nairobi (paragraph 102)	15,800
Less one-half the cost of Child Welfare Work in Nairobi (paragraph 102)	1,300
Net reduction recommended	14,890
<i>Carried forward</i>	£ 55,047

(1) This recommendation would not take effect until the post becomes vacant—*vide* paragraph 85.

(2) Major Cavendish-Bentinck and Sir Robert Shaw dissent from the recommendation. Under their alternative proposal (see paragraph 252) they express themselves satisfied that, by the adoption of their recommendation, a total genuine saving in excess of £15,000 could be made on the combined basis.

APPENDIX I—Contd.

SCHEDULE SHOWING THE FINANCIAL EFFECT OF THE COMMITTEE'S DEFINITE RECOMMENDATIONS

	Reduction	
	£	£
<i>Brought forward</i> .. £	56,047	
HEAD XVII.—MEDICAL DEPARTMENT: General reduction recommended (paragraph 98)		5,817
HEAD XVIII.—MILITARY: General reduction recommended (paragraph 112) ..	20,096 (1)	
Abolition of Kenya Defence Force (paragraph 114) ..	4,112 (2)	
	24,112	
<i>Less increased cost of Police</i> (paragraph 108) ..	4,000	
Net reduction recommended ..		20,112
HEAD XX.—MISCELLANEOUS SERVICES: Abolition of guarantees in respect of losses on Railway Branch Lines (paragraph 240)	21,353	
Cessation of contribution to Inter-territorial Languages Committee (paragraph 119)	968	
Total reduction recommended ..		21,956
HEAD XXI.—PENSIONS AND GRATUITIES: Cessation of payment of proportion of Pensions payable to Railway Servants (paragraph 240), say		14,162 (3)
HEAD XXIV.—PRINTING AND STATIONERY: Abolition of post of Assistant Government Printer (paragraph 142)	720	
Reduction in emoluments of Government Printer (paragraph 142)	280	
Total reduction recommended ..		1,000 (4)
HEAD XXV.—PRISONS: Transfer of salaries of Detention Camp Overseers to Administration Votes (paragraphs 145 and 146)	630	
Deletion of Item "Expenses of Administration of Juvenile Offenders' Ordinance" (paragraph 147)	150	
Savings on Approved Schools (paragraph 150)	630	
Reduction of appropriation for Prisoners' and Detainees' Food (paragraph 151)	1,000	
Total reduction recommended ..	2,410	
<i>Carried forward</i> .. £	120,504	

(1) The net reduction might be modified by an alteration in the method of computation of the inter-territorial reimbursement (paragraph 118).

(2) Major Cavendish-Bontick and Sir Robert Shaw dissent from this recommendation. Mr. Pandya and Mr. Hanstedt might be prepared to agree to expenditure on a Volunteer Force (paragraph 114).

(3) Expenditure under this Head of Estimates would be increased by acceptance of our other recommendations (paragraph 345).

(4) In paragraph 127 a reduction of £5,000 is recommended on the understanding that a quantity of work is put out to contract. As it is presumed that a substantial proportion of the sum would be utilised for payment to contractors, no further reduction is shown in this Appendix.

APPENDIX I—Contd.

SCHEDULE SHOWING THE FINANCIAL EFFECT OF THE COMMITTEE'S DEFINITE RECOMMENDATIONS

	Reduction	
	£	£
<i>Brought forward</i> .. £	120,504	
HEAD XXVII.—PUBLIC WORKS DEPARTMENT.		
HEAD XXVIII.—PUBLIC WORKS RECURRENT:		
Automatic savings (paragraph 157) ..	1,904	
Increase in Reimbursement from Loan (paragraph 158)	2,000	
Reimbursement from Colonial Development Fund (paragraph 160)	2,500	
Economies in the Central Workshops and Timber Seasoning Branch (paragraph 161)	511	
Abolition of one post of Inspector of Water Supplies (paragraph 162)	500	
Reduction in Stores Expenditure to be effected at the discretion of the Director (paragraph 163)	600	
Cessation of payment of rent for Education Department Store (paragraph 71)	100	
Total reduction recommended ..		8,115
HEAD XXIX.—REGISTRAR-GENERAL'S DEPARTMENT: Abolition of post of Assistant Registrar-General (paragraph 196)	720	
Reduction of emoluments of Registrar-General (paragraph 197)	330	
Abolition of one post of Non-European Clerk (paragraph 198)	100	
Adjustment of salary paid to European Learner (paragraph 198)	63	
Amalgamation of Registration of Births, Marriages and Deaths in the Statistical Dept. (paragraph 209)	534	
Total reduction recommended (paragraph 199)		1,747
HEAD XXXI.—SECRETARIAT AND LEGISLATIVE COUNCIL: Abolition of one post of European Clerk (para. 201)	318	
Reduction in rate of allowances to Unofficial Members of Councils (paragraph 202), say ..	750	
Total reduction recommended ..		1,068
HEAD XXXII.—STATISTICAL DEPARTMENTS: Total reduction recommended (paragraph 209)		1,686
HEAD XXXIII.—TRADE AND INFORMATION OFFICE: Colony's approximate share of reduction recommended (paragraph 214)		353 (1)
<i>GRAND TOTAL</i> .. £	133,493	

(1) If Mr. Pandya's recommendations (paragraph 216) were accepted, the reduction in the Head would be substantially more. The figure of £353 is the Colony's proportion of the reduction of £900 recommended in the combined Colony's and Railway's recommendations.

APPENDIX 2
FOREST DEPARTMENT—ESTIMATE OF EXPENDITURE FOR 1936

PERSONAL EMOLUMENTS		£	£
1 Conservator of Forests (£1,200)		1,200	
1 Senior Assistant Conservator (£720-30-840)		840	
7 Assistant Conservators (£480-20-600-30-720)		4,651	
11 Foresters (£300-18-300-18-480-20-500)		5,468	
1 Learner Forester (£84-18-120)		93	
1 Accountant (£420-18-480-20-600)		600	
Total European Personal Emoluments		12,852	
8 Assistant Foresters, 1st Grade (£120-12-240)		1,689	
2 Assistant Foresters, 2nd Grade		123	
6 Clerks		1,338	
Forest Guards, Spearthru, etc.		2,960	
Total Non-European Personal Emoluments		6,120	
TOTAL PERSONAL EMOLUMENTS			18,972
OTHER CHARGES			
Reafforestation		1,370	
Nurseries		850	
Protection and Upkeep of Boundaries		750	
Working Plans, Surveys and Demarcation		230	
Exploitation		500	
Upkeep of Forest Stations and Roads		610	
Upkeep of Nairobi Arboretum		180	
Purchase and Upkeep of Uniforms		130	
Purchase and Collection of Seeds		180	
Contingencies		100	
Purchase of Live Stock		70	
Passages		760	
Local Travelling and Transport		1,836	
Travelling Allowance		290	
Contribution to Imperial Forestry Institute		310	
Telephones		52	
Purchase of Foodstuffs for Labourers		300	
TOTAL OTHER CHARGES			8,318
GRAND TOTAL			£ 27,290

APPENDIX 3
REVENUE AND EXPENDITURE ON ROADS
(See PARAGRAPH 271)

EXPENDITURE	1929	1930	1931	1932	1933
	£	£	£	£	£
Public Works Recurrent	69,747	84,991	75,978	63,770	46,620
Native Services	—	—	—	—	16,165
Tools and Plant	10,447	9,933	3,208	4,497	4,445
Public Works Extraordinary	68,256	24,922	1,272	77	4,647
Grants, Nairobi	398	3,616	2,980	1,814	1,091
Mombasa	10,409	10,834	8,426	8,426	8,300
District Councils	286	2,121	556	304	580
Vehicles	2,750	3,503	3,520	2,626	2,450
Township Roads	35,481	36,001	36,412	34,598	32,186
Flood Damage	494	763	1,236	588	832
Special, Eldoret	—	533	543	510	396
Special, Nairobi	3,331	750	250	—	—
Special, Nairobi	4,272	9,200	984	—	—
Road Plant, D.C.'s	7,108	1,365	—	—	—
Additional Grants	—	14,613	7,006	—	—
Special, Mombasa	—	397	—	—	—
Nakuru Township	484	—	—	—	—
	213,463	234,827	142,365	117,210	117,702
REVENUE			£825,567		
Customs	105,276	94,917	81,572	69,557	77,798
Motor Licences	47,070	51,264	52,105	50,184	49,243
Drivers' Licences	—	—	—	2,305	2,398
Vehicles Licences	—	—	—	—	—
Petrol Tax	23,555	31,693	27,260	32,205	53,062
Carriage of Goods Ordinance	—	—	1,290	1,450	—
	175,901	177,874	162,227	155,681	182,591
			£854,274		

APPENDIX 4
TENTATIVE SUGGESTED GROUPING OF DEPARTMENTS
(See CHAPTER IX)

HEAD OF ESTIMATES	1935 Estimated Expenditure			Rough Estimate of Overhead Administration Cost of Individual Department
	Gross	Net	Non-Recurrent	
	£	£	£	£
I. HIS EXCELLENCY THE GOVERNOR	14,869	14,869		
I.—COLONIAL SECRETARY				
II. Administration	222,898	222,423	850	4,108
VI. Conference of E.A. Governors	955	955	—	—
XXXI. Legislative Council	4,820	4,820	—	—
Native Affairs	1,450	1,450	—	—
Native Development	—	—	—	—
Foreign Affairs	—	—	—	—
XXXI. Secretariat	17,177	17,177	—	—
	—	—	—	Impossible to estimate
II.—PORTFOLIO OF JUSTICE AND INTERNAL AFFAIRS				
VIII. Education	177,855	176,905	100	14,109
XIII. Judicial	30,960	30,960	—	—
XIV. Legal	8,278	8,278	—	—
XVII. Medical	199,817	193,355	750	9,495
XI. Government Analyst	1,659	1,659	—	—
XVIII. Military	129,222	81,758	—	8,463
XXII. Police	134,773	127,732	78	5,765
XXIV. Printing and Stationery	28,311	28,311	—	3,273
XXV. Prisons	54,524	54,524	1,704	2,463
XXXII. Native Registration (part of)	8,288	8,288	—	900
Registration of Domestic Servants	1,427	1,427	—	—
Probably not less than	—	—	—	44,468
III.—PORTFOLIO OF FINANCE				
IV. Audit	19,978	14,608	—	—
VII. Customs and Excise	48,603	29,039	—	—
XII. Interest and Unfunded Debt	4,224	4,224	—	—
XX. Miscellaneous Services (part of)	25,592	23,826	1,092	—
XXI. Pensions and Gratuities	209,150	208,409	—	—
XXVI. Public Debt Funded	1,043,252	183,275	—	—
XXX. Rent and Interest, Zanzibar	16,000	16,000	—	—
XXXIV. Treasury	27,968	26,176	—	—
XXV. Colonial Development Fund	5,384	906	—	—
Central Revenue Office	—	—	—	—
	—	—	—	Impossible to estimate

APPENDIX 4—Contd.
TENTATIVE SUGGESTED GROUPING OF DEPARTMENTS

HEAD OF ESTIMATES	1935 Estimated Expenditure			Rough Estimate of Overhead Administration Cost of Individual Department
	Gross	Net	Non-Recurrent	
	£	£	£	£
IV.—PORTFOLIO OF AGRICULTURE AND LANDS				
III. Agriculture	125,871	125,871	628	18,131
IX. Forests	31,448	31,448	—	1,800
X. Game	8,596	8,596	—	1,300
XV. Survey and Registration	28,532	—	—	—
XX. Rebate on Paraffin for Agricultural purposes (part of)	2,200	—	—	—
Probably not less than	—	—	—	21,231
V.—PORTFOLIO OF COMMERCE, TRANSPORT, P.W.D., AND MINES				
V. Coast Agency	5,231	3,161	—	700
XV. Local Government (part of)	5,756	5,376	—	5,858
XVI. Local Government Contribution	83,171	73,291	—	—
XIX. Mining and Geological	11,900	11,600	—	3,508
XX. Civil Aviation (part of)	17,300	17,300	—	—
XX. Railway Branch Line	—	—	—	—
Guarantees (part of)	21,353	21,353	—	—
XXIII. Post Office and Telegraphs	226,693	120,994	4,250	13,278
XXVIII. Public Works	82,671	80,571	11,640	14,857
XXVIII. Public Works Recurrent	114,752	114,752	—	—
XXXII. Statistical Dept. (part of)	279	279	—	500
XXXIX. Registrar-General	6,155	6,155	—	500
XXXIII. Trade and Information Office	4,536	4,536	—	—
Probably not less than	—	—	—	39,201